APPLE COMPUTER INC

NASDAQ: **AAPL**
Industry: **Computer Manufacturers**

Stock Fundamentals as of January 24, 2011

Sabrient Rating	**Strong Buy**
Ticker	**AAPL**
Market Cap Designation	**Large-cap**
Market Capitalization (Billions)	**$310.9**
Price	**$337.45**
52-Week High/Low	**$348.60/190.25**
EPS (TTM)	**$17.91**
P/E Ratio (TTM)	**18.8**
Dividend Yield	**0.0%**
S&P 500 P/E Ratio	**19.2**
Price/Book Ratio	**5.7**
Price/Sales Ratio	**4.1**
30-Day Average Volume (Millions)	**15.1**
Beta	**1.21**
Current Ratio	**1.8**
Short Interest Ratio	**N/A**
Shares Outstanding (Millions)	**921.3**

Sabrient Ratings

Sabrient's Buy/Hold/Sell ratings are based on a combination of dynamic filters that determine which attributes of a stock are most predictive in the prevailing market and which stocks best reflect those attributes but are not yet rewarded.

Sabrient starts with an "extraction" process that uses the best performing filters to identify stocks having certain compelling attributes currently sought by the market. Then, a composite scoring process uses a weighted average of several key scores to quantify the relative likelihood of upside or downside price action. As a result, the Buy/Hold/Sell rating may, in certain cases, seem inconsistent with a simple average of the scores cited in this analysis.

A BUY rating means the stock is expected to outperform its relevant benchmark substantially over the next 6 months. A SELL rating means the stock is expected to underperform its relevant benchmark substantially over the next 6 months. A HOLD rating means the stock is expected to perform in line with its relevant benchmark over the next 6 months.

If a stock is rated HOLD, the investor should review the stock's history of Sabrient ratings to see if it has recently changed to HOLD from BUY or SELL. If so, this indicates one of the following: (1) there has been a significant change in the stock's fundamentals, (2) the stock is already appropriately rewarded or punished by the market, or (3) there simply has been some recent price consolidation that warrants attention. A reading of Sabrient's analysis should identify which it is.

More about Sabrient on Page 4
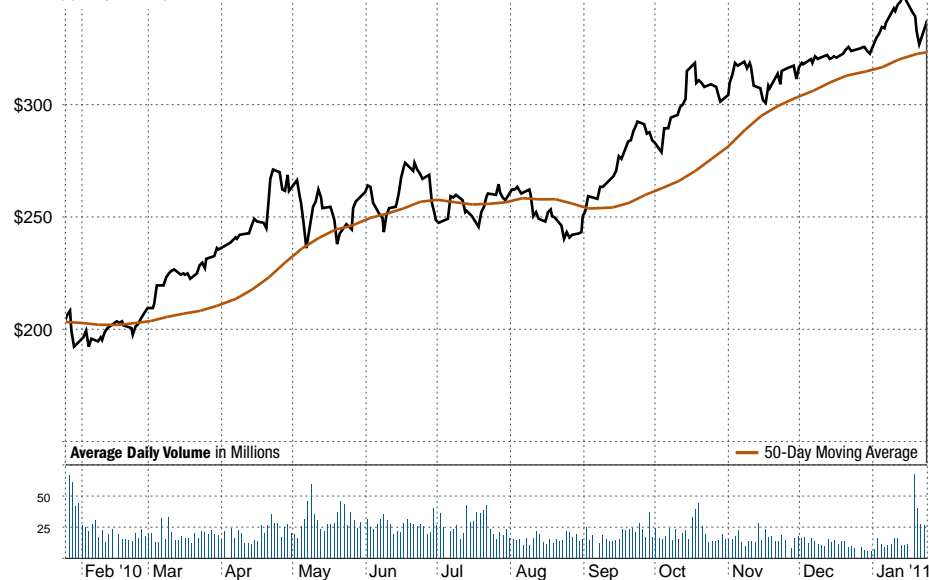
Sabrient's Market Cap Designations

Large Cap	> $5.0 Billion
Mid Cap	$1.0 - $5.0 Billion
Small Cap	$150 Million - $1.0 Billion
Micro Cap	< $150.0 Million

APPLE COMPUTER INC

Average Daily Volume in Millions — 50-Day Moving Average

Company Profile

Apple Inc. (Apple) designs, manufactures and markets a range of personal computers, mobile communication and media devices, and portable digital music players, and sells a range of related software, services, peripherals, networking solutions, and third-party digital content and applications.

