
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

July 14, 2004

Date of Report (date of earliest event reported)

APPLE COMPUTER, INC.

(Exact name of Registrant as specified in its charter)

California

(State or other jurisdiction of
incorporation or
organization)

0-10030

(Commission File Number)

94-2404110

(I.R.S. Employer
Identification Number)

1 Infinite Loop, Cupertino, CA 95014

(Address of principal executive offices)

(408) 996-1010

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed
since last report)

Item 7. Financial Statements and Exhibits

(c) Exhibits

The following exhibits are furnished herewith:

Exhibit Number	Description
99.1	Text of press release issued by Apple Computer, Inc. dated July 14, 2004.
99.2	Data sheet issued by Apple Computer, Inc. dated July 14, 2004.

Item 12. Results of Operations and Financial Condition

On July 14, 2004, Apple Computer, Inc. (Apple) issued a press release regarding Apple's financial results for its third fiscal quarter ended June 26, 2004 and a related data sheet. A copy of Apple's press release is attached hereto as Exhibit 99.1 and a copy of the related data sheet is attached hereto as Exhibit 99.2.

The information contained in this Current Report shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: July 14, 2004

APPLE COMPUTER, INC.

By: /s/ Peter Oppenheimer
Peter Oppenheimer
Senior Vice President and
Chief Financial Officer

EXHIBIT INDEX

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Apple Reports Third Quarter Results

Revenue Increases 30 Percent and Net Profit Triples Year-Over-Year

CUPERTINO, California—July 14, 2004—Apple® today announced financial results for its fiscal 2004 third quarter ended June 26, 2004. For the quarter, the Company posted a net profit of \$61 million, or \$.16 per diluted share. These results compare to a net profit of \$19 million, or \$.05 per diluted share, in the year-ago quarter. Revenue for the quarter was \$2.014 billion, up 30 percent from the year-ago quarter. Gross margin was 27.8 percent, up from 27.7 percent in the year-ago quarter. International sales accounted for 39 percent of the quarter's revenue.

The quarter's results include an after-tax restructuring charge of \$6 million. Excluding this charge, the Company's net profit for the quarter would have been \$67 million, or \$.17 per diluted share.

Apple shipped 876 thousand Macintosh® units and 860 thousand iPods during the quarter, representing a 14 percent increase in CPU units and a 183 percent increase in iPods over the year-ago quarter.

“It was an outstanding quarter—our highest third quarter revenue in eight years,” said Steve Jobs, Apple's CEO. “Our Mac-based revenue grew a healthy 19 percent, and our music-based revenue grew an incredible 162 percent. We've got a strong product portfolio, with some amazing new additions coming later this year.”

“We were very pleased with our 30 percent year-over-year revenue growth and our operating margin expansion,” said Peter Oppenheimer, Apple's CFO. “Looking ahead to the fourth quarter of fiscal 2004, we expect revenue of about \$2.1 billion and earnings per diluted share of \$.16 to \$.17, including \$.01 per diluted share in restructuring charges.”

Non-GAAP Measures

The Company believes that presentation of results excluding items such as restructuring charges and investment gains provides meaningful supplemental information to both management and investors that is indicative of the Company's core operating results and facilitates comparison of operating results across reporting periods.

Apple will provide live streaming of its Q3 2004 financial results conference call utilizing QuickTime™, Apple's standards-based technology for live and on-demand audio and video streaming. The live webcast will begin at 2:00 p.m. PDT on Wednesday, July 14, 2004 at <http://www.apple.com/quicktime/qtv/earningsq304/> and will also be available for replay. The QuickTime player is available free for Macintosh and Windows users at www.apple.com/quicktime.

This press release contains forward-looking statements about the Company's estimated revenue and earnings for the fourth quarter of fiscal 2004. These statements involve risks and uncertainties and actual results may differ. Potential risks and uncertainties include continued competitive pressures in the marketplace; the effect competitive and economic factors and the Company's reaction to them may have on consumer and business buying decisions with respect to the Company's products; the ability of the Company to make timely delivery of new programs, products and successful technological innovations to the marketplace; the continued availability of certain components and services essential to the Company's business currently obtained by the Company from sole or limited sources, including the timely resolution of manufacturing issues associated with the G5 microprocessors used in many of the Company's Macintosh systems; possible disruption in commercial activities caused by terrorist activity and armed conflict, such as changes in logistics and security arrangements, and reduced end-user purchases relative to expectations; possible disruption in commercial activity as a result of major health concerns, such as Severe Acute Respiratory Syndrome (SARS); risks associated with the Company's retail initiative including significant investment cost, uncertain consumer acceptance and potential impact on existing reseller relationships; the effect that the Company's dependency on manufacturing and logistics services provided by third-parties may have on the quality or quantity of products manufactured; the Company's reliance on the availability of third-party music content, and the ability of the Company to successfully evolve its operating system and attract sufficient Macintosh developers. More information on potential factors that could affect the Company's financial results is included from time to time in the Company's public reports filed with the SEC, including the Company's Form 10-K for the fiscal year 2003; the Company's Forms 10-Q for the quarters ended December 27, 2003 and March 27, 2004; and the Company's Form 10-Q for the quarter ended June 26, 2004 to be filed with the SEC. The Company assumes no obligation to update any forward-looking statements or information, which speak as of their respective dates.

