

BUY					HOLD			SELL						BUY	RATING SINCE	06/23/2009	
A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E+	E		E-	F	TARGET PRICE
Annual Dividend Rate \$2.08		Annual Dividend Yield 2.16%			Beta 1.00			Market Capitalization \$526.4 Billion			52-Week Range \$89.47-\$132.97		Price as of 6/23/2016 \$96.10				

Sector: **Technology** | Sub-Industry: **Technology Hardware, Storage & Peripherals** | Source: **S&P**

AAPL BUSINESS DESCRIPTION

Apple Inc. designs, manufactures, and markets mobile communication and media devices, personal computers, and portable digital music players to consumers, small and mid-sized businesses, education, and enterprise and government customers worldwide.

STOCK PERFORMANCE (%)

	3 Mo.	1 Yr.	3 Yr (Ann)
Price Change	-9.46	-24.35	17.61

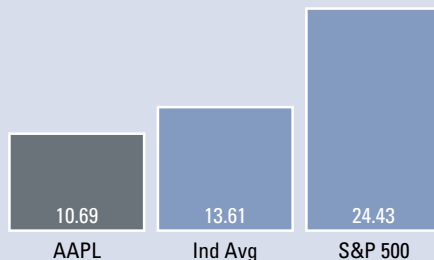
GROWTH (%)

	Last Qtr	12 Mo.	3 Yr CAGR
Revenues	-12.85	6.98	10.31
Net Income	-22.50	6.00	8.50
EPS	-18.46	11.12	14.53

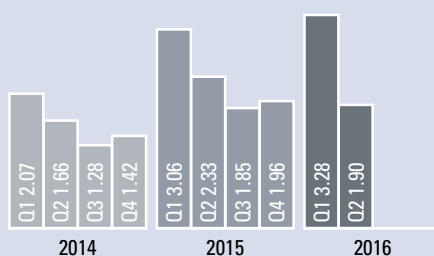
RETURN ON EQUITY (%)

	AAPL	Ind Avg	S&P 500
Q2 2016	38.84	36.22	11.95
Q2 2015	37.05	35.10	14.20
Q2 2014	31.37	28.93	14.48

P/E COMPARISON



EPS ANALYSIS' (\$)

