

## UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions, except share amounts)

	<u>June 30, 2007</u>	<u>September 30, 2006</u>
ASSETS:		
Current assets:		
Cash and cash equivalents .....	\$7,118	\$6,392
Short-term investments .....	6,649	3,718
Accounts receivable, less allowances of \$47 and \$52, respectively.....	1,410	1,252
Inventories .....	251	270
Deferred tax assets .....	687	607
Other current assets.....	<u>2,630</u>	<u>2,270</u>
Total current assets .....	18,745	14,509
Property, plant and equipment, net .....	1,626	1,281
Goodwill.....	38	38
Acquired intangible assets, net .....	237	139
Other assets .....	<u>1,001</u>	<u>1,238</u>
Total assets .....	<u>\$21,647</u>	<u>\$17,205</u>
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable .....	\$3,660	\$3,390
Accrued expenses .....	<u>3,332</u>	<u>3,053</u>
Total current liabilities.....	6,992	6,443
Non-current liabilities .....	<u>1,251</u>	<u>778</u>
Total liabilities.....	<u>8,243</u>	<u>7,221</u>
Commitments and contingencies		
Shareholders' equity:		
Common stock, no par value; 1,800,000,000 shares authorized; 869,161,821 and 855,262,568 shares issued and outstanding, respectively .....	5,149	4,355
Retained earnings.....	8,199	5,607
Accumulated other comprehensive income .....	<u>56</u>	<u>22</u>
Total shareholders' equity .....	<u>13,404</u>	<u>9,984</u>
Total liabilities and shareholders' equity .....	<u>\$21,647</u>	<u>\$17,205</u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except share and per share amounts)

	Three Months Ended		Nine Months Ended	
	June 30, 2007	July 1, 2006	June 30, 2007	July 1, 2006
Net sales.....	\$5,410	\$4,370	\$17,789	\$14,478
Cost of sales (1) .....	<u>3,415</u>	<u>3,045</u>	<u>11,725</u>	<u>10,292</u>
Gross margin.....	<u>1,995</u>	<u>1,325</u>	<u>6,064</u>	<u>4,186</u>
Operating expenses:				
Research and development (1).....	208	175	575	533
Selling, general, and administrative (1).....	<u>746</u>	<u>584</u>	<u>2,140</u>	<u>1,808</u>
Total operating expenses.....	<u>954</u>	<u>759</u>	<u>2,715</u>	<u>2,341</u>
Operating income .....	1,041	566	3,349	1,845
Other income and expense .....	<u>155</u>	<u>95</u>	<u>429</u>	<u>252</u>
Income before provision for income taxes .....	1,196	661	3,778	2,097
Provision for income taxes .....	<u>378</u>	<u>189</u>	<u>1,186</u>	<u>650</u>
Net income .....	<u>\$ 818</u>	<u>\$ 472</u>	<u>\$ 2,592</u>	<u>\$ 1,447</u>
Earnings per common share:				
Basic .....	\$0.94	\$0.55	\$3.01	\$1.72
Diluted .....	\$0.92	\$0.54	\$2.92	\$1.65
Shares used in computing earnings per share (in thousands):				
Basic .....	866,806	851,375	862,500	840,759
Diluted .....	890,671	876,368	887,095	876,971
(1) Stock-based compensation expense was allocated as follows:				
Cost of sales.....	\$ 10	\$ 6	\$ 25	\$ 16
Research and development .....	\$ 20	\$ 12	\$ 56	\$ 40
Selling, general, and administrative.....	\$ 35	\$ 19	\$ 93	\$ 67

## UNAUDITED CONSOLIDATED SCHEDULE OF DEFERRED REVENUE

(in millions)

	June 30, <u>2007</u>	March 31, <u>2007</u>	September 30, <u>2006</u>
Deferred revenue-current:			
iPhone and Apple TV .....	\$ 92	\$ 10	\$ -
AppleCare.....	399	373	333
Other .....	<u>572</u>	<u>520</u>	<u>385</u>
Total deferred revenue-current.....	<u>1,063</u>	<u>903</u>	<u>718</u>
Deferred revenue-non-current:			
iPhone and Apple TV .....	88	10	-
AppleCare.....	435	392	355
Other .....	<u>38</u>	<u>31</u>	<u>28</u>
Total deferred revenue-non-current .....	<u>561</u>	<u>433</u>	<u>383</u>
Total deferred revenue .....	<u>\$1,624</u>	<u>\$1,336</u>	<u>\$1,101</u>