Apple ignited the personal computer revolution in the 1970s with the Apple II and reinvented the personal computer in the 1980s with the Macintosh. Today, Apple continues to lead the industry in innovation with its award-winning desktop and notebook computers, OS X operating system, and iLife and professional applications. Apple is also spearheading the digital music revolution with its iPod portable music players and iTunes online music store.

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NOTE TO EDITORS: For additional information visit Apple's PR web site (<http://www.apple.com/pr/>) or call Apple's Media Helpline at (408) 974-2042

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UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions, except share amounts)

	<u>June 26, 2004</u>	<u>September 27, 2003</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 3,120	\$ 3,396
Short-term investments	1,846	1,170
Accounts receivable, less allowances of \$47 and \$49, respectively	629	766
Inventories	72	56
Deferred tax assets	227	190
Other current assets	392	309
Total current assets	<u>6,286</u>	<u>5,887</u>
Property, plant, and equipment, net	684	669
Goodwill	80	85
Acquired intangible assets	19	24
Other assets	154	150
Total assets	<u>\$ 7,223</u>	<u>\$ 6,815</u>
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 1,061	\$ 1,154
Accrued expenses	1,094	899
Current debt	—	304
Total current liabilities	<u>2,155</u>	<u>2,357</u>
Deferred tax liabilities and other non-current liabilities	256	235
Total liabilities	<u>2,411</u>	<u>2,592</u>
Commitments and contingencies		
Shareholders' equity:		
Common stock, no par value; 900,000,000 shares authorized; 385,192,286 and 366,726,584 shares issued and outstanding, respectively	2,369	1,926
Deferred stock compensation	(103)	(62)
Retained earnings	2,564	2,394
Accumulated other comprehensive income (loss)	(18)	(35)
Total shareholders' equity	<u>4,812</u>	<u>4,223</u>
Total liabilities and shareholders' equity	<u>\$ 7,223</u>	<u>\$ 6,815</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except share and per share amounts)

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	June 26, 2004	June 28, 2003	June 26, 2004	June 28, 2003
Net sales	\$ 2,014	\$ 1,545	\$ 5,929	\$ 4,492
Cost of sales	1,455	1,117	4,304	3,240
Gross margin	<u>559</u>	<u>428</u>	<u>1,625</u>	<u>1,252</u>
Operating expenses:				
Research and development	125	120	367	360
Selling, general, and administrative	354	299	1,042	898
Restructuring costs	8	—	18	26
Total operating expenses	<u>487</u>	<u>419</u>	<u>1,427</u>	<u>1,284</u>
Operating income (loss)	72	9	198	(32)
Other income and expense:				
Gain on sales of non-current investments	—	2	4	2
Interest and other income, net	13	15	34	67
Total other income and expense	<u>13</u>	<u>17</u>	<u>38</u>	<u>69</u>
Income before provision for income taxes	85	26	236	37
Provision for income taxes	<u>24</u>	<u>7</u>	<u>66</u>	<u>10</u>
Income before accounting change	<u>61</u>	<u>19</u>	<u>170</u>	<u>27</u>
Cumulative effect of accounting change, net	<u>—</u>	<u>—</u>	<u>—</u>	<u>(2)</u>
Net income	<u>\$ 61</u>	<u>\$ 19</u>	<u>\$ 170</u>	<u>\$ 25</u>
Earnings per common share before accounting change:				
Basic	\$ 0.16	\$ 0.05	\$ 0.46	\$ 0.07
Diluted	\$ 0.16	\$ 0.05	\$ 0.45	\$ 0.07
Earnings per common share:				
Basic	\$ 0.16	\$ 0.05	\$ 0.46	\$ 0.07
Diluted	\$ 0.16	\$ 0.05	\$ 0.45	\$ 0.07
Shares used in computing earnings per share (in thousands):				
Basic	375,023	360,793	367,606	360,113
Diluted	392,621	363,777	381,259	362,421

