

**The Merriam Report AAPL 3/26/11 APPLE INC**

All amounts in millions except for earnings per share

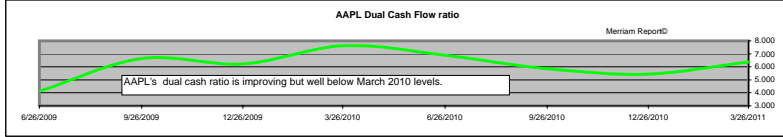
Quarterly period ending:	3	4	1	2	3	4	1	2	Averages
	6/27/2009	9/26/2009	12/26/2009	3/27/2010	6/26/2010	9/25/2010	12/25/2010	3/26/2011	
Earnings Per Share (Incl. Ext. Items)	\$ 2.010	\$ 2.780	\$ 3.670	\$ 3.330	\$ 3.51000	\$ 4.640	\$ 6.430	\$ 6.400	\$ 4.096
% Change in E.P.S. (from prev. qtr.)		38.3%	32.0%	-9.3%	5.4%	32.2%	38.6%	-0.5%	19.5%
<b>Total Revenues</b>	<b>973400.0</b>	<b>1220700.0</b>	<b>1568300.0</b>	<b>1349900.0</b>	<b>1570000.0</b>	<b>2034300.0</b>	<b>2674100.0</b>	<b>2466700.0</b>	1732175.0
% Change in Revenues (from prev. qtr.)		25.4%	28.5%	-13.9%	16.3%	29.6%	31.5%	-7.8%	15.6%
<b>Cost of Revenues</b>	<b>575100.0</b>	<b>7102000.0</b>	<b>9272000.0</b>	<b>7874000.0</b>	<b>9564000.0</b>	<b>12831000.0</b>	<b>16443000.0</b>	<b>14449000.0</b>	9763762.5
Accounts Receivable:	268600.0	505700.0	309000.0	288600.0	639000.0	992400.0	1087400.0	1109500.0	650137.5
% Change in Receivables (from prev. qtr.)		88.3%	-38.9%	-6.6%	121.7%	55.1%	9.6%	2.0%	33.0%
DSOs (# of days it took customers to pay)	25.1	37.7	17.9	19.5	37.1	44.4	37.0	40.9	32.5
Inventories:	38000.0	45500.0	57800.0	63800.0	94200.0	105100.0	88500.0	93000.0	73212.5
% Change in Inventory (from prev. qtr.)		19.7%	28.6%	10.8%	47.6%	11.6%	-15.8%	5.1%	15.1%
Inventory as a % of Sales	3.9%	3.7%	3.7%	4.7%	6.0%	5.2%	3.3%	3.8%	4.28%
Prepaid Expenses:	173,100.00	113,500.00	118,000.00	114,200.00	121,600.00	163,600.00	172,400.00	168,300.00	143087.5
Other Current Assets:	615100.0	144400.0	369000.0	451500.0	318800.0	344700.0	346700.0	405500.0	374462.5
Property, Plant & Equip. (net):	265300.0	295400.0	311500.0	350400.0	399000.0	476800.0	586800.0	624100.0	413662.5
% Change in P.P.&E (from prev. qtr.)		11.3%	5.5%	12.5%	13.9%	19.5%	23.1%	6.4%	13.2%
Accounts Payable:	485400.0	560100.0	651100.0	566600.0	846900.0	1201500.0	1430100.0	1371400.0	889137.5
% Change in Payables (from prev. qtr.)		15.4%	16.2%	-13.0%	49.5%	41.9%	19.0%	-4.1%	17.8%
<b>Quarterly period ending:</b>	<b>6/27/2009</b>	<b>9/26/2009</b>	<b>12/26/2009</b>	<b>3/27/2010</b>	<b>6/26/2010</b>	<b>9/25/2010</b>	<b>12/25/2010</b>	<b>3/26/2011</b>	<b>Averages</b>
Total Liabilities:	2225200.0	1586100.0	1815800.0	1779000.0	2161400.0	2739200.0	3207600.0	3345700.0	2356487.5
Shareholder equity:	2588800.0	3164000.0	3576800.0	3934800.0	4311100.0	4779100.0	5466600.0	6144700.0	4245737.5
Retained Earnings (Accum. Deficit)	1787800.0	2335300.0	2695900.0	2967000.0	3287000.0	3716900.0	4305000.0	4902500.0	3246375.0
<b>Operating Cash Flow (OCF)</b>	<b>4355869.7</b>	<b>5478665.9</b>	<b>6220963.1</b>	<b>6853758.6</b>	<b>7526650.7</b>	<b>8421841.8</b>	<b>9697432.5</b>	<b>10973028.3</b>	7441026.3
OCF as % of Revenues	447.5%	448.8%	396.7%	507.7%	479.4%	414.0%	362.6%	444.8%	437.70%
<b>Balance Sheet Cash Flow (BSCF)</b>	<b>2225045.8</b>	<b>1585967.6</b>	<b>1815655.3</b>	<b>1770757.9</b>	<b>2161207.3</b>	<b>2738929.8</b>	<b>3207296.3</b>	<b>3345394.5</b>	2356281.8
BSCF as % of Revenues	228.6%	129.9%	115.8%	131.2%	137.7%	134.6%	119.9%	135.6%	141.66%
<b>Spread between OCF &amp; BSCF</b>	<b>2130823.9</b>	<b>3892698.3</b>	<b>4405307.8</b>	<b>5083000.7</b>	<b>5365443.4</b>	<b>5682912.0</b>	<b>6490136.1</b>	<b>7627633.8</b>	5084744.5
<b>Ratios</b>									
Spread to Revenues	218.91%	318.89%	280.90%	376.55%	341.75%	279.35%	242.70%	309.22%	2.960
Spread to OCF	1.958	3.454	3.426	3.871	3.483	3.075	3.024	3.280	3.196
MR Dual Cash-Flow Figure	4.147	6.643	6.235	7.636	6.900	5.868	5.451	6.372	6.157

