UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 1
to
SCHEDULE TO
(Rule 13e-4)

Tender Offer Statement Under Section 14(d)(1) or 13(e)(1)
of the Securities Exchange Act of 1934

Apple Inc.
(Name of Subject Company (Issuer) and Filing Person (Offeror))

Options to Purchase Common Stock, no par value
(Title of Class of Securities)

037833100
(CUSIP Number of Class of Securities Underlying Options to Purchase Common Stock)

Donald J. Rosenberg, Esq.
Senior Vice President, General Counsel and Secretary
Apple Inc.
1 Infinite Loop
Cupertino, California 95014
(408) 996-1010
(Name, address and telephone number of person authorized to receive notices and communications on behalf of filing person)

CALCULATION OF FILING FEE

<table>
<thead>
<tr>
<th>Transaction Valuation*</th>
<th>Amount of Filing Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>$67,142</td>
<td>$2.06</td>
</tr>
</tbody>
</table>

* Estimated solely for the purposes of calculating the Amount of Filing Fee. The calculation of the Transaction Valuation assumes that all options to purchase the Issuer’s common stock that are eligible for exchange will be tendered pursuant to this offer. These options have an aggregate fair value of $67,142 as of March 13, 2007, calculated based on the Black-Scholes-Merton option pricing model.

☐ Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: $2.06
Form or Registration No.: 005-33632
Filing party: Apple Inc.
Date filed: March 16, 2007

☐ Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:
☐ third party tender offer subject to Rule 14d-1.
☒ issuer tender offer subject to Rule 13e-4.
☐ going-private transaction subject to Rule 13e-3.
☐ amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer: ☐
This Amendment No. 1 (the “Amendment”) to the Tender Offer Statement on Schedule TO (the “Schedule TO”) filed by Apple Inc., a California corporation (“Apple” or the “Company”), with the Securities and Exchange Commission on March 16, 2007, relating to an offer (the “Offer”) by the Company, to amend certain options (the “Eligible Options”) that have been granted under the Company’s 1997 Employee Stock Option Plan (the “Plan”): (i) that had original exercise prices per share that were less than the fair market value per share of the common stock underlying the option on the date that the grant was finalized, (ii) that were unvested, either in whole or in part, as of December 31, 2004, (iii) that are outstanding as of the last date on which the Offer remains open for acceptance, and (iv) that are held by individuals who are subject to taxation in the United States.

The Offer to Amend has been amended to change the eligibility requirements of the Offer. The change adds the requirement that an option holder remain an employee of the Company or one of its subsidiaries through the expiration of the Offer in order to be eligible to participate. As a result of this change, the full requirements for an individual to be an “eligible option holder” and therefore be eligible to participate in the Offer are: all individuals who (1) are subject to United States taxation, (2) hold Eligible Options and (3) remain employees of the Company, including one of its subsidiaries, through the expiration date.

Eligible participants may elect to (i) amend Eligible Options to increase the exercise price per share to the fair market value of a share of the Company’s common stock on the option’s grant date of record (the “New Exercise Price”), and (ii) for each amended Eligible Option, receive a cash payment equal to the difference between the New Exercise Price and the original exercise price per share. Cash payments will be paid on or promptly following January 25, 2008, and all such payments will be subject to any applicable tax withholding. Cash payments will not be subject to any further vesting conditions and will be made without regard to whether the Eligible Option is vested and whether an eligible participant is an employee of the Company.

The amendment of the Eligible Options will be made pursuant to the terms and subject to the conditions set forth in: (i) the Offer to Amend the Exercise Price of Certain Options, dated March 16, 2007, as amended March 21, 2007 (the “Offer to Amend”), (ii) the Email to All Eligible Option Holders, (iii) the Election Form, and (iv) the Withdrawal Form. These documents, as they may be amended or supplemented from time to time, together constitute the “Offer Documents” and were filed with the Schedule TO as Exhibits (a)(1)(A) through (a)(1)(D), respectively. An “Eligible Option Holder” refers to an individual who holds Eligible Options to purchase shares of Apple common stock that are outstanding on the last date on which this offer remains open for acceptance, who is subject to taxation in the United States and who remains an employee of the Company, including one of its subsidiaries, through the expiration of the Offer. The Offer is not being made to any of the Company’s current or former executive officers or directors.

The information in the Offer Documents, including all schedules and annexes thereto, is hereby expressly incorporated into this Amendment by reference to all of the applicable items in Schedule TO, except that such information is hereby amended and supplemented to the extent specifically provided herein.
### Item 12. Exhibits.

<table>
<thead>
<tr>
<th>Exhibit Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)(1)(B)</td>
<td>Draft Email to All Eligible Option Holders*</td>
</tr>
<tr>
<td>(a)(1)(C)</td>
<td>Election Form*</td>
</tr>
<tr>
<td>(a)(1)(D)</td>
<td>Withdrawal Form*</td>
</tr>
<tr>
<td>(a)(1)(E)</td>
<td>Form of addendum*</td>
</tr>
<tr>
<td>(a)(1)(F)</td>
<td>Form of amendment to stock option agreement and promise to make cash payment*</td>
</tr>
<tr>
<td>(a)(1)(G)</td>
<td>Forms of confirmation emails*</td>
</tr>
<tr>
<td>(a)(1)(H)</td>
<td>Forms of initial reminder emails to eligible option holders*</td>
</tr>
<tr>
<td>(a)(1)(I)(i)</td>
<td>Form of stock option agreement under Apple Inc.'s 1997 Employee Stock Option Plan (incorporated herein by reference to Exhibit 4.11 to Registration Statement on Form S-8 filed with the SEC on December 24, 2001)</td>
</tr>
<tr>
<td>(b)</td>
<td>Not applicable</td>
</tr>
<tr>
<td>(d)</td>
<td>Not applicable</td>
</tr>
<tr>
<td>(g)</td>
<td>Not applicable</td>
</tr>
<tr>
<td>(h)</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

* Previously filed
SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Amendment No. 1 to Schedule TO is true, complete and correct.

APPLE INC.

/s/ Donald J. Rosenberg
Donald J. Rosenberg
Senior Vice President, General Counsel and Secretary

Date: March 21, 2007
<table>
<thead>
<tr>
<th>Exhibit Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)(1)(B)</td>
<td>Draft Email to All Eligible Option Holders*</td>
</tr>
<tr>
<td>(a)(1)(C)</td>
<td>Election Form*</td>
</tr>
<tr>
<td>(a)(1)(D)</td>
<td>Withdrawal Form*</td>
</tr>
<tr>
<td>(a)(1)(E)</td>
<td>Form of addendum*</td>
</tr>
<tr>
<td>(a)(1)(F)</td>
<td>Form of amendment to stock option agreement and promise to make cash payment*</td>
</tr>
<tr>
<td>(a)(1)(G)</td>
<td>Forms of confirmation emails*</td>
</tr>
<tr>
<td>(a)(1)(H)</td>
<td>Forms of initial reminder emails to eligible option holders*</td>
</tr>
<tr>
<td>(a)(1)(I)(i)</td>
<td>Form of stock option agreement under Apple Inc.’s 1997 Employee Stock Option Plan (incorporated herein by reference to Exhibit 4.11 to Registration Statement on Form S-8 filed with the SEC on December 24, 2001)</td>
</tr>
<tr>
<td>(b)</td>
<td>Not applicable</td>
</tr>
<tr>
<td>(d)</td>
<td>Not applicable</td>
</tr>
<tr>
<td>(g)</td>
<td>Not applicable</td>
</tr>
<tr>
<td>(h)</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

* Previously filed
APPLE INC.

OFFER TO AMEND THE EXERCISE PRICE OF CERTAIN OPTIONS

This document constitutes part of the prospectus relating to the Apple Inc. 1997 Employee Stock Option Plan covering securities that have been registered under the Securities Act of 1933, as amended.

By this Offer to Amend the Exercise Price of Certain Options (the “Offer to Amend”), we are giving all eligible option holders holding eligible options to purchase shares of our common stock the right to amend certain outstanding options and to receive cash payments for such amended eligible options (we refer to this as the “offer”). Each eligible option holder who has eligible options outstanding is being provided with an addendum (referred to as the “Addendum”) setting forth his or her eligible options, the new exercise price that would apply to each eligible option (if amended) and a description of the cash payments for such eligible options, and other relevant information.

It has been determined that certain of your stock options were erroneously assigned grant dates that preceded the finalization of those grants. As a result, the exercise prices of these stock options were lower than they would have been if the options had been dated when the grants were actually finalized, and therefore may be subject to adverse tax consequences under Section 409A of the United States Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”). These consequences include taxable ordinary income recognition in the year of vesting, an additional 20% penalty tax and interest charges. If you elect to participate in this offer, your eligible options should no longer be subject to the adverse tax consequences under Section 409A.

You are an “eligible option holder” only if you are (1) subject to taxation in the United States, (2) hold eligible options to purchase common stock of Apple Inc. that are outstanding on the last date on which this offer remains open for acceptance and (3) remain an employee of Apple Inc. or one of our subsidiaries (collectively referred to as “Apple,” the “Company,” “we,” “our” or “us”) through the expiration of the offer. The offer is not being made to any of our current or former executive officers or directors.

An option to purchase Apple common stock is eligible for this offer (an “eligible option”) only if each of the following conditions is met:

- the option was granted under Apple’s 1997 Employee Stock Option Plan (the “Plan”);
- the option had an original exercise price per share that was less than the fair market value per share of the common stock underlying the option on the date the grant was actually finalized;
- the option was unvested as of December 31, 2004 (if only a portion of an option was unvested as of December 31, 2004, the unvested portion of the option may be an “eligible option”); and
the option is outstanding as of the last date on which this offer remains open for acceptance.

If you participate in this offer, then for each eligible option for which you accept this offer, the following will occur:

1. Your eligible options will be amended to increase the exercise price per share to the fair market value of a share of Apple’s common stock on the date that Apple determined that the grant was actually finalized (the “new exercise price”). If only a portion of your option was unvested as of December 31, 2004, then only that portion of the option is an eligible option and will be amended to increase the exercise price. Your Addendum lists the original exercise price of your eligible options (referred to as the “original exercise price”), as well as the new exercise price of such options, should you accept this offer in connection with those options; and

2. For each such eligible option amended in this offer, you will receive, on or promptly following January 25, 2008, a cash payment equal to the difference between the new exercise price of the amended option and the original exercise price, multiplied by the number of unexercised shares of Apple’s common stock subject to the eligible option that was amended in the manner described below. Your Addendum lists the number of unexercised shares subject to your eligible options and the cash payment you will be entitled to receive for each eligible option you elect to have amended.

Receipt of Amended Options and Cash Payments

If you elect to receive an amended option for an eligible option, the eligible option will be amended on the date that this offer expires (but following the expiration of the offer), which is currently expected to be Monday, April 16, 2007 at 5:00 p.m., Pacific Time). Promptly following the expiration of the offer, you will receive a document entitled “Amendment(s) to Stock Option Agreements and Promise to Make Cash Payment” evidencing the amendment of the options you elected to amend. Each amended option will be subject to the terms and conditions of the Plan and as amended in accordance with this offer. Any amended option you receive will continue to be subject to the same vesting schedule.

In addition, the “Amendment(s) to Stock Option Agreements and Promise to Make Cash Payment” will evidence your right to receive a cash payment for the eligible options you elected to have amended. Cash payments will be paid on or promptly following January 25, 2008, and all such payments will be subject to any applicable tax withholding. Cash payments will not be subject to any further vesting conditions, so you will receive any cash payments to which you are entitled on or promptly following January 25, 2008, regardless of whether the eligible option is vested and regardless of whether you are employed with us at that time.

Other Matters

The offer is not conditioned upon its acceptance by a minimum number of participants or outstanding eligible options, but the offer is subject to the conditions that we describe in Section 7 of this Offer to Amend, “Conditions of the offer”. You are not required to accept this offer.
Our common stock is traded on the NASDAQ Global Select Market under the symbol “AAPL.” On March 20, 2007, the closing price of our common stock was $91.48 per share as reported on the NASDAQ Global Select Market. You should evaluate current market quotes for our common stock, among other factors, before deciding to participate in this offer.

See “Risks of Participating in the Offer” beginning on page 15 for a discussion of risks that you should consider before participating in this offer.

IMPORTANT— STEPS YOU MUST TAKE TO PARTICIPATE

If you participate in this offer, you must complete and sign the attached election form, and fax it to (408) 253-7457 before 5:00 p.m., Pacific Time, on Monday, April 16, 2007. Only responses that are completed, signed, and actually received via fax by Apple by the deadline will be accepted. Responses may be submitted only via fax. Responses submitted by any other means, including email, hand delivery, United States mail (or other post) and Federal Express (or similar delivery service), are not permitted. Responses that are received after the deadline will not be accepted. The delivery of election and withdrawal forms is at your risk. Apple intends to confirm the receipt of your election form and/or any withdrawal form by email within two U.S. business days. If you have not received an email confirmation that Apple has received your response, we recommend that you confirm that we have received your election form and/or any withdrawal form. If you need to confirm receipt after two U.S. business days have elapsed, you may email stockquestions@apple.com or contact Sheri Parker at 408-974-2683.

