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To: Jeffrey Epstein <jeevacation@gmail.com>

Subject: FW: Apple Inc. : Stock Radar: Expect More Appreciation Potential in Shares of Apple as iPhone and iPad Soar; Lifting Dec-11 Price Target to \$450

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Attachments: AppleInc.pdf

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Jeffrey

I think we should buy \$3MM worth of AAPL. We raised our px target to \$450.00.

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From: JPMorgan.Research.Alerts@jpmorgan.com [mailto:JPMorgan.Research.Alerts@jpmorgan.com]

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To: Barrett, Paul S

Subject: Apple Inc. : Stock Radar: Expect More Appreciation Potential in Shares of Apple as iPhone and iPad Soar; Lifting Dec-11 Price Target to \$450



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Headline: [Apple Inc. : Stock Radar: Expect More Appreciation Potential in Shares of Apple as iPhone and iPad Soar; Lifting Dec-11 Price Target to \\$450](#)

Author(s): [Mark Moskowitz](#), [Anthony Luscri](#), [Mike Kim](#)

Abstract:

- Shares of Overweight-rated Apple should exhibit upward momentum following the strong F1Q11 results. While the news of CEO Steve Jobs taking another medical leave could inject some uncertainty into Apple shares, we believe that the strong print-and-guide should begin to refocus investors on Apple's unrivaled growth story and its staying power. Apple is one of our top picks for 2011.
- **Expected stock movement: going up.** We are lifting our Dec-11 price target to \$450 from \$420. The below-mentioned "scorecard" and "recommended homework" indicate that investor sentiment stands to drive a positive valuation re-rating, particularly as we expect Apple's growth profile to be unrivaled in large cap tech. Drivers include Apple's break-out performances in iPhone, iPad, and Asia-Pacific.
- **Results recap: Apple posts strong F1Q11 results.** Apple beat our above-consensus revenue and EPS estimates. We had previewed the prospects of the iPhone and iPad delivering significant upside for the December quarter in our "pre-earnings radar" report. The company more than delivered. We are lifting our estimates and expect a series of number hikes. We expect the iPhone, iPad, and Mac to drive above-peer growth over the next 2-3 years.
- **Bulls vs. Bears scorecard: Bulls win again.** Apple's results and guidance continue to exhibit upside momentum. Unit shipments of iPhones and iPads came in well above

expectations. In particular, iPhone and iPad units of 16.2M and 7.3M beat consensus estimates of 15.5M and 6.9M. Asia-Pacific stood out as a major contributor as Mac revenue in the region increased 67% YoY and iPhone revenues more than doubled. Overall, Asia-Pacific revenues increased 175% YoY. Gross margins also impressed at 38.5%.

- **Recommended homework.** We expect investors to focus on Apple's ability to return gross margins to the 39-40% threshold over time. Also, investors stand to evaluate the sustainability of Apple's early lead in the tablet market relative to competitive tablet offerings expected late this year. Lastly, expected iPhone momentum at Verizon will be an important topic, as well as Apple's ongoing penetration of the "Target Zone" of the PC market internationally, which we believe is just getting started.

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