UNAUDITED NON-GAAP CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(In millions, except share and per share amounts)

THREE MONTHS ENDED JUNE 26, 2004

	As Reported	Non-GAAP Adjustments	Non-GAAP
Net sales	\$ 2,014		\$ 2,014
Cost of sales	1,455		1,455
Gross margin	559		559
Operating expenses:			
Research and development	125		125
Selling, general, and administrative	354		354
Restructuring costs	8	(8) ^(a)	—
Total operating expenses	487	(8)	479
Operating income	72	8	80
Other income and expense:			
Interest and other income, net	13		13
Total other income and expense	13		13
Income before provision for income taxes	85	8	93
Provision for income taxes	24	2 ^(b)	26
Net income	\$ 61	\$ 6	\$ 67
Earnings per common share:			
Basic	\$ 0.16		\$ 0.18
Diluted	\$ 0.16		\$ 0.17
Shares used in computing earnings per share (in thousands):			
Basic	375,023		375,023
Diluted	392,621		392,621

Notes:

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- (a) Pre-tax restructuring costs
(b) Tax impact of restructuring costs
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UNAUDITED NON-GAAP CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(In millions, except share and per share amounts)

NINE MONTHS ENDED JUNE 26, 2004

	As Reported	Non-GAAP Adjustments	Non-GAAP
Net sales	\$ 5,929		\$ 5,929
Cost of sales	4,304		4,304
Gross margin	1,625		1,625
Operating expenses:			
Research and development	367		367
Selling, general, and administrative	1,042		1,042
Restructuring costs	18	(18) (a)	—
Total operating expenses	1,427	(18)	1,409
Operating income	198	18	216
Other income and expense:			
Gain on sales of non-current investments	4	(4) (b)	—
Interest and other income, net	34		34
Total other income and expense	38	(4)	34
Income before provision for income taxes	236	14	250
Provision for income taxes	66	4(c)	70
Net income	\$ 170	\$ 10	\$ 180
Earnings per common share:			
Basic	\$ 0.46		\$ 0.49
Diluted	\$ 0.45		\$ 0.47
Shares used in computing earnings per share (in thousands):			
Basic	367,606		367,606
Diluted	381,259		381,259

Notes:

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- (a) Pre-tax restructuring costs
 - (b) Pre-tax gain on sales of non-current investments
 - (c) Tax impact of restructuring costs and gain on sales of non-current investments
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Apple Computer, Inc.
Q3'04 Unaudited Summary Data

	Q2'04 Actual		Q3'03 Actual		Q3'04 Actual		Sequential Change		Year/Year Change	
	CPU Units k	Rev \$m	CPU Units k	Rev \$m	CPU Units k	Rev \$m	Units	Revenue	Units	Revenue
Operating Segments										
Americas	361	\$ 881	452	\$ 831	472	\$ 1,018	31%	16%	4%	23%
Europe	187	449	144	297	191	408	2%	-9%	33%	37%
Japan	76	173	85	168	82	172	8%	-1%	-4%	2%
Retail	70	266	40	145	73	270	4%	2%	83%	86%
Other Segments (1)	55	140	50	104	58	146	5%	4%	16%	40%
Total Operating Segments	749	\$ 1,909	771	\$ 1,545	876	\$ 2,014	17%	6%	14%	30%
	Units k	Rev \$m	Units k	Rev \$m	Units k	Rev \$m	Sequential Change		Year/Year Change	
							Units	Revenue	Units	Revenue
Product Summary										
iMac (2)	217	\$ 252	287	\$ 301	243	\$ 235	12%	-7%	-15%	-22%
iBook	201	223	190	196	240	261	19%	17%	26%	33%
Power Mac (3)	174	349	133	234	173	332	-1%	-5%	30%	42%
PowerBook	157	336	161	363	220	435	40%	29%	37%	20%
Subtotal CPUs	749	1,160	771	1,094	876	1,263	17%	9%	14%	15%
iPod	807	264	304	111	860	249	7%	-6%	183%	124%
Other Music Products (4)	NM	60	NM	12	NM	73	NM	22%	NM	508%
Peripherals & Other HW	NM	238	NM	168	NM	219	NM	-8%	NM	30%
Software & Other	NM	187	NM	160	NM	210	NM	12%	NM	31%
Total Apple		\$ 1,909		\$ 1,545		\$ 2,014		6%		30%

(1) Other Segments include Asia Pacific and FileMaker.

(2) Includes eMac product line.

(3) Power Mac figures include server sales.

(4) Other Music Products consists of iTunes Music Store sales and iPod related services and accessories.

NM: Not Meaningful