Neither the Securities and Exchange Commission (the “SEC”) nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this offer. Any representation to the contrary is a criminal offense.

Apple will provide general tax information to eligible option holders regarding this offer. Apple will not provide tax advice specific to an individual’s circumstances or make any tax recommendation. We recommend that you discuss the personal tax consequences of this offer with your financial, legal and/or tax advisors. If you have general questions about the terms of this offer or requests for general tax information about this offer you may email stockquestions@apple.com or contact Sheri Parker at 408-974-2683.


You should rely only on the information contained in this Offer to Amend or documents to which we have referred you. We have not authorized anyone to provide you with different information. In addition, some states, including California, may impose additional penalty taxes. We recommend that you consult with your financial, legal and/or tax advisors regarding any tax consequences, including any state tax consequences. Although our board of directors has approved this offer, neither we nor our board of directors make any recommendation as to whether you should accept this offer. The decision to participate in the offer must be your own, after taking into account your personal circumstances and preferences. We are not making an offer of the cash consideration or amended options in any jurisdiction in which the offer is not permitted. We are not aware of any jurisdiction where the making of the offer is not in compliance.
with applicable law. If we become aware of any jurisdiction where the making of the offer is not in compliance with any valid applicable law, we will make a good faith effort to comply with such law. If, after such good faith effort, we cannot comply with such law, the offer will not be made to, nor will options be accepted from the option holders residing in such jurisdiction. The information provided in this Offer to Amend is accurate only as of the date such information is shown, or if no date is indicated, the date of this offer.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUMMARY TERM SHEET AND QUESTIONS AND ANSWERS</td>
<td>7</td>
</tr>
<tr>
<td>RISKS OF PARTICIPATING IN THE OFFER</td>
<td>15</td>
</tr>
<tr>
<td>THE OFFER</td>
<td>16</td>
</tr>
<tr>
<td>1. ELIGIBILITY</td>
<td>16</td>
</tr>
<tr>
<td>2. NUMBER OF OPTIONS AND AMOUNT OF CONSIDERATION; EXPIRATION OF THE OFFER</td>
<td>16</td>
</tr>
<tr>
<td>3. PURPOSE OF THE OFFER</td>
<td>18</td>
</tr>
<tr>
<td>4. PROCEDURES FOR ELECTING TO PARTICIPATE IN THIS OFFER</td>
<td>20</td>
</tr>
<tr>
<td>5. WITHDRAWAL RIGHTS AND CHANGE OF ELECTION</td>
<td>22</td>
</tr>
<tr>
<td>6. ACCEPTANCE OF OPTIONS FOR AMENDMENT, ISSUANCE OF CASH PAYMENTS, AND AMENDED OPTIONS</td>
<td>23</td>
</tr>
<tr>
<td>7. CONDITIONS OF THE OFFER</td>
<td>24</td>
</tr>
<tr>
<td>8. PRICE RANGE OF SHARES UNDERLYING THE OPTIONS</td>
<td>26</td>
</tr>
<tr>
<td>9. SOURCE AND AMOUNT OF CONSIDERATION; TERMS OF AMENDED OPTIONS</td>
<td>27</td>
</tr>
<tr>
<td>10. INFORMATION CONCERNING THE COMPANY</td>
<td>31</td>
</tr>
<tr>
<td>11. INTERESTS OF DIRECTORS AND EXECUTIVE OFFICERS; TRANSACTIONS AND ARRANGEMENTS CONCERNING THE OPTIONS</td>
<td>32</td>
</tr>
<tr>
<td>12. STATUS OF OPTIONS AMENDED BY US IN THE OFFER; ACCOUNTING CONSEQUENCES OF THE OFFER</td>
<td>32</td>
</tr>
<tr>
<td>13. LEGAL MATTERS; REGULATORY APPROVALS</td>
<td>32</td>
</tr>
<tr>
<td>14. MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES</td>
<td>33</td>
</tr>
<tr>
<td>15. EXTENSION OF OFFER; TERMINATION; AMENDMENT</td>
<td>36</td>
</tr>
<tr>
<td>16. FEES AND EXPENSES</td>
<td>37</td>
</tr>
<tr>
<td>17. ADDITIONAL INFORMATION</td>
<td>37</td>
</tr>
<tr>
<td>18. FINANCIAL STATEMENTS</td>
<td>38</td>
</tr>
<tr>
<td>19. MISCELLANEOUS</td>
<td>38</td>
</tr>
</tbody>
</table>

| Schedule A: Information Concerning the Directors and Executive Officers of Apple Inc. | A-1  |
| Schedule B: Summary Financial Information of Apple Inc. and Subsidiaries         | B-1  |
This Offer to Amend, including the section entitled “Risks of Participating in the Offer,” contains “forward-looking statements” that involve risks and uncertainties. Forward-looking statements can be identified by words such as “anticipates,” “expects,” “believes,” “plans,” “predicts,” and similar terms. Forward-looking statements are not guarantees of future performance and Apple’s actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in “Risks of Participating in the Offer” of this Offer to Amend, those described in the section entitled “Risk Factors” in Apple’s Quarterly Report on Form 10-Q for the fiscal quarter ended December 30, 2006, and those otherwise described from time to time in Apple’s Securities and Exchange Commission reports filed after that report.
SUMMARY TERM SHEET AND QUESTIONS AND ANSWERS

The following are answers to some of the questions that you may have about this offer. You should carefully read this entire offer, the email to all eligible option holders dated March 16, 2007, and the election and withdrawal forms together with their associated instructions. This offer is made subject to the terms and conditions of these documents as they may be amended. The information in this summary is not complete. Additional important information is contained in the remainder of this Offer to Amend and the other offer documents. We have included in this summary references to other sections in this offer to help you find a more complete description of these topics.

Q1. WHAT IS THE OFFER? 1
Q2. WHY IS APPLE MAKING THIS OFFER? 2
Q3. WHO IS ELIGIBLE TO PARTICIPATE IN THIS OFFER? 2
Q4. WHICH OPTIONS ARE ELIGIBLE FOR AMENDMENT IN THIS OFFER? 3
Q5. HOW DO I PARTICIPATE IN THIS OFFER? 3
Q6. IF I DECIDE TO PARTICIPATE IN THE OFFER, WHAT WILL HAPPEN TO MY CURRENT ELIGIBLE OPTIONS? 4
Q7. WHAT WILL I RECEIVE IN RETURN FOR MY OPTIONS? 4
Q8. WHEN WILL I RECEIVE MY AMENDED OPTIONS AND CASH PAYMENTS? 6
Q10. AM I REQUIRED TO PARTICIPATE IN THIS OFFER? 6
Q11. ONCE MY ELECTION HAS BEEN ACCEPTED, IS THERE ANYTHING I MUST DO TO RECEIVE THE AMENDED OPTIONS OR CASH PAYMENTS? 7
Q12. WILL THE TERMS AND CONDITIONS OF MY AMENDED OPTIONS BE THE SAME AS MY ORIGINAL OPTIONS? 7
Q13. WHEN WILL MY AMENDED OPTIONS VEST? 7
Q14. WHAT HAPPENS TO MY OPTIONS IF I ELECT TO PARTICIPATE IN THE OFFER TO AMEND ELIGIBLE OPTIONS BUT THEN EXERCISE THOSE OPTIONS BEFORE EXPIRATION OF THE OFFER? 7
Q15. WHAT HAPPENS TO MY OPTIONS IF I DO NOT TURN IN MY ELECTION FORM BY THE DEADLINE, CHOOSE NOT TO PARTICIPATE OR MY OPTIONS ARE NOT ACCEPTED? 8
Q16. WHAT ARE THE TAX CONSEQUENCES IF I PARTICIPATE IN THE OFFER? 8

7
Q17. IF I CHOOSE TO PARTICIPATE IN THIS OFFER, ARE THERE CIRCUMSTANCES UNDER WHICH MY ELIGIBLE OPTIONS WOULD BE AMENDED BUT I WOULD NOT RECEIVE A CASH PAYMENT FOR THEM?

Q18. WHAT HAPPENS TO MY OPTIONS AND CASH PAYMENT IF I ELECT TO PARTICIPATE IN THE OFFER BUT THEN MY EMPLOYMENT WITH THE APPLE TERMINATES AFTER EXPIRATION OF THE OFFER?

Q19. HOW WILL APPLE CONFIRM TO ME THAT MY ELECTION FORM OR WITHDRAWAL FORM HAS BEEN RECEIVED?

Q20. CAN I ACCEPT THIS OFFER FOR SHARES OF APPLE COMMON STOCK THAT I PREVIOUSLY ACQUIRED UPON EXERCISE OF OPTIONS?

Q21. WILL MY DECISION TO PARTICIPATE IN THE OFFER HAVE AN IMPACT ON MY ABILITY TO RECEIVE OPTIONS IN THE FUTURE?

Q22. WHAT IS THE EXPECTED FINANCIAL IMPACT OF THE TENDER OFFER ON APPLE?

Q23. HOW DOES APPLE DETERMINE WHETHER I HAVE PROPERLY ACCEPTED THIS OFFER?

Q24. WHEN WILL MY AMENDED OPTIONS EXPIRE?

Q25. WILL I RECEIVE ANY PAPERWORK INDICATING MY OPTIONS HAVE BEEN AMENDED?

Q26. ARE THERE ANY CONDITIONS TO THIS OFFER?

Q27. IF YOU EXTEND THE OFFER, HOW WILL YOU NOTIFY ME?

Q28. HOW WILL YOU NOTIFY ME IF THE OFFER IS CHANGED?

Q29. CAN I CHANGE MY MIND AND WITHDRAW FROM THIS OFFER?

Q30. HOW DO I WITHDRAW MY ELECTION?

Q31. WHAT IF I WITHDRAW MY ELECTION AND THEN DECIDE AGAIN THAT I WANT TO PARTICIPATE IN THIS OFFER?

Q32. CAN I CHANGE MY MIND ABOUT WHICH OPTIONS FOR WHICH I WANT TO ACCEPT THIS OFFER?

Q33. HOW SHOULD I DECIDE WHETHER OR NOT TO ACCEPT THIS OFFER?

Q34. WHAT HAPPENS IF I HAVE AN OPTION THAT IS SUBJECT TO A DOMESTIC RELATIONS ORDER OR COMPARABLE LEGAL DOCUMENT AS THE RESULT OF THE END OF A MARRIAGE?

Q35. WILL MY AMENDED OPTIONS REMAIN NONQUALIFIED STOCK OPTIONS FOR UNITED STATES TAX PURPOSES?

Q36. DOES SECTION 409A IMPACT ESPP SHARES?

Q37. WHOM CAN I CONTACT IF I NEED TO CONFIRM APPLE’S RECEIPT OF MY ELECTION AND/OR ANY WITHDRAWAL FORM, IF I HAVE QUESTIONS ABOUT THE OFFER, OR IF I NEED ADDITIONAL COPIES OF THE OFFER DOCUMENTS?
Q1. What is the offer?

A1. This offer is a voluntary opportunity for eligible option holders to elect to have certain outstanding options amended and, for such amended options, receive a cash payment. This opportunity is described in the following questions and answers, and in the remainder of this Offer to Amend.

Terms Used in the Offer

The following are some terms that are frequently used in this Offer to Amend.

- “original exercise price” refers to the original exercise price of an eligible option, as described in Question and Answer 7. Your Addendum lists the original exercise price of each of your eligible options.

- “amended options” refers to eligible options that are amended pursuant to this offer.

- “amendment date and time” refers to the date and time when the eligible options for which you accept this offer will be amended to reflect the new exercise price. We expect that the amendment date and time will be Monday, April 16, 2007, on the same date as, but at a later time than, the expiration of the offer. If the expiration of the offer is extended, then the amendment date and time will be similarly changed to the new date of the expiration of the offer.

- “Addendum” refers to the document that is being provided to each eligible option holder. The Addendum lists eligible options and, for each eligible option, lists the original exercise price, the number of unexercised shares subject to the eligible option, the new exercise price if the option is amended and the cash payment related to the eligible option if it is amended.

- “directors and executive officers” refers to those directors and officers of Apple listed on Schedule A, which includes those who are officers for purposes of Section 16 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). None of our current or former directors or executive officers is eligible to participate in this offer.

- “eligible option holder” refers to all individuals who (1) are subject to United States taxation, (2) hold eligible options, if those options are outstanding as of the last date on which this offer remains open for acceptance and (3) remain employees of Apple through the expiration of the offer. None of our current or former executive officers or directors is eligible to participate in the offer.

- “eligible options” refers to options that satisfy each of the conditions described in Question and Answer 4. You may accept this offer to amend eligible options and receive cash payments, as described in Question and Answer 4 and Section 1 of this Offer to Amend.

- “expiration of the offer” refers to the date and time that this offer expires. The expiration of the offer will occur at 5:00 p.m., Pacific Time, on Monday, April 16, 2007.
unless the offer is extended. We may extend the expiration of the offer at our discretion. If we extend the offer, the term “expiration of the offer” will refer to the date and time at which the extended offer expires.