Earnings and Revenue Update: For the quarter ended December 25, 2010, Apple reported earnings of $6.0 billion or $6.43 per share compared with $4.3 billion or $4.64 per share for the prior quarter and $3.4 billion or $3.67 per share for the same quarter one year ago. Revenues were $27.0 billion for the quarter ended December 25, 2010 compared with $20.3 billion for the prior quarter and $15.7 billion for the same quarter one year ago. Last twelve months' earnings were $17.91 per share compared with $10.24 per share a year ago. Last twelve months' revenues were $76.4 billion compared with $46.6 billion a year ago.

Sabrient Analysis

AAPL is rated a Strong Buy. The stock boasts a solid growth profile and satisfies Sabrient's strict set of stock selection criteria that point toward market outperformance.

- **Growth:** AAPL scores very high for growth potential, with a Sabrient Growth Score of 100.0. This reflects the company's exceptional earnings performance and expectations and makes it an excellent candidate for the growth-minded investor.

- **Momentum:** The stock has average momentum based on its Sabrient Momentum Score of 56.3. The score reflects price, earnings and group momentum.

- **Value:** A score of 55.9 for the Sabrient Value Score implies that AAPL is fairly priced relative to fundamental valuation and growth potential.

- **Timeliness:** AAPL has a Sabrient Timeliness Score of 55.2. This measures technical strength based on short-term and long-term price performance and long-term group strength.
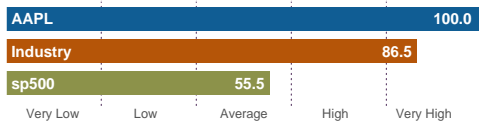
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APPLE COMPUTER INC

NASDAQ: **AAPL**
Industry: **Computer Manufacturers**

## Current Sabrient Scores Compared with Industry and Relevant Benchmark

These Sabrient scores compare various aspects of APPLE COMPUTER INC with its industry and relevant benchmarks. The scores are percentile rankings from 0 to 99.9. Higher scores are better. We use a weighted average of several key scores to quantify the relative likelihood of upside or downside price action. Therefore, the Sabrient rating may seem inconsistent with a simple average of the scores cited in this analysis.

Growth Score: 100.0

AAPL	100.0
Industry	86.5
sp500	55.5

Very Low — Low — Average — High — Very High

The Sabrient Growth Score reflects a company's historical and projected earnings growth, revenue and sales growth, projected cash flow, analyst activity, and changes in earnings estimates, each over various time periods. The higher the score, the better the combined performance of these key measures. With a Sabrient Growth Score of 100.0, Apple is moderately higher than the average of its industry group, which has a Sabrient Growth Score of 86.5.

Value Score: 55.9

|	
AAPL	55.9
Industry	61.8
sp500	57.5

Very Low — Low — Average — High — Very High
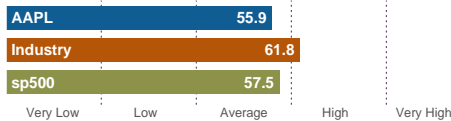
The Sabrient Value Score measures the relationship between a company's stock price and its intrinsic value, as indicated by earnings and balance sheet attributes, with an emphasis on earnings. Also considered are cash flow measures and fundamental valuation ratios. With a Sabrient Value Score of 55.9, Apple is marginally lower than the average of its industry group, which has a Sabrient Value Score of 61.8.

Momentum Score: 56.3

AAPL	56.3
Industry	55.3
sp500	48.6

Very Low — Low — Average — High — Very High
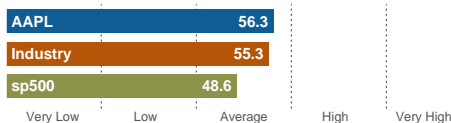
The Sabrient Momentum Score measures a company's earnings and price momentum, evenly weighted, and augmented by group strength, money flow, and relative volume. Core technical factors include current price relative to periodic highs and moving averages. With a Sabrient Momentum Score of 56.3, Apple is in line with the average of its industry group, which carries a Sabrient Momentum Score of 55.3.

Earnings Score: 100.0

AAPL	100.0
Industry	87.8
sp500	49.6

Very Low — Low — Average — High — Very High
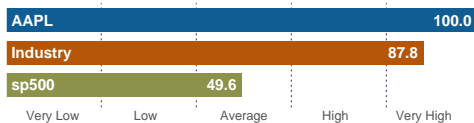
The Sabrient Earnings Score assesses a company's overall earnings performance and projected outlook. Time periods include an average look-back of three years with an emphasis on the past four quarters and a forward look of one to five years. With a Sabrient Earnings Score of 100.0, Apple is moderately higher than the average of its industry group, which has a Sabrient Earnings Score of 87.8.

