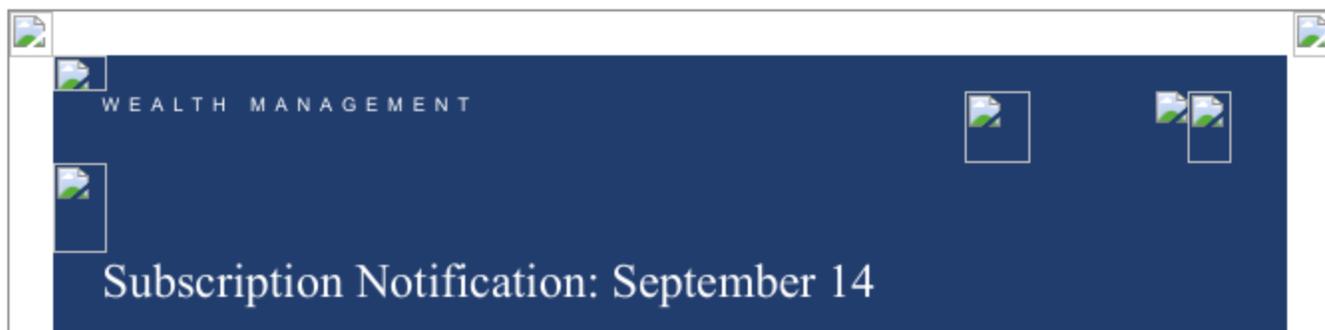


From: Richard Kahn <[REDACTED]>
To: Jeffrey Epstein <jeevacation@gmail.com>
Subject: Fwd: Apple, Inc.: Initial iPhone 7 Data Points Better Than Expected
Date: Wed, 14 Sep 2016 11:22:05 +0000

Sent from my iPhone

Begin forwarded message:

From: "Morgan Stanley" <[REDACTED]>
Date: September 14, 2016 at 5:41:57 AM EDT
To: <[REDACTED]>
Subject: Apple, Inc.: Initial iPhone 7 Data Points Better Than Expected
Reply-To: <mswmir-cie-feedback@morganstanley.com>



[Apple, Inc.: Initial iPhone 7 Data Points Better Than Expected](#)

Katy L. Huberty, CFA – Morgan Stanley

September 14, 2016 4:01 AM GMT

Many saw iPhone 7 as another iteration of 6s before a major redesign next year. However, positive pre-order and other data points suggest iPhone 7 may exceed low expectations. We continue to like AAPL, especially as only 25% of existing iPhone users need to upgrade to beat consensus/MS estimates.

T-Mobile and Sprint's iPhone 7 and 7 Plus pre-orders are both up nearly 4x compared to last year's launch. The first day of pre-orders also set a single day sales record across all smartphones at T-Mobile. While T-Mobile and Sprint are likely gaining share as they have only one-quarter of the US iPhone installed base, we note there are similar wait times on Apple.com for most models at the four major US carriers. Apple's online store in China also showed at least a week's wait for most models. The two countries account for about half of iPhone sales. New US carrier promotions appear more aggressive vs.

year ago and reminiscent of old two-year subsidy programs. Verizon, AT&T, Sprint and T-Mobile all recently announced new promotions for the iPhone. Customers can get a free 32GB iPhone 7 (\$650 value) by trading in an eligible device in good working condition and signing up for a 24-month service agreement. These promotions are more aggressive than last year's deals for the iPhone 6s, which largely only subsidized part of the handset value with an eligible trade in at certain carriers. We believe iPhone users may be more willing to upgrade to the iPhone 7 due to the more aggressive promotions, despite the 2-year lock in. Other data points since Apple's iPhone keynote have been generally positive. Most reviews today have a positive tone, noting the better cameras, longer battery life, water resistance, and some even said the lack of a 3.5mm headphone jack is not a major issue. Our Asia tech team, led by Jasmine Lu, maintained total iPhone build estimates of 44M in Sep Q and 72M in Dec Q, unchanged from last month. iPhone 7 and 7 Plus builds of 83M in C2H16 are also unchanged an

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