- “new exercise price” refers to the exercise price per share at which amended options may be exercised to purchase Apple common stock. An amended option’s new exercise price will be equal to the fair market value of a share of Apple common stock on the date that Apple determined the grant was actually finalized. Your Addendum lists the new exercise price for each of your eligible options should you accept this offer to amend such options.

- “offer period” or “offering period” refers to the period from the commencement of this offer to the expiration of the offer. This period will commence on March 16, 2007, and end at 5:00 p.m., Pacific Time, on Monday, April 16, 2007, unless the offer is extended.

- “Plan” refers to Apple’s 1997 Employee Stock Option Plan.

- “Section 409A” refers to Section 409A of the United States Internal Revenue Code of 1986, as amended, and the proposed tax regulations thereunder. Section 409A was enacted under the American Jobs Creation Act of 2004 (see page 35 under the subsection entitled “Uncertainty,” for a discussion of the uncertainty caused by the fact that the tax regulations are proposed and not final).

Q2. Why is Apple making this offer?

A2. It has been determined that certain of your stock options were erroneously assigned grant dates that preceded the finalization of those grants. As a result, the exercise prices of these stock options were lower than they would have been if the options had been dated when the grants were actually finalized, and therefore may be subject to adverse tax consequences under Section 409A of the United States Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”). These consequences include taxable ordinary income recognition in the year of vesting, an additional 20% penalty tax and interest charges. If you elect to participate in this offer, your eligible options should no longer be subject to the adverse tax consequences under Section 409A, as described in Section 14 of this Offer to Amend. (See Section 3)

Q3. Who is eligible to participate in this offer?

A3. You may participate in this offer if you (1) are subject to United States taxation, (2) hold eligible options, if those options are outstanding as of the last date on which this offer remains open for acceptance and (3) remain an employee of Apple through the expiration of the offer.

If you are no longer an employee of Apple, as of the expiration of the offer, you are not eligible to participate in this offer. (See Section 1)
None of our current or former directors or executive officers is eligible to participate in this offer. (See Section 1)

Q4. **Which options are eligible for amendment in this offer?**

A4. An option to purchase common stock is an eligible option under this offer only if each of the following conditions is met:

- the option was granted under the Plan;
- the option had an original exercise price per share that was less than the fair market value per share of the common stock underlying the option on the date the grant was actually finalized;
- the option was unvested as of December 31, 2004 (if only a portion of an option was unvested as of December 31, 2004, the unvested portion may be an “eligible option”); and
- the option is outstanding as of the last date on which this offer remains open for acceptance.

Q5. **How do I participate in this offer?**

A5. If you choose to participate in this offer, you must do the following before 5:00 p.m., Pacific Time, on Monday, April 16, 2007 (which we refer to as the “expiration of the offer”):

1. Properly complete and sign the attached election form; and
2. Fax the completed and signed election form to (408) 253-7457.

If you participate in this offer, you will be required to accept the offer for the entire eligible portion of each eligible option you elect to amend. In other words, you must accept the offer for all the shares subject to a particular eligible option, but not necessarily for all your eligible options, if you hold more than one eligible option. To help you determine your outstanding eligible options, we are providing you with an Addendum listing your eligible options, the new exercise price that will apply if the eligible options are amended and the cash payment you will receive for the eligible options, if amended. If you hold an option that is not listed on the Addendum, the option is not an eligible option.

This is a one-time offer, and we will strictly enforce the election period. We reserve the right to reject any election related to options for which you have elected to accept this offer that we determine are not eligible or that we determine are not permissible to accept. Subject to the terms and conditions of this offer, we will accept all eligible options for which a proper election has been made promptly after the expiration of this offer. (See Section 4)
Your election to participate becomes irrevocable after 5:00 p.m., Pacific Time, on Monday, April 16, 2007 (the expiration of the offer), unless the offer is extended past that time, in which case your election will become irrevocable after the date and time of the expiration of the offer. The only exception is that if we have not accepted your election by 5:00 p.m., Pacific Time, on Wednesday, April 18, 2007, you may withdraw your election at any time thereafter.

We may extend this offer. If we extend this offer, we will issue an email or other communication disclosing the extension no later than 6:00 a.m., Pacific Time, on the U.S. business day following the previously scheduled expiration of the offer.

If you participate in this offer, you must complete and sign the attached election form and fax it to (408) 253-7457, before 5:00 p.m., Pacific Time, on Monday, April 16, 2007. Only responses that are complete, signed and actually received via fax by Apple at (408) 253-7457 by the deadline will be accepted. Responses received after the deadline will not be accepted. The delivery of election and withdrawal forms is at your risk. Apple intends to confirm the receipt of your election form and/or any withdrawal form by email within two U.S. business days. If you have not received an email confirmation that Apple has received your response, we recommend that you confirm that we have received your election form and/or any withdrawal form. If you need to confirm receipt after two U.S. business days have elapsed, you may email stockquestions@apple.com or contact Sheri Parker at 408-974-2683.

Responses may only be submitted via fax. Responses submitted by any other means, including email, hand delivery, United States mail (or other post) and Federal Express (or similar delivery service), are not permitted.

Q6. If I decide to participate in the offer, what will happen to my current eligible options?

A6. If you elect to participate in the offer, your eligible options will be amended on the amendment date and time, on the same date as, but following the time of, the expiration of the offer. The expiration of the offer will take place on Monday, April 16, 2007, unless the offer period is extended. In addition, if you elect to participate in this offer, you will become entitled to receive the cash payment described below, less any applicable tax withholding.

The amended option will continue to be subject to the terms and conditions of the Plan, as amended in accordance with this offer. (See Section 6)

Q7. What will I receive in return for my options?

A7. If you participate in this offer, then for each eligible option for which you accept this offer, the following will occur:

1. Your eligible options will be amended to increase the exercise price per share to the new exercise price. The new exercise price will be the fair market value of a share of Apple common stock on the date that Apple determined the grant was actually finalized.
If only a portion of your option was unvested as of December 31, 2004, then only that portion of the option is an eligible option and will be amended to increase the exercise price. The portion that vested on or before December 31, 2004 is not subject to the adverse tax consequences that this offer is designed to allow you to avoid and so that portion of the option will not be eligible for inclusion in the offer. Instead, the portion of any option that vested on or before December 31, 2004 will remain outstanding in accordance with its original terms, including its adjusted original exercise price.

Your Addendum lists the adjusted original exercise price of your eligible options, as well as the new exercise price of such options, should you accept this offer to amend those options.

2. In addition, you will receive, on or promptly following January 25, 2008, a cash payment equal to the difference between the new exercise price of the amended option and the original exercise price multiplied by the number of shares corresponding to the unexercised portion of the eligible option that was amended, in the manner described below.

Your Addendum lists the number of shares corresponding to the unexercised portion of your eligible options and the cash payment you will be entitled to receive for each eligible option you elect to have amended. Note that your cash payment is subject to any applicable tax withholding.

For purposes of this offer, the term “option” generally refers to an option to purchase one or more shares of our common stock.

**Eligible Option Example**

You were issued an option to purchase 1,000 shares of Apple common stock with an exercise price equal to $25.00 per share (this is the option’s original exercise price). Of the number of shares subject to your eligible option, 250 shares vested on or before December 31, 2004. On the date the grant was actually finalized, the fair market value of Apple common stock was $26.00 per share. As of the expiration of the offer, you had not exercised any portion of the option. Since the option’s original exercise price of $25.00 is less than $26.00, the option will be an eligible option for 750 shares (the 250 shares that vested on or before December 31, 2004 are not subject to Section 409A and are therefore not eligible). If you properly accept this offer to amend that option, the following will occur:

1. The option to purchase 750 shares will be amended to increase the exercise price to $26.00 per share; and

2. A cash payment of $750.00 ($26.00-$25.00 multiplied by 750 shares) (the portion of the option eligible as of the expiration of the offer), less any applicable tax withholding, will be payable to you on or promptly following January 25, 2008.
Q8. When will I receive my amended options and cash payments?

A8. Any eligible options for which you have elected to accept this offer will be amended on the amendment date and time, on the same date as, but following the time of, the expiration of the offer. The amendment date and time will be the same date as, but following the time of, the expiration of the offer. We currently expect that the expiration of the offer and the amendment date and time will be Monday, April 16, 2007. If the expiration of the offer is delayed, the amendment date and time will be similarly delayed. Promptly after the expiration of the offer, you will receive an “Amendment(s) to Stock Option Agreements and Promise to Make Cash Payment” evidencing the amendment of the options you elected to amend. (See Section 6)

In addition, the “Amendment(s) to Stock Option Agreements and Promise to Make Cash Payment” will evidence your right to receive a cash payment for the eligible options you elected to have amended. Any cash payment owed to you will be paid to you, less any applicable tax withholding, on or promptly following January 25, 2008. This payment will not be subject to any vesting conditions or otherwise be subject to forfeiture. (See Section 6)

Q9. Why won’t I receive my cash payment immediately following the expiration of the offer?

A9. The proposed tax regulations under Section 409A that allow us to offer you the opportunity to avoid unfavorable tax consequences by amending your options also impose certain requirements regarding the timing of the cash payments. These proposed tax regulations do not allow us to make the cash payments in the same calendar year in which the options are amended. Therefore, the earliest we can make these cash payments to eligible option holders who participate in the offer is January 25, 2008, the earliest date for which we pay for services rendered to us exclusively in 2008. Any cash payments received for eligible options that you elect to amend will be subject to regular income and employment tax withholding at the time of receipt.

Q10. Am I required to participate in this offer?

A10. No. Participation in this offer is completely voluntary.

However, if you do participate in this offer, for each eligible option that you elect to have amended in this offer, you must accept this offer to amend the entire outstanding portion of that option, to the extent that it was unvested as of December 31, 2004 and except as described in Question and Answer 35. (See Section 2)

If you do not participate in this offer, you may be subject to certain adverse tax consequences. Please also see Questions and Answers 15 and 16 for a description of the potential tax consequences to you if you decide not to participate in the offer and instead keep your current options.
Q11. Once my election has been accepted, is there anything I must do to receive the amended options or cash payments?

A11. Once your election has been accepted, there is nothing that you must do to receive your amended options. Your amended options will be amended on the amendment date and time, on the same date as, but following the time of, the expiration of the offer. (See Section 2)

You also do not need to do anything in order to receive your cash payments for the eligible options. Note that you will receive a cash payment only regarding your eligible options that are amended in this offer. The cash payment for these options, less any applicable tax withholding, will be made on or promptly following January 25, 2008. Promptly following the expiration of the offer, we will send you an “Amendment(s) to Stock Option Agreements and Promise to Make Cash Payment” evidencing your right to receive a cash payment for these options. This payment will not be subject to any vesting conditions or otherwise be subject to forfeiture.

Q12. Will the terms and conditions of my amended options be the same as my original options?

A12. Yes. Except for the new exercise price of your amended options, the terms and conditions of your amended options will remain the same as the terms and conditions of your eligible options. (See Sections 2, 9 and 14)

Q13. When will my amended options vest?

A13. If your options are amended, they will continue to vest according to the vesting schedule of your original options. Future vesting is subject to your continued employment with us through each relevant vesting date. (See Section 9)

Q14. What happens to my options if I elect to participate in the offer to amend eligible options but then exercise those options before expiration of the offer?

A14. If you elect to participate in the offer but exercise your eligible options prior to expiration of the offer, those options which you exercise will no longer be eligible to be amended in this offer and you will not receive a cash payment for such options. Your options instead will terminate when you exercise those options, in accordance with their terms. (See Question and Answer 15) In addition, for those eligible options you exercise prior to expiration of the offer, you may be required to recognize taxable ordinary income and may also be subject to an additional 20% penalty tax plus an interest charge under Section 409A.

Furthermore, some states, including California, may impose additional penalty taxes on the amounts subject to the 20% federal penalty tax. (See Section 14)
Q15. What happens to my options if I do not turn in my election form by the deadline, choose not to participate or my options are not accepted?

A15. If we do not receive your properly completed election form by the deadline, you choose not to participate, or your options are not accepted by us under this offer, your existing options will (1) remain outstanding until they expire by their terms, including but not limited to expiration in connection with your termination of employment, (2) retain their original exercise price, (3) retain their share amount available for purchase, (4) retain their current terms for exercise, and (5) retain their current vesting schedule. As described in Question and Answer 2, you may be required to recognize ordinary income before the options are exercised and may also be subject to an additional 20% penalty tax plus an interest charge under Section 409A. In addition, some states, including California, may impose additional penalty taxes on the amounts subject to the 20% federal penalty tax. We recommend that you consult with your financial, legal and/or tax advisors regarding any tax consequences, including any state tax consequences. (See Section 14)

Q16. What are the tax consequences if I participate in the offer?

A16. As a result of participation in this offer, you may avoid potentially adverse tax consequences associated with your eligible options under United States tax law.

