

The Merriam Report AAPL 12/25/10 APPLE INC

All amounts in millions except for earnings per share

Quarterly period ending:	3	4	1	2	3	4	1	Averages
	6/27/09	9/26/09	12/26/09	3/27/10	6/26/10	9/25/10	12/25/10	
Earnings Per Share (Incl. Ext. Items)	\$ 2.010	\$ 2.780	\$ 3.670	\$ 3.330	\$ 3.51000	\$ 4.640	\$ 6.430	\$ 3.767
% Change in E.P.S. (from prev. qtr.)		38.3%	32.0%	-9.3%	5.4%	32.2%	38.6%	22.9%
Total Revenues	973400.0	1220700.0	1568300.0	1349900.0	1570000.0	2034300.0	2674100.0	1627242.9
% Change in Revenues (from prev. qtr.)		25.4%	28.5%	-13.9%	16.3%	29.6%	31.5%	19.5%
Cost of Revenues	575100.0	7102000.0	9272000.0	7874000.0	9564000.0	12831000.0	16443000.0	9094442.9
Accounts Receivable:	268600.0	505700.0	309000.0	288600.0	639900.0	992400.0	1087400.0	584514.3
% Change in Receivables (from prev. qtr.)		88.3%	-38.9%	-6.6%	121.7%	55.1%	9.6%	38.2%
DSO's (# of days it took customers to pay)	25.1	37.7	17.9	19.5	37.1	44.4	37.0	31.2
Inventories:	38000.0	45500.0	57600.0	63800.0	94200.0	105100.0	88500.0	70385.7
% Change in Inventory (from prev. qtr.)		19.7%	26.6%	10.8%	47.6%	11.6%	-15.8%	16.8%
Inventory as a % of Sales	3.9%	3.7%	3.7%	4.7%	6.0%	5.2%	3.3%	4.36%
Prepaid Expenses:	173,100.00	113,500.00	118,000.00	114,200.00	121,600.00	163,600.00	172,400.00	139485.7
Other Current Assets:	615100.0	144400.0	369000.0	451500.0	318800.0	344700.0	346700.0	370028.6
Property, Plant & Equip. (net):	265300.0	295400.0	311500.0	350400.0	399000.0	476800.0	586800.0	383600.0
% Change in P, P & E (from prev. qtr.)		11.3%	5.5%	12.5%	13.9%	19.5%	23.1%	14.3%
Accounts Payable:	485400.0	560100.0	651100.0	566600.0	846900.0	1201500.0	1430100.0	820242.9
% Change in Payables (from prev. qtr.)		15.4%	16.2%	-13.0%	49.5%	41.9%	19.0%	21.5%
Quarterly period ending:	6/27/09	9/26/09	12/26/09	3/27/10	6/26/10	9/25/10	12/25/10	
Total Liabilities:	2225200.0	1586100.0	1815800.0	1770900.0	2161400.0	2739200.0	3207600.0	2215171.4
Shareholder equity:	2588800.0	3164000.0	3576800.0	3934800.0	4311100.0	4779100.0	5466600.0	3974457.1
Retained Earnings (Accum. Deficit)	1787800.0	2335300.0	2669500.0	2967000.0	3287000.0	3716900.0	4305000.0	3009785.7
Operating Cash Flow (OCF)	4355869.7	5478665.9	6220963.1	6853758.6	7526650.7	8421841.8	9697432.5	6936454.6
OCF as % of Revenues	44.75%	44.88%	39.67%	50.77%	47.94%	41.40%	36.26%	43.68%
Balance Sheet Cash Flow (BSCF)	2225045.8	1585967.6	1815655.3	1770757.9	2161207.3	2738929.8	3207296.3	2214980.0
BSCF as % of Revenues	22.86%	12.99%	11.58%	13.12%	13.77%	13.63%	11.99%	14.253%
Spread between OCF & BSCF	2130823.9	3892698.3	4405307.8	5083000.7	5365443.4	5682912.0	6490136.1	4721474.6
Ratios								
Spread to Revenues	218.91%	318.89%	280.90%	376.55%	341.75%	279.35%	242.70%	2.941
Spread to OCF	1.958	3.454	3.426	3.871	3.483	3.075	3.024	3.184
MR Dual Cash-Flow Figure	4.147	6.643	6.235	7.636	6.900	5.868	5.451	6.126

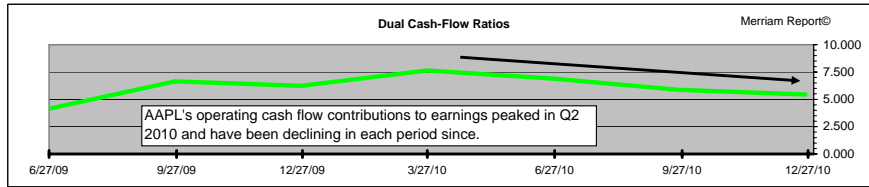
The Merriam Report

APPLE INC AAPL 12/25/10

Quarterly period ending:	6/27/09	9/26/09	12/26/09	3/27/10	6/26/10	9/25/10	12/25/10
MR Dual Cash-Flow Figure	4.147	6.643	6.235	7.636	6.900	5.868	5.451

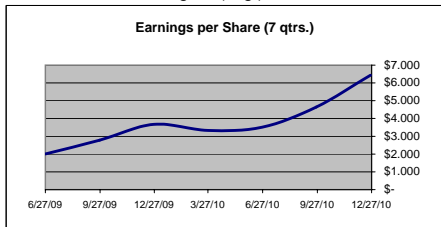
Merriam Report Signals:

- Recent Bearish
- Confirmed Bearish**
- Recent Bullish
- Confirmed Bullish



MR Dual Cash-Flow Figure (avg.)