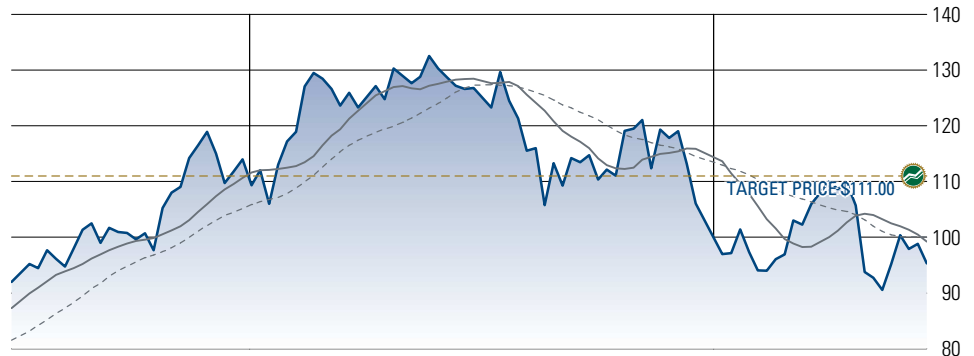


NA = not available NM = not meaningful

1 Compustat fiscal year convention is used for all fundamental data items.

Weekly Price: (US\$) | SMA (50) — SMA (100) ---

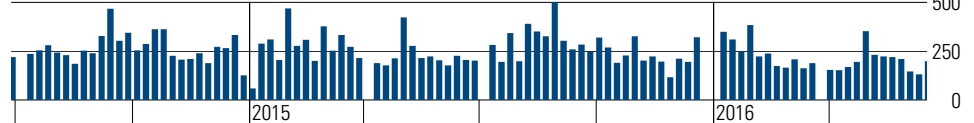
1 Year | 2 Years



Rating History



Volume in Millions



COMPUSTAT for Price and Volume, TheStreet Ratings, Inc. for Rating History

RECOMMENDATION

We rate APPLE INC (AAPL) a BUY. This is driven by a number of strengths, which we believe should have a greater impact than any weaknesses, and should give investors a better performance opportunity than most stocks we cover. The company's strengths can be seen in multiple areas, such as its largely solid financial position with reasonable debt levels by most measures, notable return on equity and expanding profit margins. We feel its strengths outweigh the fact that the company shows weak operating cash flow.

HIGHLIGHTS

The debt-to-equity ratio is somewhat low, currently at 0.61, and is less than that of the industry average, implying that there has been a relatively successful effort in the management of debt levels. Along with the favorable debt-to-equity ratio, the company maintains an adequate quick ratio of 1.10, which illustrates the ability to avoid short-term cash problems.

The return on equity has improved slightly when compared to the same quarter one year prior. This can be construed as a modest strength in the organization. When compared to other companies in the Computers & Peripherals industry and the overall market, APPLE INC's return on equity exceeds that of the industry average and significantly exceeds that of the S&P 500.

44.30% is the gross profit margin for APPLE INC which we consider to be strong. Regardless of AAPL's high profit margin, it has managed to decrease from the same period last year. Despite the mixed results of the gross profit margin, AAPL's net profit margin of 20.80% compares favorably to the industry average.

AAPL, with its decline in revenue, slightly underperformed the industry average of 12.8%. Since the same quarter one year prior, revenues fell by 12.8%. Weakness in the company's revenue seems to have hurt the bottom line, decreasing earnings per share.

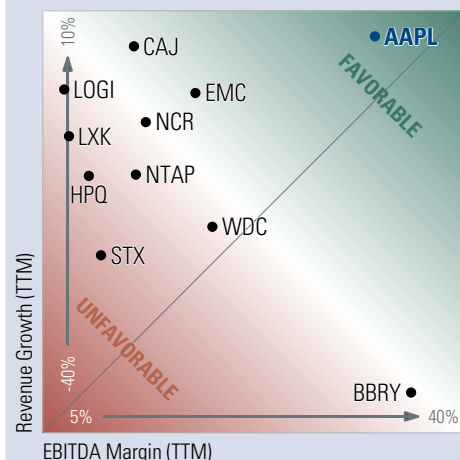
APPLE INC's earnings per share declined by 18.4% in the most recent quarter compared to the same quarter a year ago. This company has reported somewhat volatile earnings recently. We feel it is likely to report a decline in earnings in the coming year. During the past fiscal year, APPLE INC increased its bottom line by earning \$9.20 versus \$6.43 in the prior year. For the next year, the market is expecting a contraction of 10.3% in earnings (\$8.25 versus \$9.20).

Sector: Technology | Technology Hardware, Storage & Peripherals | Source: S&P

Annual Dividend Rate \$2.08	Annual Dividend Yield 2.16%	Beta 1.00	Market Capitalization \$526.4 Billion	52-Week Range \$89.47-\$132.97	Price as of 6/23/2016 \$96.10
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PEER GROUP ANALYSIS

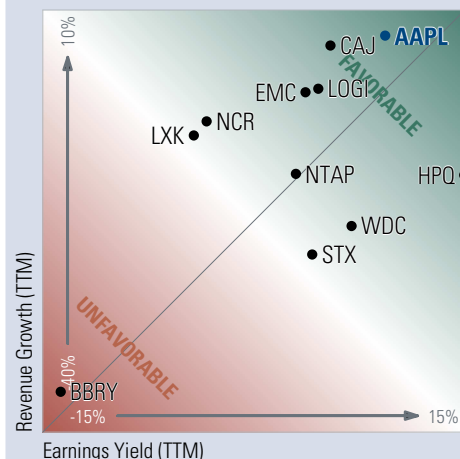
REVENUE GROWTH AND EBITDA MARGIN*



Companies with higher EBITDA margins and revenue growth rates are outperforming companies with lower EBITDA margins and revenue growth rates. Companies for this scatter plot have a market capitalization between \$2.4 Billion and \$526.4 Billion. Companies with NA or NM values do not appear.

*EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization.

REVENUE GROWTH AND EARNINGS YIELD



Companies that exhibit both a high earnings yield and high revenue growth are generally more attractive than companies with low revenue growth and low earnings yield. Companies for this scatter plot have revenue growth rates between -35.2% and 7%. Companies with NA or NM values do not appear.

INDUSTRY ANALYSIS

The computers and peripherals industry includes PC equipment, handheld devices, complex information technology systems and network equipment. Technological factors such as interoperability of hardware products and compatibility with the web have brought about industry consolidation. Also, intense competition and the importance of intellectual property rights have been instrumental to growth.

The US computers and peripherals industry is one of the largest global markets, including companies such as Apple (AAPL), IBM (IBM), Dell (DELL) and Hewlett-Packard (HPQ). The industry is capital-intensive with highly automated operations. Larger companies are built on purchasing power and mass production while smaller firms concentrate on product specialty and superior technology.

Research and development spending at large manufacturers generally varies between 5% and 15% of product revenue and can be more for smaller companies and low for pure assemblers like Dell. Patent licensing is a common practice as are disputes arising from patents. Technological advancement renders products quickly outdated. Many products have a lifespan less than 18 months.

Companies with excellent process technology, capital-intensive components production and flexible high-volume assembly are expected to dominate the hardware value chain. Companies with patent capital, close links to component and equipment developers and the ability to afford research and development expenditures and capital investments will benefit the most in the future. These attributes play into the strategic and technical strengths of Japanese companies. The US industry has superior design skills, but remains largely fragmented, undercapitalized and lacks a long-term approach. However, some US companies have been successful in producing structures, strategy and operational techniques necessary for commercial success.

With the global economic recovery, the computers and peripherals industry is expected to thrive as corporations continue to automate and upgrade their systems to increase efficiency and enhance competitive positions. Major players in the sector derive a substantial portion of their revenues from foreign markets adding geographic diversity to their product sales base. A weaker US dollar has given a pricing edge to American products and services.

Companies have little room for errors or inefficiencies in such a competitive and economically volatile environment. According to International Data Corp., price wars and technological evolution can drive down prices by 25% a year.

Computer storage and peripherals are strong sellers as data storage continues to be a top priority across businesses. Increasing amounts of data and content and the proliferation of broadband access have necessitated greater capacity across the storage infrastructure.

PEER GROUP: Computers & Peripherals

Ticker	Company Name	Recent Price (\$)	Market Cap (\$M)	Price/Earnings	Net Sales TTM (\$M)	Net Income TTM (\$M)
AAPL	APPLE INC	96.10	526,381	10.69	226,987.00	50,678.00
STX	SEAGATE TECHNOLOGY PLC	24.48	7,307	24.00	11,434.00	315.00
NTAP	NETAPP INC	26.02	7,288	33.36	5,546.00	229.00
EMC	EMC CORP/MA	27.86	54,457	27.05	24,642.00	2,006.00
CAJ	CANON INC	29.99	40,000	18.29	31,541.60	1,797.10
NCR	NCR CORP	30.36	3,762	NM	6,341.00	-186.00
BBRY	BLACKBERRY LTD	7.00	3,658	NM	2,160.00	-208.00
LOGI	LOGITECH INTERNATIONAL SA	16.73	2,706	21.73	2,018.10	119.32
LXK	LEXMARK INTL INC	37.98	2,383	NM	3,505.40	-100.00
HPQ	HP INC	12.95	22,152	6.68	74,897.00	3,398.00
WDC	WESTERN DIGITAL CORP	50.81	14,300	14.35	12,690.00	828.00

The peer group comparison is based on Major Technology Hardware, Storage & Peripherals companies of comparable size.