Section 409A and proposed tax regulations under the American Jobs Creation Act of 2004 provide that stock options granted with an exercise price lower than the fair market value of the underlying stock on the date the grant was actually finalized must have fixed exercise dates to avoid early income recognition and an additional 20% tax. None of the eligible options have fixed exercise dates, and therefore Section 409A would likely subject the eligible option holders to income recognition before the options are exercised and would subject the eligible option holders to the additional 20% tax. The Internal Revenue Service has not issued final guidance with respect to the taxation of such misdated options under Section 409A. It is likely that the eligible option holders would have income recognition equal to the difference between the fair market value of the shares on the date of vesting and the exercise price (the “spread”). The eligible option holders would incur an additional 20% penalty tax on the income recognized, plus possibly an interest charge. Further, it is possible that during each subsequent tax year (until the option is exercised), the increase in value of the underlying stock will be subject to taxable income recognition.

Apple cannot guarantee any particular tax results related to your options; furthermore, there is uncertainty because the proposed tax regulations are not final. However, Apple will withhold taxes and report income amounts to the IRS and other taxing authorities as required by applicable laws. Because this offer involves complex tax considerations, we urge you to consult your financial, legal and/or tax advisor before you make any decisions about participating in this offer.

Please also see Question and Answer 15 for a description of the potential consequences to you if you decide not to participate in the offer and instead keep your current options.
If you participate in the offer, you should not be required under current United States law to recognize income for United States federal income tax purposes on the option at the time you choose to accept the offer. On the amendment date and time, you should not be required under current law to recognize income for United States federal income tax purposes for any amended options. However, you will have taxable income for the cash payments you receive for eligible options that are amended. (See Section 14) In addition, you may have taxable income when you exercise your amended options or when you sell your shares. (See Section 14)

Uncertainty

Unfortunately, the Internal Revenue Service (the “IRS”) has only issued proposed regulations and has not issued definitive final guidance under Section 409A. It is possible that final guidance issued by the IRS may differ from our current good-faith interpretation of the law and that you and your personal tax advisor may advocate a position under the current statute and IRS guidance that your eligible options are exempt from Section 409A. We cannot guarantee the effect of any future IRS guidance and will work as quickly as practicable when future guidance is issued to analyze it and provide any new information to our eligible option holders regarding such guidance.

In addition, if you are subject to taxation in the United States, and also are subject to taxation in another country, there may be additional tax consequences relating to your participation in this offer. Further, some states, including California, may impose additional penalty taxes on the amounts subject to the 20% federal penalty tax. We recommend that you consult with your financial, legal and/or tax advisors regarding any tax consequences, including any state tax consequences.

Q17. If I choose to participate in this offer, are there circumstances under which my eligible options would be amended but I would not receive a cash payment for them?

A17. No. However, your option will not be amended and cash payment will not be made if we are prohibited from doing so by applicable laws or rules. For example, we could become prohibited from amending options as a result of changes in SEC, National Association of Securities Dealers or NASDAQ Global Select Market rules. We do not anticipate any such prohibitions at this time. (See Section 13)

Q18. What happens to my options and cash payment if I elect to participate in the offer but then my employment with the Apple terminates after expiration of the offer?

A18. If you elect to participate in this offer regarding your eligible options, such options will be amended on the amendment date and time, on the same date as, but following the time of, the expiration of the offer. Your amended options will continue to vest according to the vesting schedule of your original options under the terms of the Plan. Therefore, if your employment with Apple terminates after your eligible options are amended pursuant to this offer, your amended eligible options will cease to vest in accordance with their terms. However, if you elect to participate in this offer prior to the termination of your
employment with Apple you will still be entitled to receive a cash payment for the amended options, less any applicable tax withholding, as described in Question and Answer 1 above. You will receive any cash payments to which you are entitled on or promptly following January 25, 2008, regardless of whether the amended options are vested and regardless of whether you are employed with us then. (See Questions and Answers 11 and 12 and Sections 2 and 6). You will be responsible for notifying Apple of any change of address following your termination of employment so that Apple can send your cash payment to you.

**Q19. How will Apple confirm to me that my election form or withdrawal form has been received?**

A19. Apple intends to confirm the receipt of your election form and/or any withdrawal form by email within two U.S. business days. If you have not received an email confirmation within two U.S. business days, we recommend that you confirm that we have received your election form and/or any withdrawal form. If you need to confirm receipt after two U.S. business days have elapsed, you may email stockquestions@apple.com or contact Sheri Parker at 408-974-2683. (See Section 4)

**Q20. Can I accept this offer for shares of Apple common stock that I previously acquired upon exercise of options?**

A20. No. This offer relates only to certain outstanding and unexercised options to purchase Apple common stock; specifically, the offer relates to certain options that satisfy each of the conditions described in Question and Answer 4. You may not accept this offer for shares of Apple common stock or other options to purchase Apple common stock. (See Section 2)

**Q21. Will my decision to participate in the offer have an impact on my ability to receive options in the future?**

A21. No. Your election to participate or not to participate in the offer will not have any effect on our making future grants of options to purchase common stock or other compensation. (See Section 7).

**Q22. What is the expected financial impact of the Tender Offer on Apple?**

A22. Apple expects to record additional stock-based compensation as a charge against earnings based on the difference between the fair value of the eligible options as of the closing of the offer period and the fair value of the amended options. We will not be able to determine the amount of Apple’s compensation expense until the closing of the offer period because it depends on the price of our common stock as of the closing of the offer period, but we do not expect that the compensation expense will be material to our financial statements. (See Section 12)
Q23. How does Apple determine whether I have properly accepted this offer?
A23. We will determine, at our discretion, all questions about the validity, form, eligibility (including time of receipt), and acceptance of any options. Our determination of these matters will be final and binding on all parties. We reserve the right to reject any election form or any options under this offer that we determine are not in good order or that we determine are unlawful to accept. We will accept all properly elected eligible options that are not validly withdrawn, subject to the terms of this offer. No election for eligible options will be deemed to have been properly made until all defects or irregularities have been cured by you or waived by us. We have no obligation to give notice of any defects or irregularities in any election form, and we will not incur any liability for failure to give any notice. (See Section 4)

Q24. When will my amended options expire?
A24. Your amended options, if any, will expire on same date your original eligible options were scheduled to expire under the terms of the Plan. (See Section 9)

Q25. Will I receive any paperwork indicating my options have been amended?
A25. Yes. Promptly after the expiration of the offer, Apple will send you an “Amendment(s) to Stock Option Agreements and Promise to Make Cash Payment” evidencing the amendment of the options you elected to amend. (See Section 9)

Q26. Are there any conditions to this offer?
A26. Yes. The completion of this offer is subject to a number of conditions that are described in Section 7 of this Offer to Amend. (See Section 7). However, the implementation of this offer is not conditioned upon its acceptance by a minimum number of participants or outstanding eligible options.

Q27. If you extend the offer, how will you notify me?
A27. If we extend this offer, we will issue an email or other form of communication disclosing the extension no later than 6:00 a.m., Pacific Time, on the next U.S. business day following the previously scheduled expiration of the offer. (See Sections 2 and 15)

Q28. How will you notify me if the offer is changed?
A28. If we change the offer, we will issue an email or other form of communication disclosing the change no later than 6:00 a.m., Pacific Time, on the next U.S. business day following the day we change the offer. (See Section 15)

Q29. Can I change my mind and withdraw from this offer?
A29. Yes. You may change your mind after you have submitted an election form and withdraw from the offer at any time before the expiration of the offer. If we extend the expiration of the offer, you may withdraw your election for some or all of your eligible
options at any time until the extended offer expires. You may change your mind as many times as you wish, but you will be bound by the last properly submitted election or withdrawal form we receive before the expiration of the offer. However, if we have not accepted your election by 5:00 p.m., Pacific Time, on Wednesday, April 18, 2007, you may withdraw your election at any time thereafter. (See Section 5)

Q30. How do I withdraw my election?

A30. To withdraw your election for some or all of your eligible options, you must do the following before the expiration of the offer:

1. Properly complete and sign the attached withdrawal form; and
2. Fax the completed and signed withdrawal form to (408) 253-7457. (See Section 5)

Any election for options you do not withdraw will remain in effect under this offer pursuant to the last properly submitted election form.

Q31. What if I withdraw my election and then decide again that I want to participate in this offer?

A31. If you have withdrawn your election to participate and then decide again that you would like to participate in this offer, you may re-elect to participate by submitting a new properly completed election form before the expiration of the offer. You may elect to accept this offer for some or all of the eligible options. The new election form must be signed and dated after the date of your withdrawal form. (See Section 5)

Q32. Can I change my mind about which options for which I want to accept this offer?

A32. Yes. You may change your mind after you have submitted an election form and change the options for which you elect to accept this offer at any time before the expiration of the offer by completing and faxing a withdrawal form to (408) 253-7457. If we extend the expiration of the offer, you may change your election at any time until the extended offer expires. You may elect to accept this offer for additional options, or you may choose to accept this offer for fewer options. You may change your mind as many times as you wish, but you will be bound by the last properly submitted election or withdrawal form we receive before the expiration of the offer. Please be sure that any new election form you submit includes all the eligible options for which you want to accept this offer and is clearly dated after your last-submitted election or withdrawal form.

Q33. How should I decide whether or not to accept this offer?

A33. We understand that the decision whether or not to accept this offer may be a challenging one. The program does carry risk (see “Risks of Participating in the Offer” on page 15 for information regarding some of these risks), and there are no guarantees that you would not ultimately receive greater value from your eligible options, even considering the potential tax consequences of keeping them (as described in Section 14) than what we are offering as consideration in the offer. The decision to participate in the offer must be your
We recommend that you consult with your financial, legal and/or tax advisors to determine if participation in this offer is right for you. If you have general questions regarding the terms of this offer or requests for general tax information about this offer please email stockquestions@apple.com or contacting Sheri Parker at 408-974-2683. (See Section 3)

Q34. What happens if I have an option that is subject to a domestic relations order or comparable legal document as the result of the end of a marriage?

A34. If you have an eligible option that is subject to a domestic relations order (or comparable legal document as the result of the end of a marriage) and a person who is not an eligible option holder beneficially owns a portion of that option, you may accept this offer for the entire remaining outstanding portion of the option if so directed by the beneficial owner as to his or her portion, in accordance with the domestic relations order or comparable legal document. Apple will respect an election properly made by you, as legal owner of the eligible option, and accepted by Apple, and will not be responsible to you or the beneficial owner of the eligible option for any errors made by you regarding such an election. (See Section 2)

Q35. Will my amended options remain nonqualified stock options for United States tax purposes?

A35. Your amended options will remain nonqualified stock options for purposes of United States tax law.

For more detailed information, please read the rest of the Offer to Amend, and see the tax disclosure set forth under the section entitled “Material United States federal income tax consequences.” (Section 14)

We recommend that you read the tax discussion in this Offer to Amend and discuss the personal tax consequences of nonqualified stock options with your financial, legal and/or tax advisors. (See Sections 9 and 14)

Q36. Does Section 409A impact ESPP shares?

A36. No.

Q37. Whom can I contact if I need to confirm Apple’s receipt of my election and/or any withdrawal form, if I have questions about the offer, or if I need additional copies of the offer documents?

A37. Apple intends to confirm the receipt of your election form and/or any withdrawal form by email within two U.S. business days. If you have not received an email confirmation that Apple has received your response, we recommend that you confirm that we have received your election form and/or any withdrawal form. If you need to confirm receipt after two U.S. business days have elapsed, you may email stockquestions@apple.com or contact Sheri Parker at 408-974-2683.
If you need additional copies of the offer documents or the election or withdrawal forms, or for general questions concerning this offer or general questions about the tax consequences discussed in this offer, you should email stockquestions@apple.com or contact Sheri Parker at 408-974-2683. Copies will be furnished promptly at Apple’s expense.
RISKS OF PARTICIPATING IN THE OFFER

Participating in the offer involves a number of risks, including those described below. This list and items discussed in “Risk Factors” in Apple’s Quarterly Report on Form 10-Q for the fiscal quarter ended December 30, 2006 and in Apple’s SEC reports filed after that report, which are incorporated herein by reference, highlight the material risks of participating in this offer. You should carefully consider these risks and you are encouraged to speak with your financial, legal and/or tax advisors as necessary before deciding to participate in the offer. In addition, we strongly urge you to read the sections in this Offer to Amend discussing the tax consequences in the United States, as well as the rest of this Offer to Amend for a more in-depth discussion of the risks that may apply to you before deciding to participate in the offer.

Federal Tax-Related Risks

The IRS could change the expected Section 409A tax consequences.

The IRS is expected to provide additional guidance and finalize its regulations regarding Section 409A and the tax implications of affected options. It is possible that such guidance could be significantly different from the current guidance. New guidance could impose less onerous tax consequences on such options and, as a result, it may have been more beneficial to you not to participate in the offer and to have retained your eligible options.

Although we have designed this offer in a way that is specifically contemplated by the U.S. Treasury Department and the IRS to avoid adverse tax treatment under Section 409A, there can be no guarantee of any specific tax treatment regarding this offer or in the future should the tax laws change again in a manner that would adversely affect your new options. In that event, Apple cannot provide any assurance that an offer similar to this one will be made.