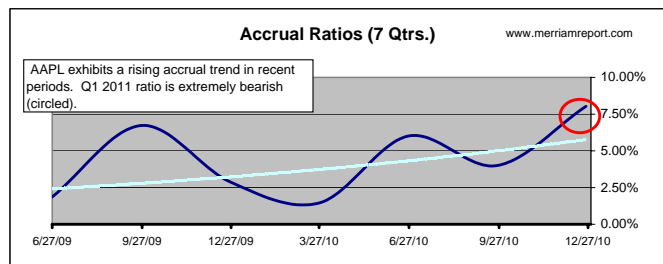
	6/27/09	9/26/09	12/26/09	3/27/10	6/26/10	9/25/10	12/25/10	
P/E	24.52	19.78	20.06	19.26	19.74	18.97	17.78	20.016
P/S	3.75	3.86	4.12	4.17	4.33	4.14	3.96	4.0471
P/FCF	12.6268	18.3484	17.7684	17.5587	17.2739	16.2937	15.2942	16.452
PEG	2.0206	0.5831	0.2216	0.1713	0.1496	0.2838	0.2379	0.524
Earnings Yield	0.0408	0.0506	0.0498	0.0519	0.0507	0.0527	0.0562	0.0504
Cash to Total Asse	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
Average Accruals	1.86%	6.72%	2.88%	1.45%	6.00%	4.00%	8.02%

Revenue Metrics (as % of Sales)

	Recent Qtr.	Combined Avg.
Research & Development	2.15%	2.68%
Cost of Sales	61.49%	60.43%
S/G/A	7.09%	8.33%
Payables	53.48%	50.41%
Capital Productivity		
Inventory / Revenues	\$ 0.033	\$ 0.043
Receivables / Revenues	\$ 0.407	\$ 0.359
Inventory & Receivables / Revenues	\$ 0.440	\$ 0.402
P,P&E / Revenues	\$ 0.219	\$ 0.236



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.

-1.06% 1.24%

Summary of Merriam Report Signals

Dual Cash-Flow Figures

Recent Bearish

Confirmed Bearish

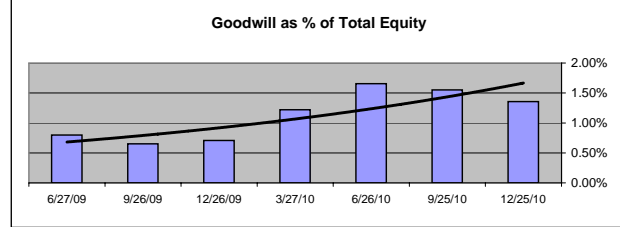
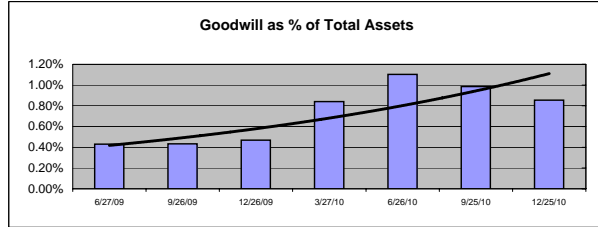
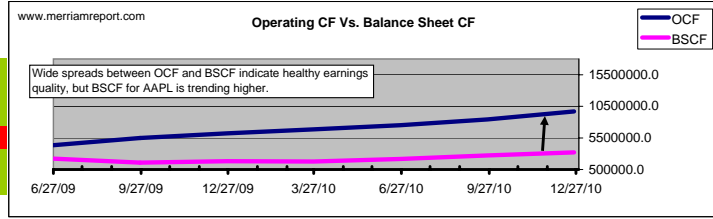
Operating Cash-Flow Trend
Balance Sheet Cash-Flow Trend

Bearish
Bullish

	6/27/09	9/26/09	12/26/09	3/27/10	6/26/10	9/25/10	12/25/10
OCF	4355869.7	5478665.9	6220963.1	6853758.6	7526650.7	8421841.8	9697432.5
BSCF	2225045.8	1585967.6	1815655.3	1770757.9	2161207.3	2738929.8	3207296.3

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	AVG.
Goodwill as % of Total Assets	0.43%	0.43%	0.47%	0.84%	1.10%	0.99%	0.85%	0.73%
Goodwill as % of Total Equity	0.80%	0.65%	0.71%	1.22%	1.66%	1.55%	1.36%	1.13%
	1.86	1.50	1.51	1.45	1.50	1.57	1.59	1.55

Dual Cash Flow Trend	-2
Financial Ratios (conventional)	4
Balance Sheet and Income Statement	4
Accrual Ratios	-1.5
Revenue Metrics and Capital Productivity	-2
Goodwill Trends	-1
Merriam Report Score	1.5

APPLE INC	12/25/10	2/9/11
Ending Period Share Price	323.6	\$ 358.16
Estimated Fair Value	\$ 338.54	
End Price to Est. FV	1.61%	5.80%

Valuation

Computer Hardware

OVERVALUED

Technology

Earnings Quality

Electronic Computers

A-

Adjustments (Payables)	\$ 1.13
Adjustments (Receivables)	\$ 13.02
Adjustments (DSO)	\$ (8.39)
Adjustments (OCF)	\$ (7.71)
Adjustments (BSCF)	\$ 7.21
Adjustments (Inventory)	\$ 14.81
Total Adjustments	\$ 20.06

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