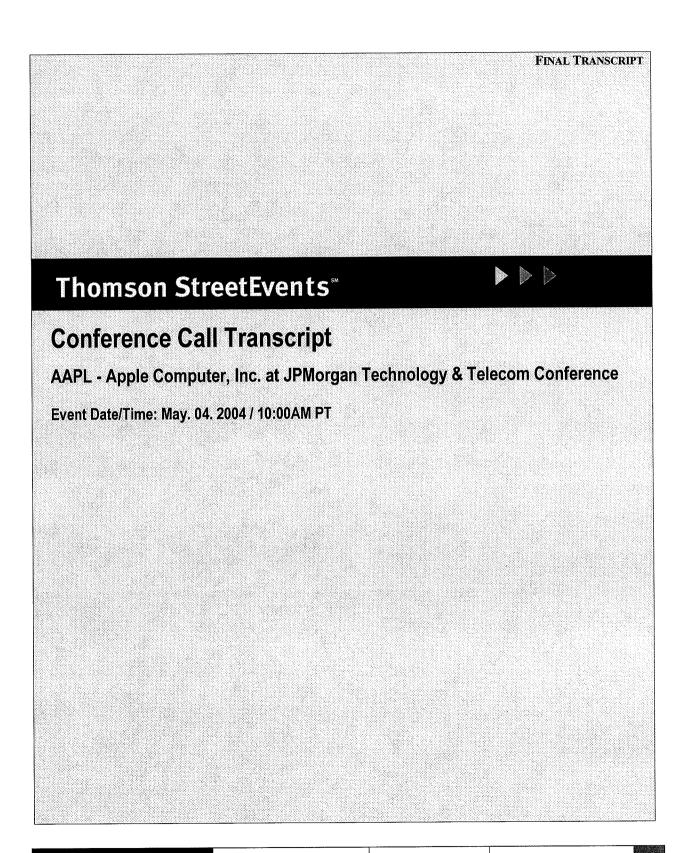
# EXHIBIT 17



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### CORPORATE PARTICIPANTS

Peter Oppenheimer

Apple Computer, Inc. - SVP Finance, Controller

## CONFERENCE CALL PARTICIPANTS

**Bill Shoppe** 

J.P. Morgan - Analyst

### **PRESENTATION**

### Bill Shoppe - J.P. Morgan - Analyst

Okay. Good morning and thank you all for joining us. I'm Bill Shoppe, J.P. Morgan's Enterprise and PC hardware analyst. It's our pleasure to host Apple Computer this morning. As you all know, Apple has been tremendously successful with its innovative desktop and notebook products. And over the past year they've revolutionized the digital music market with their iTunes Music Store and the tremendous success of their iPod.

This morning, we have Peter Oppenheimer with us. Peter is soon to be the Chief Financial Officer of Apple Computer taking over for Fred Anderson on June 1st.

So without any further ado, I will pass on to Peter.

#### Peter Oppenheimer - Apple Computer, Inc. - SVP Finance, Controller

Thank you. Good morning. Our attorneys have asked that begin by reading a quick statement. Please note that some of the information that you'll hear during the presentation may consist of forward-looking statements and that actual results or trends could differ materially from these statements. More information on potential risk factors that could affect our results are included in our public filings, including our 10-K, 10-Q for the first quarter and our 10-Q for the second quarter, which we will soon file.

I would like to talk with you this morning about four topics. The first is -- where we have been investing for growth. The second, our expanded product portfolio, expanded distribution. And the fourth, our growth opportunities.

Starting with our balance sheet. We have a rock solid balance sheet secured by about \$4.6 billion in cash. And Apple became debt free on February 17th when we repaid our 300 million in debt.

We are right up there with Dell in terms of asset management efficiency. We tend to run a 35 day negative cash conversion cycle. Which allows us to typically generate more cash than our net income.

Fiscal 2000 was a recent high watermark for our Company. We had \$8 billion of revenue and 8 percent operating margin, earned \$786 million and had a share price over \$70. At the end of that year, the economy turned down, the Internet bubble burst, and we hit the wall like everybody else.

In our first quarter, we brought our Company back to equilibrium. We reduced our channel inventory by half and wrote down parts that were in our supply chain. And from every quarter there forward, we were profitable.

However, we made a cautious decision to invest our way through the downturn, and therefore, our earnings in '01 and '02, and '03 weren't not at the levels that they were in the past. And we invested in two areas.

The first was an R&D to drive an innovative product cycle. And the second, to take our products to market more directly -- particularly in our retail initiative.

And, clearly, those investments are really beginning to pay dividends as our revenue growth is quite strong in the first half of this fiscal year -- we're up 33 percent. And our operating margin is showing nice expansion.

So, let's get into a little bit of our investment starting first with R&D. It is up about 50 percent since fiscal '99. And we have close to 2,500 people that are in the R&D function. And in our current fiscal year, fiscal '04, we will spend about 500 million in R&D expense.