Taxable events even if amended options are not exercised.

Any cash payments received for eligible options that you elect to amend will be subject to regular income and employment tax withholding at the time of receipt. Your resulting tax liability when you file your income tax return could differ from the amount of taxes we are required to withhold and, as a result, it is possible that additional taxes may be due for the year you receive the cash payment.

Tax-related risks for tax residents of multiple countries.

If you are subject to the tax laws in more than one jurisdiction, you should be aware that there may be tax and social security consequences of more than one country that may apply to you. You should also be certain to consult your personal tax advisor to discuss these consequences.
1. **Eligibility.**

You are an “eligible option holder” only if you are subject to United States taxation, hold eligible options, if those options are outstanding as of the last date on which this offer remains open for acceptance, and remain an employee of Apple Inc. or one of its subsidiaries (referred to as “Apple,” the “Company,” “we,” “our” or “us”) through the expiration of the offer.

If you are an employee of the Company, unless expressly provided by an agreement between you and Apple or by the requirements of applicable law, your employment with Apple will remain “at will” and can be terminated by you or us at any time, with or without cause or notice. You must be an employee of Apple in order to be an eligible option holder.

None of our current directors or executive officers, which are listed on Schedule A to this Offer to Amend, which includes those individuals who are officers for purposes of Section 16 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is eligible to participate in this offer. In addition, none of our former directors or executive officers is eligible to participate in this offer.

2. **Number of options and amount of consideration; expiration of the offer.**

Subject to the terms and conditions of this offer, we will accept for amendment eligible options that are held by eligible option holders and for which proper elections are made, and are not validly withdrawn, before the expiration of the offer.

An option to purchase common stock is eligible for this offer only if each of the following conditions is met:

- the option was granted under the Apple Inc. 1997 Employee Stock Option Plan (the “Plan”);
- the option had an original exercise price per share that was less than the fair market value per share of the common stock underlying the option on the date the grant was actually finalized;
- the option was unvested as of December 31, 2004 (if only a portion of an option was unvested as of December 31, 2004, the unvested portion may be an “eligible option”); and
- the option is outstanding as of the last date on which this offer remains open for acceptance.
As noted above, in order to be eligible, options must be outstanding as of the expiration of the offer. For example, if a particular option expires after commencement, but before the expiration of the offer, that option is not eligible for this offer.

You may choose to accept this offer to amend some, but not all, of your eligible options in this offer. However, if you do choose to accept this offer to amend an eligible option, you must accept this offer for all of the shares subject to that option that were unvested as of December 31, 2004. If you have exercised a portion of an eligible option, your election will apply to the portion that remains outstanding and unexercised.

If you have an eligible option that is subject to a domestic relations order (or comparable legal document as the result of the end of a marriage) and a person who is not an eligible option holder beneficially owns a portion of that option, you may accept this offer for the entire remaining outstanding portion of the option if so directed by the beneficial owner as to his or her portion in accordance with the applicable domestic relations order or comparable legal document. As legal owner of the eligible option, Apple will respect an election properly made by you and accepted by Apple and will not be responsible to you or the beneficial owner of the eligible option for any errors made by you in such an election.

Subject to the terms of this offer, and upon our acceptance of the options for which you have properly elected to accept this offer, for each eligible option for which you accept this offer, the following will occur:

1. Your eligible option will be amended to increase the exercise price per share to the new exercise price. The new exercise price will be the fair market value of a share of Apple common stock on the date that Apple determined the grant was actually finalized.

   If only a portion of your option was unvested as of December 31, 2004, then only that portion of the option is an eligible option and will be amended to increase the exercise price. The portion that vested on or before December 31, 2004 is not subject to the adverse tax consequences that this offer is designed to allow you to avoid and so that portion of the option will not be eligible for inclusion in the offer. Instead, the portion of any option that vested on or before December 31, 2004 will remain outstanding in accordance with its original terms, including its adjusted original exercise price.

   Your Addendum lists the adjusted original exercise price of your eligible options, as well as the new exercise price of such options, should you accept this offer to amend those options.

2. In addition, you will receive, on or promptly following January 25, 2008, a cash payment equal to the difference between the new exercise price of the amended option and the original exercise price multiplied by the number of shares corresponding to the unexercised portion of the eligible option that was amended, in the manner described below.
Your Addendum lists the number of shares corresponding to the unexercised portion of your eligible option and the cash payment you will be entitled to receive for each eligible option you elect to have amended. Note that your cash payment is subject to any applicable tax withholding.

For purposes of this offer, the term “option” generally refers to an option to purchase one or more shares of our common stock.

**Eligible Option Example**

You were issued an option to purchase 1,000 shares of Apple common stock with an exercise price per share equal to $25.00 per share (this is the option’s original exercise price). Of the number of shares subject to your eligible option, 250 shares vested on or before December 31, 2004. On the date the grant was actually finalized, the fair market value of Apple common stock was $26.00 per share. As of the expiration of the offer, you had not exercised any portion of the option. Since the option’s original exercise price of $25.00 is less than $26.00, the option will be an eligible option for 750 shares (the 250 shares that vested on or before December 31, 2004 are not subject to Section 409A and are therefore not eligible). If you properly accept this offer to amend that option, the following will occur:

1. The option to purchase 750 shares will be amended to increase the exercise price to $26.00 per share; and

2. A cash payment of $750.00 ($26.00-$25.00 multiplied by 750 shares) (the portion of the option eligible as of the expiration of the offer), less any applicable tax withholding, will be payable to you on or promptly following January 25, 2008.

The vesting of your amended options will not change. As a result, once you cease to be an employee, there will be no further vesting of your amended option.

All amended options will be subject to the terms of the Plan, as amended in accordance with this offer. The current form of option agreements under the Plan is incorporated by reference as an exhibit into the Schedule TO with which this offer has been filed. See Section 9 of this Offer to Amend for a description of the Plan.

The expiration of the offer will occur on 5:00 p.m., Pacific Time, on Monday, April 16, 2007, unless we extend the offer. We may, in our discretion, extend the offer, in which event the expiration of the offer will refer to the latest time and date at which the extended offer expires. See Section 15 of this Offer to Amend for a description of our rights to extend, terminate and amend the offer.

3. **Purpose of the offer.**

It has been determined that certain of your stock options were erroneously assigned grant dates that preceded the finalization of those grants. As a result, the exercise prices of these stock options were lower than they would have been if the options had been dated when the grants were actually finalized, and therefore may be subject to adverse tax consequences under Section
409A of the United States Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”). These consequences include taxable ordinary income recognition in the year of vesting, an additional 20% penalty tax and interest charges. If you elect to participate in this offer, your eligible options should no longer be subject to the adverse tax consequences under Section 409A, as described in Section 14 of this Offer to Amend.

Except as otherwise disclosed in this offer or in our SEC filings, we presently have no plans or proposals that relate to or would result in:

- any extraordinary transaction, such as a merger, reorganization or liquidation involving Apple, except as described below;
- any purchase, sale or transfer of a material amount of our assets;
- any material change in our present dividend rate or policy, or our indebtedness or capitalization;
- any change in our present board of directors or management, including a change in the number or term of directors or to fill any existing board of director vacancies or to change any executive officer’s material terms of employment;
- any other material change in our corporate structure or business;
- our common stock being delisted from the NASDAQ Global Select Market;
- our common stock becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Exchange Act;
- the suspension of our obligation to file reports pursuant to Section 15(d) of the Exchange Act;
- the acquisition by any person of an amount of our securities or the disposition of an amount of any of our securities; or
- any change in our articles of incorporation or bylaws, or any actions that may impede the acquisition of control of us by any person.

In the ordinary course of business, from time to time, Apple evaluates acquisition opportunities. At the present time, we are reviewing a number of opportunities. These transactions may be announced or completed in the ordinary course of business during the pendency of this offer, but there can be no assurance that an opportunity will be available to us or that we will choose to take advantage of an opportunity.

In the ordinary course of business, Apple makes changes in the composition and structure of its board of directors and/or management. Apple expects that it will continue to make changes in this regard. In connection with the addition of an individual to our board of directors, our bylaws may be amended to provide for an exact number of directors between the authorized number of directors of not less than five nor more than nine.
Neither we nor our board of directors makes any recommendation as to whether you should accept this offer, nor have we authorized any person to make any such recommendation. Apple will prepare communications regarding this offer and will provide general tax information to eligible option holders regarding this offer. Apple will not provide tax advice specific to an individual’s circumstances or make any tax recommendation. You must make your own decision about whether to participate in this offer. **We strongly recommend that you discuss the personal tax consequences of this offer with your financial, legal and/or tax advisors.**

4. **Procedures for electing to participate in this offer.**

**Proper election to participate in this offer.**

Participation in this offer is voluntary. To participate in this offer, you must, in accordance with the instructions of the election form, properly complete, sign and fax the election form to Apple. Apple must receive the properly completed and signed election forms via fax before the expiration of the offer. The expiration of the offer will occur at 5:00 p.m., Pacific Time, on Monday, April 16, 2007, unless we extend the offer. Election forms and related documents may only be submitted by fax to (408) 253-7457.

If you participate in this offer, you must accept this offer for the entire outstanding portion of that option. To help you determine your outstanding eligible options, we are providing you with an Addendum listing your eligible options, the new exercise price that will apply if the eligible options are amended and the cash payment you will receive for the eligible options, if amended. If you hold an option that is not listed on the Addendum, the option is not an eligible option.

Except as noted in Section 5, your election to participate becomes irrevocable after 5:00 p.m., Pacific Time, on Monday, April 16, 2007, unless the offer is extended past that time, in which case your election will become irrevocable after the new date of the expiration of the offer. You may change your mind after you have submitted an election form and withdraw from the offer at any time before the expiration of the offer, as described in Section 5 of this Offer to Amend. You may change your mind as many times as you wish, but you will be bound by the last properly submitted election or withdrawal form we receive before the expiration of the offer.

If you submit an election form, and then decide that you would like to elect to accept this offer for additional eligible options, you must fax a new election form to (408) 253-7457 before the expiration of the offer. This new election form must also list all of the eligible options for which you wish to accept this offer, because your original election form will no longer be valid. You may submit new election forms as often as you wish prior to the expiration of the offer, but you will be bound by the last properly submitted election or withdrawal form we receive prior to the election date.

**The delivery of all documents, including election forms, is at your risk. Apple intends to confirm the receipt of your election form and/or any withdrawal form by email within two U.S. business days. If you have not received an email confirmation, we recommend that you confirm that we have received your election form and/or any withdrawal form. If you need to confirm receipt after two U.S. business days have elapsed, you may email**
stockquestions@apple.com or contact Sheri Parker at 408-974-2683. Only responses that are complete, signed and actually received via fax by Apple by the deadline will be accepted. Responses may only be submitted via fax. Responses submitted by any other means, including email, hand delivery, United States mail (or other post) and Federal Express (or similar delivery service), are not permitted.

This is a one-time offer, and we will strictly enforce the election period. We reserve the right to reject any election that we determine is not in good order or that we determine is unlawful to accept. Subject to the terms and conditions of this offer, we will accept all options for which proper elections are made promptly after the expiration of this offer.

Our receipt of your election form is not by itself an acceptance of your options. For purposes of this offer, we will be deemed to have accepted options for which proper elections have been made and are not properly withdrawn as of the time when we give oral or written notice to the option holders generally of our acceptance of options. We may issue this notice of acceptance by email or other methods of communication. Options accepted will be amended on the amendment date and time, on the same date as, but following the time of, the expiration of the offer, and which we presently expect will be Monday, April 16, 2007.

Determination of validity; rejection of options; waiver of defects; no obligation to give notice of defects.

We will determine, at our discretion, all questions as to the validity, form, eligibility (including time of receipt) and acceptance of any options. Our determination of these matters will be final and binding on all parties. We reserve the right to reject any election form or any options for which elections have been made that we determine are not in good order or that we determine are unlawful to accept. We will accept all options for which proper elections are made that are not validly withdrawn. We also reserve the right to waive any of the conditions of the offer or any defect or irregularity in any election of any particular options or for any particular option holder, provided that if we grant any such waiver, it will be granted for all option holders and options for which elections have been made. No elections will be deemed to have been properly made until all defects or irregularities have been cured by the option holder or waived by us. Neither we nor any other person is obligated to give notice of any defects or irregularities in elections, nor will anyone incur any liability for failure to give any notice. This is a one-time offer. We will strictly enforce the election period, subject only to an extension that we may grant in our discretion.

Our acceptance constitutes an agreement.

Your election through the procedures described above constitutes your acceptance of the terms and conditions of this offer. Our acceptance of your options for amendment will constitute a binding agreement between Apple and you upon the terms and subject to the conditions of this offer.
5. **Withdrawal rights and change of election.**

You may withdraw or change your election only in accordance with the provisions of this section.

If you have previously elected to accept this offer to amend your eligible options, you may withdraw that election for some or all of these options at any time before the expiration of the offer, which is expected to be 5:00 p.m., Pacific Time, on Monday, April 16, 2007. If we extend the offer, you may withdraw your election for some or all of your eligible options at any time until the new date of the expiration of the offer.