Balance Sheet Score: 67.2

AAPL	67.2
Industry	55.8
sp500	53.3

Very Low — Low — Average — High — Very High
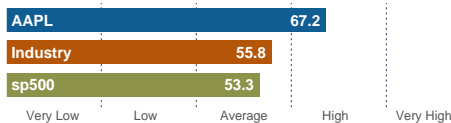
The Sabrient Balance Sheet Score measures a company's liquidity and debt issues, as well as receivables and inventory quality. This score is used to assess relative risk associated with a stock: the lower the score, most likely the higher the inherent risk. With a Sabrient Balance Sheet Score of 67.2, Apple is moderately higher than the average of its industry group, which carries a Sabrient Balance Sheet Score of 55.8.

Fundamental Score: 76.1

AAPL	76.1
Industry	78.9
sp500	61.2

Very Low — Low — Average — High — Very High
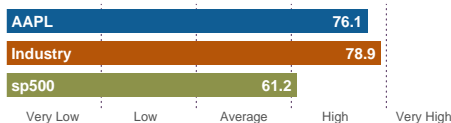
The Sabrient Fundamental Score is the broad measure of a company's financial health, including its balance sheet, cash flow, revenue, and earnings quality. With a Sabrient Fundamental Score of 76.1, Apple is marginally lower than the average of its industry group, which carries a Sabrient Fundamental Score of 78.9.

Timeliness Score: 55.2

AAPL	55.2
Industry	67.8
sp500	53.6

Very Low — Low — Average — High — Very High
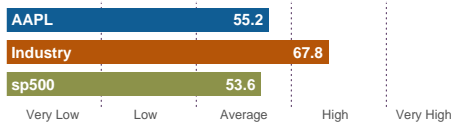
The Sabrient Timeliness Score is an assessment of a stock's short and long-term price strength as determined by various chart-based indicators and measures of group momentum and relative price performance. With a Sabrient Timeliness Score of 55.2, Apple is moderately lower than the average of its industry group, which carries a Sabrient Timeliness Score of 67.8.

Peer Analysis

This table compares AAPL with other similar-sized companies in the same industry group, focusing on Sabrient's growth, momentum and value scores, which represent the three main investing styles. The Peer Analysis chart compares AAPL's 2-year total return with the average 2-year total return of these companies.
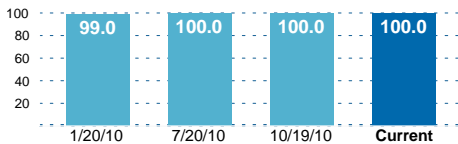

2-Year Total Return — AAPL — Peers

Symbol	Company	Growth Score	Momentum Score	Value Score	Market Cap.(M)
AAPL	**APPLE COMPUTER INC**	**100.0**	**56.3**	**55.9**	**$310885.0**
IBM	IBM	73.8	65.9	50.1	$198318.0
HPQ	Hewlett-Packard	78.3	40.2	99.1	$104155.0
DELL	Dell	67.9	19.5	87.4	$26483.6
TDC	Teradata Corp	58.3	66.6	3.3	$7671.5
HOLI	HLS Systems	69.3	53.7	27.3	$844.0
SNIC	Sonic Solutions	53.4	87.2	0.3	$722.4

Please see important disclaimer on page 5 of this report.

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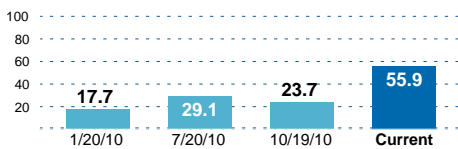**STRONG**
BUY
RATING

Historical Sabrient Scores

The recent histories of key Sabrient scores provide insight into the stock's trends -- whether they are increasing or decreasing in strength in a particular area or simply holding steady. The Sabrient scores are percentile rankings from 0 to 99.9, with higher scores better. Keep in mind that Sabrient ratings may seem inconsistent with a simple average of these key scores because a weighted average of several key scores is used to quantify the relative likelihood of upside or downside price action.
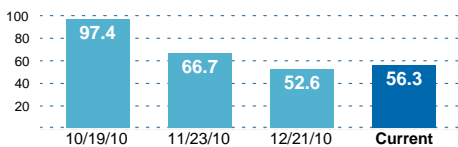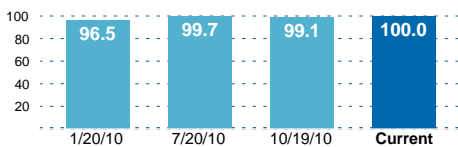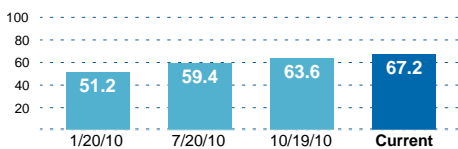
Growth Score: 100.0