**The Merriam Report**

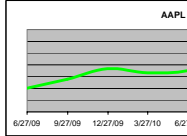
APPLE INC AAPL 12/25/10	6/27/09	9/26/09	12/26/09	3/27/10	6/26/10	9/25/10	12/25/10	3/26/11
MR Dual Cash-Flow Figure	4.147	6.643	6.235	7.636	6.900	5.868	5.451	6.372

**Merriam Report Signals:**

Confirmed Bearish  
Recent Bullish  
Confirmed Bullish



**MR Dual Cash-Flow Figure (avg.)**



	06/27/09	09/26/09	12/26/09	03/27/10	06/26/10	09/25/10	12/25/10	03/26/11
P/E	24.52	19.78	20.06	19.26	19.74	18.97	17.78	15.82
P/S	3.75	3.86	4.12	4.17	4.33	4.14	3.96	3.54
P/FCF	12.6268	18.3484	17.7684	17.5587	17.2739	16.2937	15.2942	16.452
PEG	2.0206	0.5831	0.2216	0.1713	0.1496	0.2838	0.2379	0.66
Earnings Yield	0.0408	0.0506	0.0498	0.0519	0.0507	0.0527	0.0562	0.0541
Cash to Total Assets	0.5032	0.494	0.4598	0.4058	0.3752	0.3408	0.311	0.4128
Debt-to-Assets	0	0	0	0	0	0	0	0

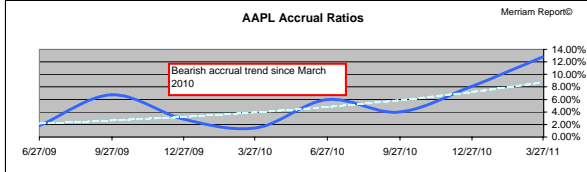
Accrual Ratios	6/27/09	9/26/09	12/26/09	3/27/10	6/26/10	9/25/10	12/25/10	3/26/11
Average Accruals	1.86%	6.72%	2.88%	1.45%	6.00%	4.00%	8.02%	12.78%
	5.46%							57.23%

