

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

	Three Months Ended		Twelve Months Ended	
	September 26, 2015	September 27, 2014	September 26, 2015	September 27, 2014
Net sales .....	\$ 51,501	\$ 42,123	\$ 233,715	\$ 182,795
Cost of sales <sup>(1)</sup> .....	30,953	26,114	140,089	112,258
Gross margin .....	<u>20,548</u>	<u>16,009</u>	<u>93,626</u>	<u>70,537</u>
Operating expenses:				
Research and development <sup>(1)</sup> .....	2,220	1,686	8,067	6,041
Selling, general and administrative <sup>(1)</sup> .....	3,705	3,158	14,329	11,993
Total operating expenses .....	<u>5,925</u>	<u>4,844</u>	<u>22,396</u>	<u>18,034</u>
Operating income .....	14,623	11,165	71,230	52,503
Other income/(expense), net.....	439	307	1,285	980
Income before provision for income taxes.....	15,062	11,472	72,515	53,483
Provision for income taxes .....	3,938	3,005	19,121	13,973
Net income .....	<u>\$ 11,124</u>	<u>\$ 8,467</u>	<u>\$ 53,394</u>	<u>\$ 39,510</u>
Earnings per share:				
Basic .....	\$ 1.97	\$ 1.43	\$ 9.28	\$ 6.49
Diluted.....	\$ 1.96	\$ 1.42	\$ 9.22	\$ 6.45
Shares used in computing earnings per share:				
Basic .....	5,646,916	5,933,845	5,753,421	6,085,572
Diluted.....	5,682,519	5,972,082	5,793,069	6,122,663
Cash dividends declared per share.....	\$ 0.52	\$ 0.47	\$ 1.98	\$ 1.82
<sup>(1)</sup> Includes share-based compensation expense as follows:				
Cost of sales .....	\$ 145	\$ 116	\$ 575	\$ 450
Research and development .....	\$ 390	\$ 314	\$ 1,536	\$ 1,216
Selling, general and administrative .....	\$ 380	\$ 332	\$ 1,475	\$ 1,197

Apple Inc.  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In millions, except number of shares which are reflected in thousands and par value)

	<b>September 26, 2015</b>	<b>September 27, 2014</b>
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents.....	\$ 21,120	\$ 13,844
Short-term marketable securities.....	20,481	11,233
Accounts receivable, less allowances of \$82 and \$86, respectively .....	16,849	17,460
Inventories .....	2,349	2,111
Deferred tax assets.....	5,546	4,318
Vendor non-trade receivables.....	13,494	9,759
Other current assets .....	9,539	9,806
Total current assets.....	89,378	68,531
Long-term marketable securities.....	164,065	130,162
Property, plant and equipment, net.....	22,471	20,624
Goodwill .....	5,116	4,616
Acquired intangible assets, net .....	3,893	4,142
Other assets.....	5,556	3,764
Total assets.....	\$ 290,479	\$ 231,839
<b>LIABILITIES AND SHAREHOLDERS' EQUITY:</b>		
Current liabilities:		
Accounts payable .....	\$ 35,490	\$ 30,196
Accrued expenses .....	25,181	18,453
Deferred revenue .....	8,940	8,491
Commercial paper .....	8,499	6,308
Current portion of long-term debt.....	2,500	0
Total current liabilities .....	80,610	63,448
Deferred revenue, non-current.....	3,624	3,031
Long-term debt.....	53,463	28,987
Other non-current liabilities .....	33,427	24,826
Total liabilities.....	171,124	120,292
Commitments and contingencies		
Shareholders' equity:		
Common stock and additional paid-in capital, \$0.00001 par value: 12,600,000 shares authorized; 5,578,753 and 5,866,161 shares issued and outstanding, respectively.....	27,416	23,313
Retained earnings.....	92,284	87,152
Accumulated other comprehensive income.....	(345)	1,082
Total shareholders' equity .....	119,355	111,547
Total liabilities and shareholders' equity .....	\$ 290,479	\$ 231,839

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

	<b>Twelve Months Ended</b>	
	<b>September 26, 2015</b>	<b>September 27, 2014</b>
Cash and cash equivalents, beginning of the period .....	\$ 13,844	\$ 14,259
Operating activities:		
Net income.....	53,394	39,510
Adjustments to reconcile net income to cash generated by operating activities:		
Depreciation and amortization.....	11,257	7,946
Share-based compensation expense.....	3,586	2,863
Deferred income tax expense .....	1,382	2,347
Changes in operating assets and liabilities:		
Accounts receivable, net .....	611	(4,232)
Inventories .....	(238)	(76)
Vendor non-trade receivables .....	(3,735)	(2,220)
Other current and non-current assets .....	(179)	167
Accounts payable .....	5,400	5,938
Deferred revenue.....	1,042	1,460
Other current and non-current liabilities .....	8,746	6,010
Cash generated by operating activities .....	<u>81,266</u>	<u>59,713</u>
Investing activities:		
Purchases of marketable securities.....	(166,402)	(217,128)
Proceeds from maturities of marketable securities.....	14,538	18,810
Proceeds from sales of marketable securities .....	107,447	189,301
Payments made in connection with business acquisitions, net .....	(343)	(3,765)
Payments for acquisition of property, plant and equipment.....	(11,247)	(9,571)
Payments for acquisition of intangible assets.....	(241)	(242)
Other.....	(26)	16
Cash used in investing activities .....	<u>(56,274)</u>	<u>(22,579)</u>
Financing activities:		
Proceeds from issuance of common stock .....	543	730
Excess tax benefits from equity awards .....	749	739
Taxes paid related to net share settlement of equity awards .....	(1,499)	(1,158)
Dividends and dividend equivalents paid.....	(11,561)	(11,126)
Repurchase of common stock .....	(35,253)	(45,000)
Proceeds from issuance of term debt, net.....	27,114	11,960
Change in commercial paper, net.....	2,191	6,306
Cash used in financing activities .....	<u>(17,716)</u>	<u>(37,549)</u>
Increase/(decrease) in cash and cash equivalents .....	7,276	(415)
Cash and cash equivalents, end of the period .....	<u>\$ 21,120</u>	<u>\$ 13,844</u>
Supplemental cash flow disclosure:		
Cash paid for income taxes, net .....	\$ 13,252	\$ 10,026
Cash paid for interest.....	\$ 514	\$ 339