

Apple Inc.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except share amounts which are reflected in thousands and per share amounts)

	Three Months Ended		Nine Months Ended	
	June 26, 2010	June 27, 2009	June 26, 2010	June 27, 2009
Net sales.....	\$ 15,700	\$ 9,734	\$ 44,882	\$ 30,698
Cost of sales ⁽¹⁾	<u>9,564</u>	<u>5,751</u>	<u>26,710</u>	<u>18,581</u>
Gross margin	<u>6,136</u>	<u>3,983</u>	<u>18,172</u>	<u>12,117</u>
Operating expenses:				
Research and development ⁽¹⁾	464	341	1,288	975
Selling, general and administrative ⁽¹⁾	<u>1,438</u>	<u>1,010</u>	<u>3,946</u>	<u>3,086</u>
Total operating expenses.....	<u>1,902</u>	<u>1,351</u>	<u>5,234</u>	<u>4,061</u>
Operating income.....	4,234	2,632	12,938	8,056
Other income and expense	<u>58</u>	<u>60</u>	<u>141</u>	<u>281</u>
Income before provision for income taxes	4,292	2,692	13,079	8,337
Provision for income taxes.....	<u>1,039</u>	<u>864</u>	<u>3,374</u>	<u>2,634</u>
Net income	\$ <u>3,253</u>	\$ <u>1,828</u>	\$ <u>9,705</u>	\$ <u>5,703</u>
Earnings per common share:				
Basic.....	\$ 3.57	\$ 2.05	\$ 10.69	\$ 6.40
Diluted.....	\$ 3.51	\$ 2.01	\$ 10.51	\$ 6.30
Shares used in computing earnings per share:				
Basic.....	912,197	893,712	907,762	891,345
Diluted.....	927,361	909,160	923,341	904,549
⁽¹⁾ Includes stock-based compensation expense as follows:				
Cost of sales	\$ 38	\$ 28	\$ 112	\$ 85
Research and development.....	\$ 80	\$ 65	\$ 240	\$ 192
Selling, general and administrative.....	\$ 101	\$ 86	\$ 303	\$ 253

Apple Inc.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except share amounts)

	June 26, 2010	September 26, 2009
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 9,705	\$ 5,263
Short-term marketable securities	14,583	18,201
Accounts receivable, less allowances of \$52 in each period	3,447	3,361
Inventories	942	455
Deferred tax assets	1,216	1,135
Vendor non-trade receivables	2,952	1,696
Other current assets	<u>3,188</u>	<u>1,444</u>
Total current assets	36,033	31,555
Long-term marketable securities	21,551	10,528
Property, plant and equipment, net	3,990	2,954
Goodwill	714	206
Acquired intangible assets, net	318	247
Other assets	<u>2,119</u>	<u>2,011</u>
Total assets	\$ <u>64,725</u>	\$ <u>47,501</u>
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 8,469	\$ 5,601
Accrued expenses	4,452	3,852
Deferred revenue	<u>2,691</u>	<u>2,053</u>
Total current liabilities	15,612	11,506
Deferred revenue – non-current	1,021	853
Other non-current liabilities	<u>4,981</u>	<u>3,502</u>
Total liabilities	21,614	15,861
Commitments and contingencies		
Shareholders' equity:		
Common stock, no par value; 1,800,000,000 shares authorized; 913,482,347 and 899,805,500 shares issued and outstanding, respectively	10,133	8,210
Retained earnings	32,870	23,353
Accumulated other comprehensive income	<u>108</u>	<u>77</u>
Total shareholders' equity	43,111	31,640
Total liabilities and shareholders' equity	\$ <u>64,725</u>	\$ <u>47,501</u>

Apple Inc.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Nine Months Ended	
	June 26, 2010	June 27, 2009
Cash and cash equivalents, beginning of the period	\$ <u>5,263</u>	\$ <u>11,875</u>
Operating activities:		
Net income.....	9,705	5,703
Adjustments to reconcile net income to cash generated by operating activities:		
Depreciation, amortization and accretion.....	698	531
Stock-based compensation expense.....	655	530
Deferred income tax expense	1,298	772
Loss on disposition of property, plant and equipment.....	14	18
Changes in operating assets and liabilities:		
Accounts receivable, net.....	(79)	(264)
Inventories	(487)	129
Vendor non-trade receivables	(1,256)	788
Other current assets	(944)	62
Other assets.....	(71)	(602)
Accounts payable	2,812	(648)
Deferred revenue.....	806	323
Other liabilities.....	<u>(239)</u>	<u>(293)</u>
Cash generated by operating activities	<u>12,912</u>	<u>7,049</u>
Investing activities:		
Purchases of marketable securities.....	(41,318)	(34,696)
Proceeds from maturities of marketable securities.....	19,758	12,780
Proceeds from sales of marketable securities	14,048	9,117
Purchases of other long-term investments.....	(10)	(61)
Payments made in connection with business acquisitions, net of cash acquired.....	(615)	-
Payments for acquisition of property, plant and equipment	(1,245)	(685)
Payments for acquisition of intangible assets.....	(63)	(56)
Other	<u>(26)</u>	<u>(62)</u>
Cash used in investing activities	<u>(9,471)</u>	<u>(13,663)</u>
Financing activities:		
Proceeds from issuance of common stock.....	733	288
Excess tax benefits from stock-based compensation	652	124
Taxes paid related to net share settlement of equity awards	<u>(384)</u>	<u>(68)</u>
Cash generated by financing activities	<u>1,001</u>	<u>344</u>
Increase/(decrease) in cash and cash equivalents	<u>4,442</u>	<u>(6,270)</u>
Cash and cash equivalents, end of the period	\$ <u>9,705</u>	\$ <u>5,605</u>
Supplemental cash flow disclosure:		
Cash paid for income taxes, net.....	\$ 2,657	\$ 2,490