

EXHIBIT 10

1 of 1 DOCUMENT

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Record third-quarter computer sales help lift profit 73% as iPhone results meet forecasts.

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All eyes were on the iPhone, but the Mac stole the show.

Apple Inc. on Wednesday said it sold 270,000 of its new iPhones during the two days they were on sale last quarter, roughly meeting analysts' expectations.

But the company's oldest product -- the computer -- delivered surprising growth. Consumers snapped up a record 1.76 million Macintosh computers during Apple's fiscal third quarter, up 33% from a year earlier. That far outpaced the industry overall, which shipped 12% more computers last quarter.

The computer boom fueled a 73% jump in profit and 24% increase in revenue.

Analysts said the sales figures showed the "halo effect" of Apple's push into new markets during the last decade: The iPod and iPhone are not only generating new sources of revenue but also getting people into Apple stores and boosting enthusiasm for its other products.

The news gave a jolt to Apple shares, which rose 9% to \$150.18 in after-hours trading. The stock had closed at \$137.12, up 2%, in the regular session.

"The Mac business was particularly strong," said Shaw Wu, an analyst at investment bank American Technology Research Inc. "That was the biggest surprise."

Mac sales propelled Apple's profit to \$818 million, or 92 cents a share, compared with \$472 million, or 54 cents, a year earlier. Revenue rose to \$5.41 billion in the period ended June 30.

Apple was expected to earn 72 cents a share on \$5.29 billion in revenue, according to a survey of analysts by Thomson Financial.

The growth in Apple's older, traditional business quietly happened at a time when the company made a splashy entrance into the cellphone market with the June 29 introduction of the iPhone -- the day before the quarter ended.

On Tuesday, AT&T Inc. -- Apple's cellular partner -- said it had activated just 146,000 phones in the first two days, sending Apple's stock down 6%. In a conference call with industry analysts Wednesday, Apple executives attributed the difference between the two numbers to activation delays on AT&T's part.

TECHNOLOGY; Macs power up earnings at Apple; Record third-quarter computer sales help lift profit 73% as iPhone results meet forecasts. Los Angeles Times July 26, 2007 Thursday

Apple predicted it would sell its 1 millionth iPhone by the end of the current quarter and enter the European market by the end of the year. Executives repeated their goal of selling 10 million iPhones by the end of 2008.

Cupertino, Calif.-based Apple is aiming to create a three-pronged business, with its Macintosh computers, iPod music and video players and the iPhone, which combines an iPod, a cellphone and a Web-surfing device.

Apple sold 9.8 million iPods in the three-month period, up 21%. The ubiquity of the device has made Apple a major player in the music industry. Apple's iTunes digital music store recently passed Amazon.com Inc. and Target Corp. to become the third-largest U.S. music seller, behind leader Wal-Mart Stores Inc. and Best Buy Co., according to research firm NPD Group.

Revenue from Apple's music-related products and services, which include iTunes, jumped 33% to \$608 million.

But it was Mac sales that showed surprising strength, particularly in a quarter that is usually not the strongest for computer makers, industry analysts said. Notebook computers accounted for 64% of all Macs sold in the quarter.

In the last quarter, Apple moved into a tie with Gateway Inc. for third place in sales of all computers, with 5.6% of the U.S. market. Dell Inc. is No. 1, followed by Hewlett-Packard Co.

Peter Oppenheimer, Apple's senior vice president and chief financial officer, credited renewed interest in the Apple brand. For the last several quarters, he said, "more than 50% of customers buying Macs in our stores were new to the Mac."

Andy Hargreaves, a consumer electronics analyst at Pacific Crest Securities, a technology investment bank in Portland, Ore., called Apple's financial performance "huge."

"Given the company's brand value now, the expectation for the iPhone is very strong," he said. "And it seems the company is living up to it."

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GRAPHIC: PHOTO: HOOKED UP: Nathan Alford with the two iPhones he bought for his boss last month at the Apple store in Century City. **PHOTOGRAPHER:** Lori Shepler Los Angeles Times

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