In addition, although we intend to accept, promptly after the expiration of this offer, all valid elections, if we have not accepted your election by 5:00 p.m., Pacific Time on Wednesday, April 18, 2007, you may withdraw your election at any time thereafter.

To validly withdraw an earlier election, you must fax to (408) 253-7457, in accordance with the procedures listed in Section 4 above, a signed and dated withdrawal form with the required information, while you still have the right to withdraw the election for those options. Any election you do not withdraw will remain effective pursuant to your prior election form. You may change your mind as many times as you wish, but you will be bound by the last properly submitted election or withdrawal form we receive before the expiration of the offer. Apple must receive the properly completed and signed withdrawal form before the expiration of the offer. The expiration of the offer will occur at 5:00 p.m., Pacific Time, on Monday, April 16, 2007, unless we extend the offer.

You may not rescind any withdrawal. Your elections for withdrawn eligible options will be deemed not properly made for purposes of the offer, unless you properly re-elect to accept this offer for your eligible options before the expiration of the offer. To re-elect to accept this offer, you must fax a new election form to (408) 253-7457 before the expiration of the offer by following the procedures described in Section 4 of this Offer to Amend. This new election form must be properly completed, signed and dated after your original election form and after your withdrawal form.

Neither we nor any other person is obligated to give you notice of any defects or irregularities in any withdrawal form or any new election form, nor will anyone incur any liability for failure to give any notice. We will determine, in our discretion, all questions as to the form and validity, including time of receipt, of withdrawal forms and new election forms. Our determination of these matters will be final and binding.

The delivery of all documents, including any withdrawal forms and any new election forms, is at your risk. Apple intends to confirm the receipt of your withdrawal form and/or any election form by email within two U.S. business days. If you have not received an email confirmation, we recommend that you confirm that we have received your withdrawal form and/or any election form. If you need to confirm receipt after two U.S. business days have elapsed, you email stockquestions@apple.com or contact Sheri Parker at 408-974-2683. Only responses that are complete, signed and actually received via fax by Apple by the deadline will be accepted. Responses may be submitted only by fax. Responses submitted by any other
means, including email, hand delivery, United States mail (or other post) and Federal Express (or similar delivery service), are not permitted.

6. Acceptance of options for amendment, issuance of cash payments, and amended options.

Upon the terms and conditions of this offer and promptly following the expiration of the offer, we will accept for amendment all eligible options for which proper elections have been made that have not been validly withdrawn before the expiration of the offer.

Subject to the terms and conditions of this offer, if elections for your eligible options are properly made and accepted by us, these options will be amended as of the amendment date and time, on the same date as, but following the time of, expiration of the offer. We expect that the expiration of the offer will be 5:00 p.m., Pacific Time, on Monday, April 16, 2007 unless the offer period is extended. We expect that the amendment date and time will be Monday, April 16, 2007, following the expiration of the offer, unless the offer period is extended. If the expiration of the offer is delayed, the amendment date and time will be similarly delayed. Once eligible options for which you elect to accept this offer are amended, those options will be replaced in full by the amended options.

For purposes of the offer, we will be deemed to have accepted eligible options for which valid elections have been made and are not properly withdrawn as of the time when we give oral or written notice to the eligible option holders generally of our acceptance for amendment of the options. This notice may be made by email or other method of communication. Subject to our rights to terminate the offer, discussed in Section 15 of this Offer to Amend, we currently expect that we will accept promptly after the expiration of the offer all options for which proper elections have been made that are not validly withdrawn.

In lieu of the eligible options for which you choose to accept this offer, you will be entitled to receive amended options and a cash payment, as described in Section 2 of this Offer to Amend. Eligible options for which you choose to accept this offer will be amended on the amendment date and time, on the same date as, but following the time of, the expiration of the offer. The amendment date and time will be Monday, April 16, 2007, following the expiration of the offer, unless the offer period is extended. Promptly following the expiration of the offer, you will receive an “Amendment(s) to Stock Option Agreements and Promise to Make Cash Payment” evidencing the amendment of the options you elected to amend.

In addition, if you elected to amend any eligible option, the “Amendment(s) to Stock Option Agreements and Promise to Make Cash Payment” will evidence your right to receive the cash payment. Any cash payment owed to you for an eligible option for which you have chosen to accept this offer will be paid to you, less any applicable tax withholding, on or promptly following January 25, 2008. This payment will not be subject to any vesting conditions or otherwise be subject to forfeiture. If you do not receive an Amendment(s) to Stock Option Agreements and Promise to Make Cash Payment within seven U.S. business days after the expiration of the offer, please email stockquestions@apple.com or contact Sheri Parker at 408-974-2683.
The proposed tax regulations under Section 409A that allow us to offer you the opportunity to avoid unfavorable tax consequences by amending your options also impose certain requirements regarding the timing of the cash payments for your eligible options that are amended. These proposed tax regulations do not allow us to make the cash payments in the same calendar year in which the options are amended. Therefore, the earliest we can make these cash payments to eligible option holders who participate in the offer is January 25, 2008, the earliest date for which we pay for services rendered to us exclusively in 2008.

Options that we do not accept for amendment will remain outstanding until they expire by their terms and will retain their current exercise price, current exercise terms and current vesting schedule. If you elect to participate in the offer but exercise your eligible options prior to expiration of the offer, the options that you exercise will no longer be eligible to be amended in this offer and you will not receive a cash payment for those options. Please see Section 14 of this Offer to Amend for a description of the tax consequences to you of participating or not participating in this offer.

7. Conditions of the offer.

If Apple is acquired prior to the expiration of the offer, we reserve the right to withdraw the offer, in which case your options and your rights under them will remain intact and exercisable for the time period set forth in your option agreement and you will receive no amended options. Notwithstanding any other provision of this offer, we will not be required to accept any options for amendment, and we may terminate the offer, or postpone our acceptance and amendment of any options for which elections to amend have been made, in each case, subject to Rule 13e-4(f)(5) under the Exchange Act, if at any time on or after the date this offer begins, and before the expiration of the offer, any of the following events has occurred, or has been determined by us to have occurred:

- there shall have been threatened or instituted or be pending any action, proceeding or litigation seeking to enjoin, make illegal or delay completion of the offer or otherwise relating in any manner, to the offer;
- any order, stay, judgment or decree is issued by any court, government, governmental authority or other regulatory or administrative authority and is in effect, or any statute, rule, regulation, governmental order or injunction shall have been proposed, enacted, enforced or deemed applicable to the offer, any of which might restrain, prohibit or delay completion of the offer or impair the contemplated benefits of the offer to us (see Section 3 of this Offer to Amend for a description of the contemplated benefits of the offer to us);
- there shall have occurred:
  - any general suspension of trading in, or limitation on prices for, our securities on any national securities exchange or in an over-the-counter market in the United States,
  - the declaration of a banking moratorium or any suspension of payments in respect of banks in the United States,
any limitation, whether or not mandatory, by any governmental, regulatory or administrative agency or authority on, or any event that, in our reasonable judgment, might affect the extension of credit to us by banks or other lending institutions in the United States,

in our reasonable judgment, any extraordinary or material adverse change in United States financial markets generally, including a decline of at least 10% in either the Dow Jones Industrial Average, the NYSE Index, the NASDAQ Composite Index, or the Standard & Poor’s 500 Index from the date of the commencement of the offer,

the commencement or continuation of a war or other national or international calamity directly or indirectly involving the United States, which could reasonably be expected to affect materially or adversely, or to delay materially, the completion of the offer, or

if any of the situations described above existed at the time of commencement of the offer and that situation, in our reasonable judgment, deteriorates materially after commencement of the offer;

a tender or offer, other than this offer by us, for some or all of our shares of outstanding common stock, or a merger, acquisition or other business combination proposal involving us, shall have been proposed, announced or made by another person or entity or shall have been publicly disclosed or we shall have learned that:

any person, entity or group has purchased all or substantially all of our assets,

any person, entity or “group” within the meaning of Section 13(d)(3) of the Exchange Act acquires more than 5% of our outstanding shares of common stock, other than a person, entity or group which had publicly disclosed such ownership with the SEC prior to the date of commencement of the offer,

any such person, entity or group which had publicly disclosed such ownership prior to such date shall acquire additional common stock constituting more than 1% of our outstanding shares,

any new group shall have been formed that beneficially owns more than 5% of our outstanding shares of common stock that in our judgment in any such case, and regardless of the circumstances, makes it inadvisable to proceed with the offer or with such acceptance for amendment of eligible options, or

any person, entity or group shall have filed a Notification and Report Form under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or made a public announcement reflecting an intent to acquire us or any of our subsidiaries or any of the assets or securities of us or any of our subsidiaries;

there shall have occurred any change, development, clarification or position taken in generally accepted accounting principles that could or would require us to
record for financial reporting purposes compensation expense against our earnings in connection with the offer other than as contemplated as of the commencement date of this offer (as described in Section 12);

- any change or changes shall have occurred in the business, condition (financial or other), assets, income, operations or stock ownership of Apple that have resulted or may result, in our reasonable judgment, in a material impairment of the contemplated benefits of the offer to us (see Section 3 of this Offer to Amend for a description of the contemplated benefits of the offer to us); or

- any rules or regulations by any governmental authority, the National Association of Securities Dealers, the NASDAQ Global Select Market, or other regulatory or administrative authority or any national securities exchange have been enacted, enforced or deemed applicable to Apple, which might restrain, prohibit, or delay completion of the offer or impair the contemplated benefits of the offer to us (see Section 3 of this Offer to Amend for a description of the contemplated benefits to us).

If any of the above events occur, we may:

- terminate the offer;

- complete and/or extend the offer, subject to your withdrawal rights;

- amend the terms of the offer; or

- waive any unsatisfied condition and, subject to any requirement to extend the period of time during which the offer is open, complete the offer.

The conditions to this offer are for our benefit. We may assert them in our discretion regardless of the circumstances giving rise to them before the expiration of the offer. We may waive any condition, in whole or in part, at any time and from time to time before the expiration of the offer, in our discretion, whether or not we waive any other condition to the offer. Our failure at any time to exercise any of these rights will not be deemed a waiver of such rights, but will be deemed a waiver of our ability to assert the condition that was triggered by the particular circumstances under which we failed to exercise our rights. Any determination we make concerning the events described in this Section 7 will be final and binding upon all persons.

8. Price range of shares underlying the options.

The Apple common stock that underlies your options is traded on the NASDAQ Global Select Market under the symbol “AAPL.” The following table shows, for the periods indicated, the high and low intraday sales price per share of our common stock as reported by the NASDAQ Global Select Market.
On March 20, 2007, the closing sale price of our common stock, as reported by the NASDAQ Global Select Market was $91.48 per share.

You should evaluate current market quotes for our common stock, among other factors, before deciding whether or not to accept this offer.

9. Source and amount of consideration; terms of amended options.

Consideration.

We will issue cash payments for eligible options for which proper elections have been made and accepted as described in Section 2 of this Offer to Amend. Cash payments will be made from Apple’s general corporate assets, and you will be a general creditor of Apple for the cash payments until they are received.

If we receive and accept elections from eligible option holders of all options eligible for this offer, subject to the terms and conditions of this offer, we will amend options to purchase a total of approximately 114,695 shares of our common stock, or approximately 0.01% of the total shares of our common stock outstanding as of March 13, 2007, and the maximum aggregate cash payments payable pursuant to the offer will be $67,142.

General terms of amended options.

If we have accepted your election to amend your options, you will receive the consideration described in Section 2 of this Offer to Amend. Each amended option will be amended on the amendment date and time (expected to be Monday, April 16, 2007). All amended options will be evidenced by an “Amendment(s) to Stock Option Agreements and
Promise to Make Cash Payment”, which will be sent to you promptly after the expiration of the offer.

Except for the new exercise price of your amended options, the terms and conditions of your amended options will remain the same as the terms and conditions of your eligible options (as described in Section 2).

The following description summarizes the material terms of the Plan. Our statements in this Offer to Amend concerning the Plan and the amended options are merely summaries and do not purport to be complete. The statements are subject to, and are qualified in their entirety by reference to, the Plan, and the form of option agreement under the Plan, which have been filed as exhibits to the Schedule TO of which this offer is a part. Please email stockquestions@apple.com or contact Sheri Parker at 408-974-2683 to receive a copy of the Plan and the form of option agreement thereunder. We will promptly furnish you copies of these documents upon request at our expense.

Summary of the Plan.

In August 1997, Apple’s Board of Directors approved the 1997 Employee Stock Option Plan, a non-shareholder approved plan for grants of stock options to employees who are not officers of Apple. Based on the terms of individual option grants, options granted under the Plan generally expire 7 to 10 years after the grant date and generally become exercisable over a period of 4 years, based on continued employment, with either annual or quarterly vesting. In October 2003, Apple terminated the Plan and cancelled all 28,590,702 remaining unissued shares. No new options can be granted from the Plan. As of March 13, 2007, the maximum number of shares of common stock subject to options currently outstanding under the Plan is approximately 14,599,908 shares.

