

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 25, 2011	June 26, 2010	June 25, 2011	June 26, 2010
Net sales.....	\$ 28,571	\$ 15,700	\$ 79,979	\$ 44,882
Cost of sales ⁽¹⁾	<u>16,649</u>	<u>9,564</u>	<u>47,541</u>	<u>26,710</u>
Gross margin	<u>11,922</u>	<u>6,136</u>	<u>32,438</u>	<u>18,172</u>
Operating expenses:				
Research and development ⁽¹⁾	628	464	1,784	1,288
Selling, general and administrative ⁽¹⁾	<u>1,915</u>	<u>1,438</u>	<u>5,574</u>	<u>3,946</u>
Total operating expenses	<u>2,543</u>	<u>1,902</u>	<u>7,358</u>	<u>5,234</u>
Operating income.....	9,379	4,234	25,080	12,938
Other income and expense.....	<u>172</u>	<u>58</u>	<u>334</u>	<u>141</u>
Income before provision for income taxes.....	9,551	4,292	25,414	13,079
Provision for income taxes	<u>2,243</u>	<u>1,039</u>	<u>6,115</u>	<u>3,374</u>
Net income.....	\$ <u>7,308</u>	\$ <u>3,253</u>	\$ <u>19,299</u>	\$ <u>9,705</u>
Earnings per common share:				
Basic	\$ 7.89	\$ 3.57	\$ 20.91	\$ 10.69
Diluted	\$ 7.79	\$ 3.51	\$ 20.63	\$ 10.51
Shares used in computing earnings per share:				
Basic	926,108	912,197	922,917	907,762
Diluted	937,810	927,361	935,688	923,341

⁽¹⁾ Includes stock-based compensation expense as follows:

Cost of sales	\$ 52	\$ 38	\$ 155	\$ 112
Research and development	\$ 119	\$ 80	\$ 336	\$ 240
Selling, general and administrative	\$ 113	\$ 101	\$ 379	\$ 303

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

	June 25, 2011	September 25, 2010
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 12,091	\$ 11,261
Short-term marketable securities	16,304	14,359
Accounts receivable, less allowances of \$55 in each period	6,102	5,510
Inventories	889	1,051
Deferred tax assets	1,892	1,636
Vendor non-trade receivables	5,369	4,414
Other current assets	<u>4,251</u>	<u>3,447</u>
Total current assets	46,898	41,678
Long-term marketable securities	47,761	25,391
Property, plant and equipment, net	6,749	4,768
Goodwill	741	741
Acquired intangible assets, net	1,169	342
Other assets	<u>3,440</u>	<u>2,263</u>
Total assets	\$ <u>106,758</u>	\$ <u>75,183</u>
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 15,270	\$ 12,015
Accrued expenses	7,597	5,723
Deferred revenue	<u>3,992</u>	<u>2,984</u>
Total current liabilities	26,859	20,722
Deferred revenue – non-current	1,407	1,139
Other non-current liabilities	<u>9,149</u>	<u>5,531</u>
Total liabilities	<u>37,415</u>	<u>27,392</u>
Commitments and contingencies		
Shareholders' equity:		
Common stock, no par value; 1,800,000,000 shares authorized; 926,903,779 and 915,970,050 shares issued and outstanding, respec- tively	12,715	10,668
Retained earnings	56,239	37,169
Accumulated other comprehensive income/(loss)	<u>389</u>	<u>(46)</u>
Total shareholders' equity	<u>69,343</u>	<u>47,791</u>
Total liabilities and shareholders' equity	\$ <u>106,758</u>	\$ <u>75,183</u>

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

	Nine Months Ended	
	June 25, 2011	June 26, 2010
Cash and cash equivalents, beginning of the period	\$ <u>11,261</u>	\$ <u>5,263</u>
Operating activities:		
Net income	19,299	9,705
Adjustments to reconcile net income to cash generated by operating activities:		
Depreciation, amortization and accretion.....	1,271	698
Stock-based compensation expense.....	870	655
Deferred income tax expense	2,232	1,298
Changes in operating assets and liabilities:		
Accounts receivable, net	(592)	(79)
Inventories	162	(487)
Vendor non-trade receivables.....	(955)	(1,256)
Other current and non-current assets	(1,551)	(1,001)
Accounts payable	2,480	2,812
Deferred revenue.....	1,276	806
Other current and non-current liabilities.....	<u>2,608</u>	<u>(239)</u>
Cash generated by operating activities	<u>27,100</u>	<u>12,912</u>
Investing activities:		
Purchases of marketable securities.....	(75,133)	(41,318)
Proceeds from maturities of marketable securities	16,396	19,758
Proceeds from sales of marketable securities	34,301	14,048
Payments made in connection with business acquisitions, net of cash acquired.....	0	(615)
Payments for acquisition of property, plant and equipment	(2,615)	(1,245)
Payments for acquisition of intangible assets.....	(266)	(63)
Other	<u>34</u>	<u>(36)</u>
Cash used in investing activities	<u>(27,283)</u>	<u>(9,471)</u>
Financing activities:		
Proceeds from issuance of common stock.....	577	733
Excess tax benefits from equity awards.....	915	652
Taxes paid related to net share settlement of equity awards	<u>(479)</u>	<u>(384)</u>
Cash generated by financing activities	<u>1,013</u>	<u>1,001</u>
Increase in cash and cash equivalents	<u>830</u>	<u>4,442</u>
Cash and cash equivalents, end of the period	\$ <u>12,091</u>	\$ <u>9,705</u>
Supplemental cash flow disclosure:		
Cash paid for income taxes, net.....	\$ 2,563	\$ 2,657