**Revenue Metrics (as % of Sales)**

	Recent Qtr.	Combined Avg.
Research & Development	2.36%	2.62%
Cost of Sales	58.58%	60.10%
S/G/A	7.15%	8.12%
Payables	55.60%	51.33%

**Capital Productivity**

	Recent Qtr.	Combined Avg.
Inventory / Revenues	\$ 0.038	\$ 0.042
Receivables / Revenues	\$ 0.450	\$ 0.375
Inventory & Receivables / Revenues	\$ 0.487	\$ 0.418
P,P/E / Revenues	\$ 0.253	\$ 0.239



Accrual Ratios: According to the MR model, a ratio of -5 or less is very bullish and a ratio of +5 or more is very bearish.

1.53% 0.97%

## Summary of Merriam Report Signals

### Dual Cash-Flow Figures

Operating Cash-Flow Trend  
Balance Sheet Cash-Flow Trend

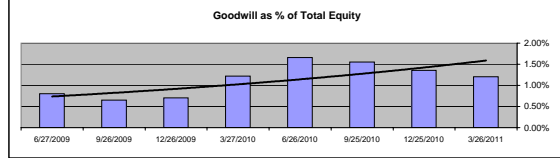
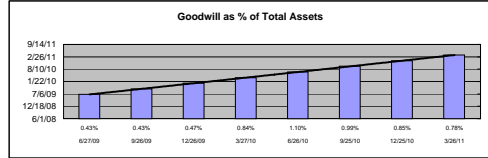
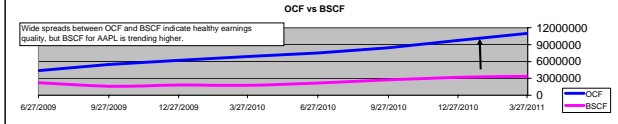
Confirmed Bearish  
Bullish  
Bullish

Recent Bullish

	6/27/09	9/26/09	12/26/09	3/27/10	6/26/10	9/25/10	12/25/10	3/26/11
OCF	435569.7	547865.9	6220963.1	6853756.6	7526650.7	8421641.8	9697432.5	10973026.3
BSCF	2225045.8	1585967.6	1815655.3	1770757.9	2161207.3	2738929.8	3207296.3	3345394.5

### Comparison of Recent Quarter Changes to Average

EPS Bullish  
Revenues Bullish  
Accounts Receivable Bullish  
Days Sales Outstanding Bearish  
Inventory Bullish  
Accounts Payable Bullish  
Accrual Ratios Extreme Bearish



	6/27/09	9/26/09	12/26/09	3/27/10	6/26/10	9/25/10	12/25/10	3/26/11	AVG.
Goodwill as % of Total Assets	0.43%	0.43%	0.47%	0.84%	1.10%	0.99%	0.85%	0.78%	0.74%
Goodwill as % of Total Equity	0.80%	0.65%	0.71%	1.22%	1.66%	1.55%	1.36%	1.21%	1.14%

Dual Cash Flow Trend	2
Financial Ratios (conventional)	1
Balance Sheet and Income Statement	2
Accrual Ratios	-2.5
Revenue Metrics and Capital Productivity	-2
Goodwill Trends	-1
<b>Merriam Report Score</b>	<b>-0.5</b>

<b>APPLE INC</b>	<b>3/26/2011</b>	<b>5/26/2011</b>
Ending Period Share Price	\$ 351.54	\$ 335.89
Estimated Fair Value	\$ 362.52	
End Price to Est. FV	-0.50%	-7.35%

Valuation  
**UNDERVALUED**

Earnings Quality

B+

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Adjustments (Payables)	\$ 11.08
Adjustments (Receivables)	\$ 15.64
Adjustments (DSO)	\$ (13.19)
Adjustments (OCF)	\$ 0.82
Adjustments (BSCF)	\$ 2.15
Adjustments (Inventory)	\$ 5.05
<b>Total Adjustments</b>	<b>\$ 21.56</b>
	\$ (12.34)

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