1/20/10	7/20/10	10/19/10	Current
99.0	100.0	100.0	100.0

Value Score: 55.9

1/20/10	7/20/10	10/19/10	Current
17.7	29.1	23.7	55.9

Momentum Score: 56.3

10/19/10	11/23/10	12/21/10	Current
97.4	66.7	52.6	56.3

Earnings Score: 100.0

1/20/10	7/20/10	10/19/10	Current
96.5	99.7	99.1	100.0

Balance Sheet Score: 67.2

1/20/10	7/20/10	10/19/10	Current
51.2	59.4	63.6	67.2

Fundamental Score: 76.1

1/20/10	7/20/10	10/19/10	Current
39.4	59.2	53.7	76.1

Timeliness Score: 55.2
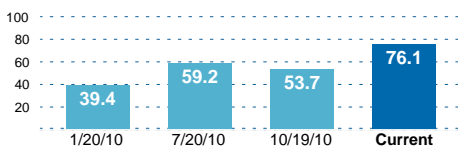
10/19/10	11/23/10	12/21/10	Current
99.8	64.7	55.9	55.2
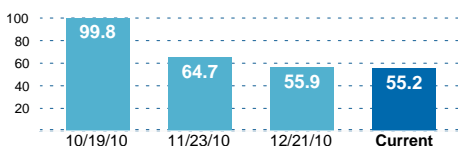
Sabrient Analysis continued from Page 1

- **Best Performing Filters:** To determine the likelihood of near-term performance, Sabrient builds and backtests "Smart Filters" to establish which caps, styles and attributes are drawing a premium in today's market. Currently, the three most predictive filters for the relevant segment are:

Consistency Filter: The Consistency Filter measures various earnings trends, along with short-term revenue growth. High scores are given to stocks that exhibit a smooth expansion in earnings and notable short-term revenue growth. The filter is currently among Sabrient's best performers in the large-cap segment. AAPL scores 99.5 for this filter.

Earnings Strength Filter: The Earnings Strength Filter seeks stocks with favorable earnings trends by measuring short-term and long-term earnings history, short and long-term earnings projections, as well as percentage change in both over the short term. Over the past 90 days, the filter outperformed its large-cap benchmark by a significant margin. AAPL scores 98.8 for this filter.

Composite Growth Filter: The Composite Growth Filter includes long-term and short-term factors related to earnings, cash flow and revenue growth. The filter has significantly outperformed its large-cap benchmark over the past three months. AAPL scores 99.6 for this filter.

In summary, AAPL's Strong Buy rating is based on a profile of forward-looking metrics which show this stock could significantly outperform the broader markets.

What the Market Wants: January 2011

[Note: For email delivery of the weekly What the Market Wants, sign up at www.sabrient.com. To view this week's stocks ideas and market stats, see "What the Market Wants" at the Sabrient blog at http://www.sabrient.com/blog/.]

INFLATION FEARS DRIVE BOND MONEY TO EQUITIES

By David Brown, Chief Market Strategist

(January 24, 2011)

We began today with news of the terrorist attack at the Domodedovo Airport in Moscow and real worries about inflation. Last week's PPI and CPI reports indicate that core inflation is still at bay in the U.S. (that doe not count food and energy costs), but fears loom that China will raise interest rates yet again (they did it twice in 2010) and that the European Central Bank will do the same to subdue inflationary fears in Europe.

Yet the markets shrugged and surged to a new 2-year high for the Dow, with the Nasdaq gaining over 1% and the S&P 500, over half a percent.

Perhaps it is the fears about inflation that lifted today's markets, but the reaction to some after-market earnings announcements makes me think the market is a tad irrational. American Express (AXP) met their earnings estimates and announced improved profits, but AXP is down more than 1% in after-hours trading. Texas Instruments (TXN) beat estimates by nearly 25% ($0.78 vs. an expected $0.63", and TXN lost nearly 3% in the aftermarket. Yet JC Penney (JCP) made an innocuous announcement earlier today that it will take .strategic actions to maximize growth and profitability" -- (as opposed to the opposite?) -- and JCP rose more than 7%.

