

## Apple Market Value Hits \$600B

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NEW YORK (AP) — Apple, already the world's most valuable company, hit the \$600 billion level for the first time Tuesday.

Only one other company has been worth \$600 billion — Apple's old sparring partner Microsoft Corp. It reached that valuation for 13 trading days around the turn of the millennium, at the peak of the technology stock mania.

At its highest level, on Dec. 30, 1999, Microsoft's valuation was \$619 billion. It's now worth \$260 billion.

General Electric Co. came just short of reaching a \$600 billion valuation in August 2000.

Apple shares hit \$644 in morning trading, up 1.2 percent from Monday's close. At that price, the entire company is worth \$600.4 billion. By midday, the shares had retreated to \$638.64, up 0.4 percent from the day before, putting the value below \$600 billion again.

Apple's stock is up 59 percent since the start of the year, an indication that investors are catching up to what analysts have been saying for a while: despite its enormous market capitalization, Apple's stock has been undervalued relative to its even more enormous profits.

The rally has also been fueled by the report of another blow-out holiday quarter, and the announcement that Apple will start putting its \$97.6 billion cash hoard to use this summer by paying a dividend and buying back shares.

Apple's market capitalization hit \$500 billion on Feb. 29. That, in itself, was a rare achievement: only five other U.S. companies have ever been worth that much.

Apple's market capitalization is still 41 percent below Microsoft's 1999 record if inflation is taken into account. The \$619 billion then becomes \$846 billion.

Many analysts think Apple can get there, though. Last week, Brian White of Topeka Capital Markets was the first to set a stock price target of more than \$800, with a goal of \$1,001. That target implies a market capitalization of \$932 billion.

White believes Apple will expand its reach this year by starting to sell the iPhone through China Mobile, that country's largest phone company, and by launching a TV set. Apple hasn't confirmed either piece of speculation.

In a rare contrarian opinion, BTIG Research analyst Walter Piecyk downgraded Apple from "Buy" to "Hold" on Monday, saying its profit margins are unsustainable. Phone

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companies are seeing the profits sapped by the subsidies they pay for the iPhone, he notes, and are set to curb their upgrade policies and otherwise make it harder for people to trade up to the newest model. That effect will hardly be visible when Apple reports results for the most recent quarter in two weeks, Piecyk believes, but he said it will become more apparent later this year.

China's largest oil company, PetroChina, was briefly worth \$1 trillion after it listed on the Shanghai stock exchange in 2007, but only based on its price on that exchange. Its shares also trade in Hong Kong and on the New York Stock Exchange. Based on trading there, its market capitalization has never reached \$500 billion.

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