Term of options.

The term of options granted under the Plan is as stated in the option agreements. All options amended pursuant to this offer will expire on the same date as the scheduled expiration of the eligible options they amend. Amended options will expire earlier upon your termination of employment with Apple, in accordance with terms of the Plan.

Termination of employment.

If you are currently an employee of Apple, your employment or other service will remain “at-will” regardless of your participation in the offer and can be terminated by you or us at any time, with or without cause or notice. If your employment terminates before the expiration of the offer, you will not be eligible to participate in this offer.

Options granted under the Plan generally are exercisable, to the extent vested, for ninety (90) days from the date of termination if the optionee’s employment terminates for a reason other
than his or her death. If the optionee’s employment or other service terminates by reason of death, the optionee generally will have six (6) months from the date of termination to exercise the vested portion of the options.

If you participate in this offer, any amended options will continue to be subject to the same vesting schedule in place under the terms of your option immediately prior to such amendment. If you participate in this offer, you will be entitled to receive a cash payment, less any applicable tax withholding, regardless of whether you remain employed with or otherwise in service to the Company on the actual cash payment date, which will be on or promptly following January 25, 2008.

**Exercise price.**

The Administrator generally determines the exercise price at the time the option is granted. The amended options will have an exercise price equal to the fair market value of the underlying stock on the original option’s grant date.

**Vesting and exercise.**

The Administrator generally determines the terms of vesting. Any amended option you receive will be subject to the same vesting schedule as the option it amends, and you will receive vesting credit for any vesting credit that accrued under the original option. That means that upon the amendment date and time, your amended options will be vested to the same extent and will continue to vest at the same rate as the options they amend. Continued vesting is subject to your continued employment with us through each relevant vesting date.

**Adjustments upon certain events.**

Although we do not currently anticipate any such merger or acquisition, if we merge or consolidate into, or are acquired by, another entity, prior to the expiration of the offer, you may choose to withdraw any options with respect to which you elected to accept this offer and your options will be treated in accordance with the Plan and with your option agreement. Further, if we are acquired prior to the expiration of the offer, we reserve the right to withdraw the offer, in which case your options and your rights under them will remain intact and remain exercisable for the time period set forth in your option agreement, and you will receive no amended options, cash payments or other consideration for the options. If we are acquired prior to the expiration of the offer but do not withdraw the offer, we (or the successor entity) will notify you of any material changes to the terms of the offer or amended options, including any additional adjustments to the exercise price or number of shares that will be subject to the amended options. Under such circumstances, we expect that the type of security and the number of shares covered by each amended option would be adjusted based on the consideration per share given to holders of options to acquire our common stock that are outstanding at the time of the acquisition. Such amended options will generally have an exercise price equal to the closing price of the acquirer’s stock on the date of the expiration of the offer. As a result of such adjustments, you may receive options for more or fewer shares of the acquirer’s common stock than the number of shares subject to the eligible options with respect to which you accept this offer or than the number you would have received pursuant to an amended option if no acquisition had occurred.
You should be aware that these types of transactions could significantly affect our stock price, including potentially substantially increasing the price of our shares. Depending on the timing and structure of a transaction of this type, you might lose the benefit of any price appreciation in our common stock resulting from a merger or acquisition. This could result in option holders who do not participate in this offer receiving a greater financial benefit than option holders who do participate, even after taking into account the potential adverse tax consequences of not participating. In addition, your amended options may be exercisable for stock of the acquirer, not Apple common stock, while option holders who decide not to participate in this offer might be able to exercise their options before the effective date of the merger or acquisition and sell their Apple common stock before the effective date.

If we are acquired, it is possible that an acquirer could terminate your employment or other service and therefore, to the extent that you have any amended options subject to vesting, such options will cease to vest and will terminate in accordance with their terms. Regardless of whether you remain an employee or other service provider on the scheduled payment date, you will still receive any payments to which you are entitled as a result of your participation in this offer.

Finally, if we are acquired after the options for which you have chosen to accept this offer have been accepted for amended options, the treatment of your amended options in such a transaction will be governed by the terms of the transaction agreement or the terms of the Plan and as amended in accordance with this offer.

Changes in Capitalization.

The Plans generally provides that in the event of any stock split, stock dividend, combination or reclassification, or other increase or decrease in the number of issued shares of common stock effected without receipt of consideration, the Administrator will proportionately adjust the number of shares of common stock which may be delivered under the Plan, and the number and price of shares of common stock subject to outstanding awards thereunder.

Transferability of options.

Options granted under the Plan generally may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent or distribution or pursuant to a qualified domestic relations order as defined by the Internal Revenue Code or Title I of the Employee Retirement Income Security Act, or the rules thereunder.

Registration of shares underlying the options.

All of the shares of Apple common stock issuable upon exercise of amended options have been registered under the United States Securities Act of 1933, as amended (the “Securities Act”), on registration statements on Form S-8 filed with the SEC. Unless you are an employee who is considered an affiliate of Apple for purposes of the Securities Act, you will be able to sell the shares issuable upon exercise of your amended options free of any transfer restrictions under applicable United States securities laws.
United States federal income tax consequences.

You should refer to Section 14 of this Offer to Amend for a discussion of the United States federal income tax consequences of the amended options and the options with respect to which you choose to accept this offer, as well as the consequences of accepting or rejecting this offer. We strongly recommend that you consult with your own advisors to discuss the consequences to you of participating or not participating in this offer.

In addition, some states, including California, may impose additional penalty taxes. We strongly recommend that you consult with your financial, legal and/or tax advisors regarding any tax consequences, including any state tax consequences.

Federal income tax consequences in multiple jurisdictions.

If you are a citizen or resident of the United States, and are also subject to the tax laws of another non-United States jurisdiction, you should be aware that there might be other tax and social insurance consequences that may apply to you. We strongly recommend that you consult with your own advisors to discuss the consequences to you of participating or not participating in this offer.

10. Information concerning the Company.

Apple was incorporated under the laws of the State of California on January 3, 1977.

Apple designs, manufactures, and markets personal computers and related software, services, peripherals, and networking solutions. Apple also designs, develops, and markets a line of portable digital music players along with related accessories and services, including the online sale of third-party audio and video products. Apple’s products and services include the Macintosh® line of desktop and portable computers, the Mac OS® X operating system, the iPod® line of portable digital music players, the iTunes Store®, a portfolio of peripherals that support and enhance the Macintosh and iPod product lines, a portfolio of consumer and professional software applications, a variety of other service and support offerings, and the Xserve® and Xserve RAID server and storage products. Apple sells its products worldwide through its online stores, its retail stores, its direct sales force, and third-party wholesalers, resellers, and value-added resellers. In addition, Apple sells a variety of third-party Macintosh and iPod compatible products including application software, printers, storage devices, speakers, headphones, and various other accessories and supplies through its online and retail stores. Apple sells to education, consumer, creative professional, business, and government customers. Apple’s fiscal year typically ends on the last Saturday of September.

Our principal executive offices are located at 1 Infinite Loop, Cupertino, California 95014, U.S.A., and our telephone number is (408) 996-1010. If you have questions regarding how to participate in this offer please email stockquestions@apple.com or contact Sheri Parker at 408-974-2683.

A summary of the financial information included in our annual report on Form 10-K for the fiscal year ended September 30, 2006 and in our quarterly report on Form 10-Q for the fiscal
The book value per share of Apple’s common stock was $13.05 at December 30, 2006.

11. Interests of directors and executive officers; transactions and arrangements concerning the options.

A list of our current directors and executive officers is attached to this Offer to Amend as Schedule A. None of our current or former executive officers is an eligible option holder. None of our current or former directors is an eligible option holder.

Except as set forth below, neither we, nor any of our directors or executive officers, nor any affiliates of Apple, were engaged in transactions involving eligible options during the 60 days before and including the commencement of this offer.

Anthony Fadell, one of our executive officers, exercised 2,000 eligible options on February 6, 2007, at an average exercise price of $12.125 per share.

12. Status of options amended by us in the offer; accounting consequences of the offer.

Options that we accept for amendment through the acceptance of elections under this offer will be amended under the Plan.

Apple expects to record additional stock-based compensation as a charge against earnings based on the difference between the fair value of the options as of the closing of the offer period and the fair value of each amended eligible option. We will not be able to determine the amount of Apple’s compensation expense until the closing of the offer period because it depends on the price of our common stock as of the closing of the offer period, but we do not expect that the compensation expense will be material to our financial statements.

13. Legal matters; regulatory approvals.

We are not aware of any license or regulatory permit that appears to be material to our business that might be adversely affected by our acceptance of options for amendment and issuance of amended options as contemplated by the offer, or of any approval or other action by any government or governmental, administrative or regulatory authority or agency or any NASDAQ Global Select Market listing requirements that would be required for the amendment or ownership of our options as contemplated herein. Should any additional approval or other action be required, we presently contemplate that we will seek such approval or take such other
action. We cannot assure you that any such approval or other action, if needed, could be obtained or what the conditions imposed in connection with such approvals would entail or whether the failure to obtain any such approval or other action would result in adverse consequences to our business. Our obligation under the offer to accept elections for eligible options and to issue amended options is subject to the conditions described in Section 7 of this Offer to Amend.

If we are prohibited by applicable laws or proposed tax regulations from amending options on the amendment date and time, we will not amend any options subject to such provisions. We are unaware of any such prohibition at this time, and we will use reasonable efforts to affect the amendment, but if the amendment is prohibited on the amendment date and time we will not amend any options subject to such provisions.


If You Participate in this Offer.

As a result of participation in this offer, you may avoid potentially adverse tax consequences associated with your eligible options. Please read this section carefully, as well as the following section summarizing the potential tax consequences to you if you decide to keep your current options.

The following is a summary of the material United States federal income tax consequences of participating in the offer for those eligible option holders subject to United States federal income tax. This discussion is based on the United States Internal Revenue Code of 1986, as amended, its legislative history, final or proposed tax regulations thereunder and administrative and judicial interpretations (the “Code” or “Internal Revenue Code”) as of the date of this Offer to Amend, all of which are subject to change, possibly on a retroactive basis. The federal tax laws may change and the federal, state and local tax consequences for each eligible option holder will depend upon that eligible option holder’s individual circumstances. This summary does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of option holders. We strongly recommend that you consult with your financial, legal and/or tax advisors to discuss the consequences to you of this transaction.

If you are subject to taxation in the United States, and are also subject to the tax laws of another country, you should be aware that there might be other tax and social insurance consequences that may apply to you. In addition, some states, including California, may impose additional penalty taxes on the amounts subject to the 20% federal penalty tax. We strongly recommend that you consult with your financial, legal and/or tax advisors to discuss the consequences to you of this transaction.

We strongly recommend that you consult your financial, legal and/or tax advisors regarding the federal, state and local tax consequences of participating in the offer, as the related tax consequences to you are dependent on your individual tax situation. If you have any general questions regarding the terms of this offer or requests for general tax information about this offer please email stockquestions@apple.com or contact Sheri Parker at 408-974-2683.
Cash payments.

The cash payments you will receive in connection with the amendment of your eligible options under this offer will be taxable to you as ordinary compensation income. We generally will be entitled to a deduction equal to the amount of ordinary compensation income taxable to you if we comply with eligible reporting requirements. If you were an employee of Apple at the time the eligible options for which you accepted this offer were granted, any income recognized upon your receipt of a cash payment will constitute wages for which withholding will be required.

Amended options.

If you are an eligible option holder who chooses to accept this offer for your eligible options, you should not be required to recognize income for United States federal income tax purposes at the time of the acceptance and amendment of such options. We believe that the acceptance and amendment of options will be treated as a non-taxable exchange for United States federal income tax purposes.

All eligible options are nonqualified stock options for purposes of United States tax law. Your amended options will continue to be nonqualified stock options for purposes of United States tax law. Under current United Stated tax law, an option holder generally will not realize taxable income upon the grant of a nonqualified stock option. However, when an option holder exercises the option, the difference between the exercise price of the option and the fair market value of the shares subject to the eligible option on the date of exercise will be ordinary compensation income taxable to the option holder in the year of exercise. As a result of Section 409A, however, nonqualified stock options granted with an exercise price below the fair market value of the underlying stock may, to the extent the option was not vested on or before December 31, 2004, be taxable to a participant before he or she exercises an award. If you elect to participate in this offer, your eligible options that are amended should no longer be subject to the adverse tax consequences under Section 409A that this offer was designed to allow you to avoid.

We generally will be entitled to a deduction equal to the amount of compensation income taxable to the option holder if we comply with eligible reporting requirements.

If you were an employee of Apple at the time of the grant of the option, any income recognized upon exercise of a nonqualified stock option generally will constitute wages for which withholding will be required.