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Perhaps the President will give us a sense of where we're headed in his State of the Union address Tuesday night. Or perhaps this week's economic announcements will. The FOMC decision will be announced on Wednesday, along with the numbers for new home sales and (on Thursday) pending home sales. Hopefully, those numbers will reflect a recovering housing industry, as did last week housing permits and existing home sales. Thursday also brings durable goods and the weekly initial jobless claims, and on Friday, we'll see the important all-inclusive measure of economic activity, the GDP report. Surely, that will give us some sense of direction.

On the corporate side, earnings season heats up this week with scheduled reports from 3M (MMM), Johnson & Johnson (JNJ), Boeing (BA) and Chevron (CVX). Last week's reports were a mix of good -- IBM (IBM), Google (GOOG) and General Electric (GE) -- and bad -- Citigroup (C), Bank of America (BAC) and Goldman Sachs (GS), but as AXP and TXN can attest, beating estimates doesn't necessarily boost stock prices.

MARKET STATS. All caps and styles were negative last week. Large-cap Value turned in the best performance, down just -0.59%, and Small-cap Growth, the worst, down -4.42% for the week. The other small caps, by the way, didn't fare much better.

As for sectors, last week looked like a classic down market, with Utilities outperforming the other sectors (+0.59%), but following closely behind was Capital Goods (+0.54%). The worst performers were a lot worse. Basic Industries were down -2.99% for the week; Consumer Durables, -2.59%; and Transportation, -2.54%. Looking forward, our SectorCast favors Basic Industries, Technology, Finance, and Healthcare, and looks askance at Transportation and all three consumer sectors (Services, Durables and Non-Durables).

As we try to make sense out of all this, one fact is very clear: Inflationary fears are real, and the inevitable hikes in interest rates bring powerful pressure on the bond market. Equities are one of the few places for bond money to go, so this should bode well for the stock market.

Assuming the market is rational at all.

To see this week's stock ideas and market stats, go to the Sabrient blog at http://www.sabrient.com/blog/.

Next update: Monday, January 31, 2011.

Company Description

Apple Inc. (Apple) designs, manufactures and markets a range of personal computers, mobile communication and media devices, and portable digital music players, and sells a range of related software, services, peripherals, networking solutions, and third-party digital content and applications. It's products and services include Macintosh (Mac) computers, iPhone, iPad, iPod, Apple TV, Xserve, a portfolio of consumer and professional software applications, the Mac OS X and iOS operating systems, third-party digital content and applications through the iTunes Store, and a range of accessory, service and support offerings. The Company sells its products globally through its retail stores, online stores, and direct sales force and third-party cellular network carriers, wholesalers, retailers, and value-added resellers. As of September 25, 2010, the Company had opened a total of 317 retail stores, including 233 stores in the United States and 84 stores internationally.

About Sabrient

Sabrient Systems is an independent research firm providing statistical analysis of a company's fundamental data to investment professionals. We use a computer-driven, quantitative methodology to identify stocks that appear poised to outperform or underperform the market.

The Sabrient methodology was developed by an experienced research team led by David Brown, a former NASA scientist and retired CEO of Telescan and designer of its premier stock search program, ProSearch. The research team employs a scientific approach to the creation and testing of multi-factor filters. Each filter targets a key area of traditional stock analysis, including value, growth, momentum, fundamentals, earnings, balance sheet, and group strength. Using an adaptive process, filters are continually tested and monitored to ensure that only the best performing filters are at work.

Sabrient's ratings begin with an extraction process in which each of the few best-performing filters scans the universe of equities to identify stocks having certain compelling attributes sought, but not sufficiently rewarded, by the current market. Then, a composite scoring system employs a broader set of "weighting" filters to rank the extracted stocks. To support individual investors, Sabrient uses the same sophisticated methodology to provide individual stock reports on a universe of approximately 5,600 stocks.

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Sabrient regularly tests the performance of its stock selections, using its primary list of published rankings and statistical techniques it believes appropriate. These recommendations have consistently outperformed relevant benchmarks across a broad range of investing styles, market caps, time frames and market conditions, demonstrating the robustness of Sabrient's proprietary methodology. While past performance is no guarantee of future results, Sabrient believes it can maintain its strong performance through its rigorous, scientific approach to filter construction and ongoing backtesting within a dynamic and adaptive composite scoring system.

For more information on Sabrient and its performance, go to *www.sabrient.com*

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