Sector: Technology | Technology Hardware, Storage & Peripherals | Source: S&P

Annual Dividend Rate \$2.08	Annual Dividend Yield 2.16%	Beta 1.00	Market Capitalization \$526.4 Billion	52-Week Range \$89.47-\$132.97	Price as of 6/23/2016 \$96.10
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COMPANY DESCRIPTION

Apple Inc. designs, manufactures, and markets mobile communication and media devices, personal computers, and portable digital music players to consumers, small and mid-sized businesses, education, and enterprise and government customers worldwide. The company also sells related software, services, accessories, networking solutions, and third-party digital content and applications. It offers iPhone, a line of smartphones; iPad, a line of multi-purpose tablets; and Mac, a line of desktop and portable personal computers. The company also provides iLife, a consumer-oriented digital lifestyle software application suite; iWork, an integrated productivity suite that helps users create, present, and publish documents, presentations, and spreadsheets; and other application software, such as Final Cut Pro, Logic Pro X, and FileMaker Pro. In addition, it offers Apple TV that connects to consumers' TV and enables them to access digital content directly for streaming high definition video, playing music and games, and viewing photos; Apple Watch, a personal electronic device; and iPod, a line of portable digital music and media players. Further, the company sells Apple-branded and third-party Mac-compatible, and iOS-compatible accessories, such as headphones, displays, storage devices, Beats products, and other connectivity and computing products and supplies. Additionally, it offers iCloud, a cloud service; AppleCare that offers support options for its customers; and Apple Pay, a mobile payment service. The company sells and delivers digital content and applications through the iTunes Store, App Store, iBooks Store, Mac App Store, and Apple Music. It also sells its products through its retail and online stores, and direct sales force, as well as through third-party cellular network carriers, wholesalers, retailers, and value-added resellers. Apple Inc. was founded in 1977 and is headquartered in Cupertino, California.

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STOCK-AT-A-GLANCE

Below is a summary of the major fundamental and technical factors we consider when determining our overall recommendation of AAPL shares. It is provided in order to give you a deeper understanding of our rating methodology as well as to paint a more complete picture of a stock's strengths and weaknesses. It is important to note, however, that these factors only tell part of the story. To gain an even more comprehensive understanding of our stance on the stock, these factors must be assessed in combination with the stock's valuation. Please refer to our Valuation section on page 5 for further information.

FACTOR	SCORE					
Growth	3.5 out of 5 stars	★	★	★	☆	☆
Measures the growth of both the company's income statement and cash flow. On this factor, AAPL has a growth score better than 60% of the stocks we rate.		weak				strong
Total Return	3.0 out of 5 stars	★	★	★	☆	☆
Measures the historical price movement of the stock. The stock performance of this company has beaten 50% of the companies we cover.		weak				strong
Efficiency	5.0 out of 5 stars	★	★	★	★	★
Measures the strength and historic growth of a company's return on invested capital. The company has generated more income per dollar of capital than 90% of the companies we review.		weak				strong
Price volatility	3.5 out of 5 stars	★	★	★	☆	☆
Measures the volatility of the company's stock price historically. The stock is less volatile than 60% of the stocks we monitor.		weak				strong
Solvency	5.0 out of 5 stars	★	★	★	★	★
Measures the solvency of the company based on several ratios. The company is more solvent than 90% of the companies we analyze.		weak				strong
Income	4.0 out of 5 stars	★	★	★	★	☆
Measures dividend yield and payouts to shareholders. The company's dividend is higher than 70% of the companies we track.		weak				strong

THE STREET RATINGS RESEARCH METHODOLOGY

TheStreet Ratings' stock model projects a stock's total return potential over a 12-month period including both price appreciation and dividends. Our Buy, Hold or Sell ratings designate how we expect these stocks to perform against a general benchmark of the equities market and interest rates. While our model is quantitative, it utilizes both subjective and objective elements. For instance, subjective elements include expected equities market returns, future interest rates, implied industry outlook and forecasted company earnings. Objective elements include volatility of past operating revenues, financial strength, and company cash flows.