In addition, if you are a resident of more than one country, you should be aware that there might be tax and social insurance consequences for more than one country that may apply to you. In addition, some states, including California, may impose additional penalty taxes on the amounts subject to the 20% federal penalty tax. We strongly recommend that you consult with your financial, legal and/or tax advisors regarding the federal, state and local tax consequences of participating in the offer. If you have general questions regarding the terms of this offer or requests for general tax information about this offer please email stockquestions@apple.com or contact Sheri Parker at 408-974-2683.
The following is a summary of the material United States federal income tax consequences of declining to participate in the offer for those eligible option holders subject to United States federal income tax. This discussion is based on the United States Internal Revenue Code, its legislative history, treasury proposed tax regulations thereunder and administrative and judicial interpretations as of the date of this Offer to Amend, all of which are subject to change, possibly on a retroactive basis. The federal tax laws may change and the federal, state and local tax consequences for each eligible option holder will depend upon that eligible option holder’s individual circumstances. This summary does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of option holders. If you are subject to taxation in the United States, and are also subject to the tax laws of another country, you should be aware that there might be other tax and social security consequences that may apply to you. In addition, some states, including California, may impose additional penalty taxes on the amounts subject to the 20% federal penalty tax. We strongly recommend that you consult with your own advisors to discuss the consequences to you of this transaction.

We strongly recommend that you consult your financial, legal and/or tax advisors regarding the federal, state and local tax consequences of participating in the offer, as the tax consequences to you are dependent on your individual tax situation. If you have general questions regarding the terms of this offer or requests for general tax information about this offer please email stockquestions@apple.com or contact Sheri Parker at 408-974-2683.

Your decision not to accept this offer for your eligible options could result in potentially adverse tax consequences to you. Please read this section carefully and talk to your tax advisors about your decision regarding participation in this offer.

Section 409A and proposed tax regulations under the American Jobs Creation Act of 2004 provide that stock options granted with an exercise price lower than the fair market value of the underlying stock on the date the grant was actually finalized must have fixed exercise dates to avoid early income recognition and an additional 20% tax. None of the eligible options have fixed exercise dates and therefore they may subject the eligible option holders to income recognition before the options are exercised and would subject the eligible option holders to the additional 20% penalty tax on the income recognized, plus possibly an interest charge. Further, it is possible that during each subsequent tax year (until the option is exercised), the increase in value of the underlying stock will be taxed and may also be subject to the additional 20% penalty tax on the income recognized and a potential interest charge.

Uncertainty

Unfortunately, the Internal Revenue Service (the “IRS”) has not issued definitive final guidance under Section 409A. It is possible that final guidance issued by the IRS may differ from our current good-faith interpretation of the law and that you and your personal tax advisor may advocate a position under the current statute and IRS guidance that your eligible options are exempt from Section 409A. We cannot guarantee the effect of any future IRS guidance and will work as quickly as practicable when future guidance is issued to analyze it and provide information to our eligible option holders regarding such guidance.
Apple cannot guarantee any particular tax results related to your options; furthermore, there is uncertainty because the proposed tax regulations are not final. Because this offer involves complex tax considerations, we urge you to consult your financial, legal and/or tax advisor before you make any decisions about participating in this offer.

In addition, if you are subject to taxation in the United States, and also are subject to taxation in another country, there may be additional tax consequences relating to your participation in this offer. **Further, some states, including California, may impose additional penalty taxes on the amounts subject to the 20% federal penalty tax. We strongly recommend that you consult with your financial, legal and/or tax advisors regarding any tax consequences, including any state tax consequences.**

15. **Extension of offer; termination; amendment.**

We reserve the right, at our discretion, at any time and regardless of whether or not any event listed in Section 7 of this Offer to Amend has occurred or is deemed by us to have occurred, to extend the period of time during which the offer is open and delay the acceptance for amendment of any options. If we elect to extend the period of time during which this offer is open, we will give you written notice of the extension and delay, as described below. If we extend the expiration of the offer, we will also extend your right to withdraw elections for eligible options until the new date of the expiration of the offer. In the case of an extension, we will issue an email or other form of communication no later than 6:00 a.m., Pacific Time, on the next U.S. business day after the previously scheduled expiration of the offer.

We also reserve the right, in our reasonable judgment, before the expiration of the offer to terminate or amend the offer and to postpone the expiration of the offer (resulting in a delay of our acceptance and amendment of any options for which elections have been made) if any of the events listed in Section 7 of this Offer to Amend occurs, by giving written notice of the termination or postponement to you or by making a public announcement of the termination. Our reservation of the right to delay our acceptance and amendment of options for which elections have been made is limited by Rule 13e-4(f)(5) under the Exchange Act which requires that we must pay the consideration offered or return the options promptly after termination or withdrawal of an offer like this.

Subject to compliance with applicable law, we further reserve the right, before the expiration of the offer, in our discretion, and regardless of whether any event listed in Section 7 of this Offer to Amend has occurred or is deemed by us to have occurred, to amend the offer in any respect, including by decreasing or increasing the consideration offered in this offer to option holders or by decreasing or increasing the number of options being sought in this offer. As a reminder, if a particular option expires after commencement, but before amendment under the offer, that particular option is not eligible for amendment. Therefore, if we extend the offer for any reason and if a particular option for which an election to accept the offer was made before the originally scheduled expiration of the offer expires after such originally scheduled expiration of the offer but before the actual amendment date and time under the extended offer, that option would not be eligible for amendment.
The minimum period during which the offer will remain open following material changes in the terms of the offer or in the information concerning the offer, other than a change in the consideration being offered by us or a change in amount of existing options sought, will depend on the facts and circumstances of such change, including the relative materiality of the terms or information changes. If we modify the number of eligible options being sought in this offer or the consideration being offered by us for the eligible options in this offer, the offer will remain open for at least ten U.S. business days from the date of notice of such modification. If any term of the offer is amended in a manner that we determine constitutes a material change adversely affecting any holder of eligible options, we will promptly disclose the amendments in a manner reasonably calculated to inform holders of eligible options of such amendment, and we will extend the offer’s period so that at least five U.S. business days, or such longer period as may be required by the tender offer rules, remain after such change.

For purposes of the offer, a “business day” means any day other than a Saturday, Sunday or a United States federal holiday and consists of the time period from 12:01 a.m. through 12:00 midnight, U.S. Eastern Time.

16. **Fees and expenses.**

We will not pay any fees or commissions to any broker, dealer or other person for soliciting elections for this offer.

17. **Additional information.**

This Offer to Amend is part of a Tender Offer Statement on Schedule TO that we have filed with the SEC. This Offer to Amend does not contain all of the information contained in the Schedule TO and the exhibits to the Schedule TO. We recommend that you review the Schedule TO, including its exhibits, and the following materials that we have filed with the SEC before making a decision on whether to elect to accept this offer for your options:

1. Our annual report on Form 10-K for our fiscal year ended September 30, 2006, filed with the SEC on December 29, 2006;
2. Our revised definitive proxy statement on Schedule 14A for our 2006 annual meeting of shareholders, filed with the SEC on March 14, 2006;
3. Our quarterly report on Form 10-Q for our fiscal quarter ended December 30, 2006 filed with the SEC on February 2, 2007;
4. Our current reports on Form 8-K as filed with the SEC on January 10, 2007 and February 21, 2007; and
5. The description of our Common Stock contained in our Registration Statement on Form 8-A filed with the SEC on October 30, 1981 and any further amendment or report filed hereafter for the purpose of updating such description.
The SEC file number for these filings is 000-0320193. These filings, our other annual, quarterly and current reports, our proxy statements and our other SEC filings may be examined, and copies may be obtained, at the SEC’s public reference room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the public reference room by calling the SEC at (202) 551-8090. Our SEC filings are also available to the public on the SEC’s Internet site at www.sec.gov.

Each person to whom a copy of this Offer to Amend is delivered may obtain a copy of any or all of the documents to which we have referred you, other than exhibits to such documents, unless such exhibits are specifically incorporated by reference into such documents, at no cost, by emailing stockquestions@apple.com or contacting Sheri Parker at 408-974-2683.

As you read the documents listed above, you may find some inconsistencies in information from one document to another. If you find inconsistencies between the documents, or between a document and this Offer to Amend, you should rely on the statements made in the most recent document.

The information contained in this Offer to Amend about us should be read together with the information contained in the documents to which we have referred you, in making your decision as to whether or not to participate in this offer.

18. Financial statements.

Attached as Schedule B to this Offer to Amend is our summary financial information for our annual report on Form 10-K for our fiscal year ended September 30, 2006 and our quarterly report on Form 10-Q for our fiscal quarter ended December 30, 2006. More complete financial information may be obtained by accessing our public filings with the SEC by following the instructions in Section 17 of this Offer to Amend.

19. Miscellaneous.

We are not aware of any jurisdiction where the making of the offer is not in compliance with applicable law. If we become aware of any jurisdiction where the making of the offer is not in compliance with any valid applicable law, we will make a good faith effort to comply with such law. If, after such good faith effort, we cannot comply with such law, the offer will not be made to, nor will options be accepted from the option holders residing in such jurisdiction.

We have not authorized any person to make any recommendation on our behalf as to whether you should elect to accept this offer to amend your options. Apple will prepare communications regarding this offer and provide general tax information to eligible option holders regarding this offer. Apple will not provide tax advice specific to an individual’s circumstances or make any tax recommendation. You should rely only on the information in this document or documents to which we have referred you. We have not authorized anyone to give you any information or to make any representations in connection with the offer other than the information and representations contained in this Offer to Amend the Exercise Price of Certain Options and in the related offer documents. If anyone makes any recommendation or representation to you or gives you any information, you must not rely upon that recommendation, representation or information as having been authorized by us.

38
The current directors and executive officers of Apple Inc. are set forth in the following table:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position and Offices Held</th>
</tr>
</thead>
<tbody>
<tr>
<td>William V. Campbell</td>
<td>Co-lead Director</td>
</tr>
<tr>
<td>Millard S. Drexler</td>
<td>Director</td>
</tr>
<tr>
<td>Albert A. Gore, Jr.</td>
<td>Director</td>
</tr>
<tr>
<td>Steven P. Jobs</td>
<td>Director and Chief Executive Officer</td>
</tr>
<tr>
<td>Arthur D. Levinson</td>
<td>Co-lead Director</td>
</tr>
<tr>
<td>Eric E. Schmidt</td>
<td>Director</td>
</tr>
<tr>
<td>Jerome B. York</td>
<td>Director</td>
</tr>
<tr>
<td>Timothy D. Cook</td>
<td>Chief Operating Officer</td>
</tr>
<tr>
<td>Anthony Fadell</td>
<td>Senior Vice President, iPod Division</td>
</tr>
<tr>
<td>Ronald B. Johnson</td>
<td>Senior Vice President, Retail</td>
</tr>
<tr>
<td>Peter Oppenheimer</td>
<td>Senior Vice President and Chief Financial Officer</td>
</tr>
<tr>
<td>Donald J. Rosenberg</td>
<td>Senior Vice President, General Counsel and Secretary</td>
</tr>
<tr>
<td>Philip W. Schiller</td>
<td>Senior Vice President, Worldwide Product Marketing</td>
</tr>
<tr>
<td>Bertrand Serlet, Ph.D.</td>
<td>Senior Vice President, Software Engineering</td>
</tr>
<tr>
<td>Sina Tamaddon</td>
<td>Senior Vice President, Applications</td>
</tr>
</tbody>
</table>

Our current and former executive officers and directors are not eligible to participate in this offer.

The address of each director and executive officer is: c/o Apple Inc., 1 Infinite Loop, Cupertino, California 95014, U.S.A. and the telephone number is (408) 996-1010.
## SCHEDULE B

**SUMMARY FINANCIAL INFORMATION**

**OF APPLE INC. AND SUBSIDIARIES**

(In millions, except share and per share amounts)

<table>
<thead>
<tr>
<th></th>
<th>For the Three Months Ended</th>
<th>For the Fiscal Year Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>December 30, 2006</td>
<td>September 30, 2006</td>
</tr>
<tr>
<td>Net sales</td>
<td>$7,115</td>
<td>$19,315</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>$4,895</td>
<td>$13,717</td>
</tr>
<tr>
<td>Operating income</td>
<td>$1,322</td>
<td>$2,453</td>
</tr>
<tr>
<td>Net income</td>
<td>$1,004</td>
<td>$1,989</td>
</tr>
<tr>
<td><strong>Earnings per common share:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>$1.17</td>
<td>$2.36</td>
</tr>
<tr>
<td>Diluted</td>
<td>$1.14</td>
<td>$2.27</td>
</tr>
<tr>
<td>Shares used in computing earnings per share (in thousands):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>857,691</td>
<td>844,058</td>
</tr>
<tr>
<td>Diluted</td>
<td>883,297</td>
<td>877,526</td>
</tr>
<tr>
<td>Cash, cash equivalents, and short-term investments</td>
<td>$11,869</td>
<td>$10,110</td>
</tr>
<tr>
<td>Current assets</td>
<td>$16,664</td>
<td>$14,509</td>
</tr>
<tr>
<td>Noncurrent assets</td>
<td>$2,797</td>
<td>$2,696</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>$7,337</td>
<td>$6,471</td>
</tr>
<tr>
<td>Noncurrent liabilities</td>
<td>$896</td>
<td>$750</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>$11,228</td>
<td>$9,984</td>
</tr>
</tbody>
</table>

B-1