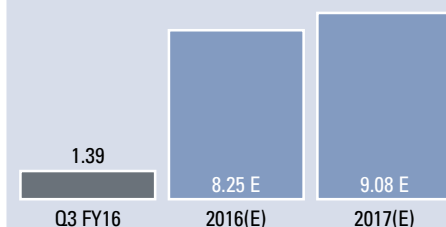
Our model gauges the relationship between risk and reward in several ways, including: the pricing drawdown as compared to potential profit volatility, i.e. how much one is willing to risk in order to earn profits; the level of acceptable volatility for highly performing stocks; the current valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's performance. These and many more derived observations are then combined, ranked, weighted, and scenario-tested to create a more complete analysis. The result is a systematic and disciplined method of selecting stocks.

Sector: Technology | Technology Hardware, Storage & Peripherals | Source: S&P

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Consensus EPS Estimates² (\$)

IBES consensus estimates are provided by Thomson Financial



INCOME STATEMENT

	Q2 FY16	Q2 FY15
Net Sales (\$mil)	50,557.00	58,010.00
EBITDA (\$mil)	16,464.00	20,757.00
EBIT (\$mil)	13,987.00	18,278.00
Net Income (\$mil)	10,516.00	13,569.00

BALANCE SHEET

	Q2 FY16	Q2 FY15
Cash & Equiv. (\$mil)	55,283.00	33,096.00
Total Assets (\$mil)	305,277.00	261,194.00
Total Debt (\$mil)	79,872.00	43,871.00
Equity (\$mil)	130,457.00	129,006.00

PROFITABILITY

	Q2 FY16	Q2 FY15
Gross Profit Margin	44.30%	45.05%
EBITDA Margin	32.56%	35.78%
Operating Margin	27.67%	31.51%
Sales Turnover	0.74	0.81
Return on Assets	16.60%	18.30%
Return on Equity	38.84%	37.05%

DEBT

	Q2 FY16	Q2 FY15
Current Ratio	1.28	1.16
Debt/Capital	0.38	0.25
Interest Expense	321.00	163.00
Interest Coverage	43.57	112.14

SHARE DATA

	Q2 FY16	Q2 FY15
Shares outstanding (mil)	5,478	5,762
Div / share	0.52	0.47
EPS	1.90	2.33
Book value / share	23.81	22.39
Institutional Own %	NA	NA
Avg Daily Volume	38,616,923	46,228,263

² Sum of quarterly figures may not match annual estimates due to use of median consensus estimates.

FINANCIAL ANALYSIS

APPLE INC's gross profit margin for the second quarter of its fiscal year 2016 is essentially unchanged when compared to the same period a year ago. Sales and net income have dropped, although the growth in revenues underperformed the average competitor within the industry, the net income growth did not. APPLE INC has average liquidity. Currently, the Quick Ratio is 1.10 which shows that technically this company has the ability to cover short-term cash needs. The company's liquidity has increased from the same period last year.

At the same time, stockholders' equity ("net worth") has remained virtually unchanged only increasing by 1.12% from the same quarter last year. Together, the key liquidity measurements indicate that it is relatively unlikely that the company will face financial difficulties in the near future.

STOCKS TO BUY: TheStreet Quant Ratings has identified a handful of stocks that can potentially TRIPLE in the next 12-months. To learn more visit www.TheStreetRatings.com.

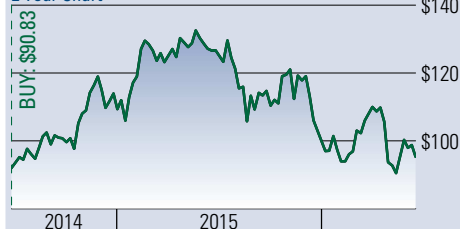
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RATINGS HISTORY

Our rating for APPLE INC has not changed since 4/13/2009. As of 6/23/2016, the stock was trading at a price of \$96.10 which is 27.7% below its 52-week high of \$132.97 and 7.4% above its 52-week low of \$89.47.

2 Year Chart



MOST RECENT RATINGS CHANGES

Date	Price	Action	From	To
6/23/14	\$90.83	No Change	Buy	Buy

Price reflects the closing price as of the date listed, if available

RATINGS DEFINITIONS & DISTRIBUTION OF THESTREET RATINGS

(as of 6/23/2016)

38.42% Buy - We believe that this stock has the opportunity to appreciate and produce a total return of more than 10% over the next 12 months.

31.33% Hold - We do not believe this stock offers conclusive evidence to warrant the purchase or sale of shares at this time and that its likelihood of positive total return is roughly in balance with the risk of loss.

30.25% Sell - We believe that this stock is likely to decline by more than 10% over the next 12 months, with the risk involved too great to compensate for any possible returns.

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VALUATION

BUY. This stock's P/E ratio indicates a discount compared to an average of 13.61 for the Computers & Peripherals industry and a significant discount compared to the S&P 500 average of 24.43. For additional comparison, its price-to-book ratio of 4.04 indicates a premium versus the S&P 500 average of 2.79 and a premium versus the industry average of 3.51. The current price-to-sales ratio is above both the S&P 500 average and the industry average, indicating a premium.

Price/Earnings	1	2	3	4	5
				premium	discount

AAPL 10.69 Peers **13.61**

- Discount. A lower P/E ratio than its peers can signify a less expensive stock or lower growth expectations.
- AAPL is trading at a discount to its peers.

Price/Projected Earnings	1	2	3	4	5
			premium	discount	

AAPL 10.59 Peers **12.53**

- Average. An average price-to-projected earnings ratio can signify an industry neutral stock price and average future growth expectations.
- AAPL is trading at a valuation on par with its peers.

Price/Book	1	2	3	4	5
		premium		discount	

AAPL 4.04 Peers **3.51**

- Premium. A higher price-to-book ratio makes a stock less attractive to investors seeking stocks with lower market values per dollar of equity on the balance sheet.
- AAPL is trading at a premium to its peers.

Price/Sales	1	2	3	4	5
		premium		discount	

AAPL 2.32 Peers **2.04**

- Premium. In the absence of P/E and P/B multiples, the price-to-sales ratio can display the value investors are placing on each dollar of sales.
- AAPL is trading at a premium to its industry on this measurement.

Price/CashFlow	1	2	3	4	5
				premium	discount

AAPL 7.67 Peers **9.98**

- Discount. The P/CF ratio, a stock's price divided by the company's cash flow from operations, is useful for comparing companies with different capital requirements or financing structures.
- AAPL is trading at a discount to its peers.

Price to Earnings/Growth	1	2	3	4	5
			premium	discount	

AAPL NM Peers **0.38**

- Neutral. The PEG ratio is the stock's P/E divided by the consensus estimate of long-term earnings growth. Faster growth can justify higher price multiples.
- AAPL's negative PEG ratio makes this valuation measure meaningless.

Earnings Growth	1	2	3	4	5
	lower				higher

AAPL 11.12 Peers **-20.16**

- Higher. Elevated earnings growth rates can lead to capital appreciation and justify higher price-to-earnings ratios.
- AAPL is expected to have an earnings growth rate that significantly exceeds its peers.

Sales Growth	1	2	3	4	5
	lower				higher

AAPL 6.98 Peers **4.58**

- Higher. A sales growth rate that exceeds the industry implies that a company is gaining market share.
- AAPL has a sales growth rate that significantly exceeds its peers.

DISCLAIMER:

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