In '03, about 51 percent of that investment went into the hardware area, about 28 into our operating system, and 21 percent into the applications division. And as you think about the growth in R&D expense that I showed on the prior chart, a good deal of that has come from the applications division which is just a couple of years old. And this division has responsibility for managing our iLife suite products, most of our professional products and they have the pleasure of running the music store.

So, let's look at the products that we have come out with, and how we have expanded the cycle.

In fiscal 2000, we were an \$8 billion Company, and 87 percent of our revenues came from CPUs. In the first half of fiscal '04, our revenues were just under \$4 billion. So you can annualize that. And you will see that 62 percent of our revenues came from CPUs, and we have significantly expanded our product portfolio.

Today, our revenues were comprised of 13 percent in iPod, peripherals up to 13. And our software and services margin -- areas, which is very accretive to margin, has more than doubled to 12 percent of revenue.

Looking at each of these areas individually, our CPU shipments are up 9 percent in the first half, year-over-year. We have a very strong portable line. We're very happy to have the power of the G5. And are really pleased with our new rack mount server, Xserve, now featuring the G5.

Our iPod business -- we're number one in the MP3 space around the world -- we have about 50 percent market share. And today this business is on a \$1 billion run rate.

In the peripheral category, we have worked to expand the Apple branded products that we're shipping. Starting in the bottom left is our Xserve RAID product, now certified to run on NT and UNIX environments -- very attractively priced at a little over \$3 a gigabyte.

Our eyesight camera in the middle, allowing peer-to-peer videoconferencing, our great wireless technology on the right, and we have a fabulous suite of displays. We're also selling a lot of third party product on our Internet store, and through our retail stores as well.

Our software and service portfolio has seen great expansion over the last couple years, beginning with our system and enterprise software area. We're on our fourth release of Mac OS 10 that we call Panther. It is the best-selling release in Apple's history. And we're very excited about our XN product that we just announced at NAB in Las Vegas last month for storage area networks.

Looking at the pro products. We have a nicely expanded suite of products here. Final cut pro is the leading video editing software. Shake is the leading compositing software that Hollywood and other film centers used to make movies.

We're thrilled about our motion product which we also released at NAB in Las Vegas last month, which will ship later in the year. DVD studio pro had a very strong release. Our Power School student information system is the leading SIS product in the United States. And FileMaker continues to do very well -- both in the consumer and professional space.

Our consumer software -- the top part of the charts formally were the i applications that we used to give away for free. But in January, we came out with the iLife suite of products, where we monetized this and sell it for \$49 in the channel. And it's loaded on all computers that people buy. And this has been met with rave customer reviews.

And finally, in our service area, seeing great expansion here. The Music Store is off to a very fast start. 70 million songs purchased in its first-year. Selling songs at a rate of 2.7 million per week. We have over 70 percent market share of legally downloaded music.

Our .Mac Internet service continues to grow and attach well to computers, and we're thrilled with our Apple care protection plans -- very accretive markets, strong attach rates -- especially in our direct markets.

Looking at our distribution, we have worked to expand this. Let me first comment on our retail stores. This is San Francisco, which has been opened about two months. It is off to a fast start. And I would invite you all to go see it. It's just two blocks down Stockton Street, and will be open this evening.

Today, we have 78 stores that we have open. We will have 88 by the end of our fiscal year. And by the end of the calendar year we will open two additional international stores -- one in Osaka and our first store in Europe, which will be located in London.

Ron Johnson, who runs our stores, has been opening about 25 per year. We have a great real estate and development team that is very patient about only going into the best locations -- either in the best malls or the busiest city streets. And we're seeing a tremendous amount of traffic in the stores. Last quarter we had about 6 million people through the stores. And Ron has created a very strong service culture in the stores as opposed to a high sales pressure culture. And this is resonating well with customers. And let me show you a few examples.

Last year, we ran Summer Camp, where kids were able to come into the store when it opened in the morning, and stay for an hour or two and learn how to make a movie, make a photo album or manage music. And so we're going to run that again this summer.

Every Monday through Friday at six is Switch at 6 where people can come in and see a demonstration of how to use the Mac, what you can do with it, and how easy it is to use. And Ron is switching many people over to the Mac as a result.

Every Wednesday morning, it is pro day, where businesspeople can come in and learn how to run their business on a Mac and the advantages of doing so.

And recently, Ron just innovated with Pro Care, a service that people can buy with their computer for \$99 a year to get an advanced set of service and repair in the stores.

The results of how he is reaching out into the communities are impressive. We estimate that 13 percent over sales this past quarter were to small business. And that's up from about 3 percent just over a year ago.

We also continue to invest in our channel, and let me cover that. Today, we have about 300 people that have gone through the same retail training program that our retail sales associates do, that are in channel partners around the world. We're seeing strong results from this program, and continue to expand it.

We have also expanded our network of VaRs -- particularly in the video and music space -- to take advantage of all the applications that have come out of our developers, and our applications division. But also to leverage the power of OS 10, the G5 and Xserve. And we're seeing growth in sales here as a result.

The Apple online store is a very important part of our go to market model. People -- it's been open since 1997, operates in 22 countries, localized in 8 languages and has 10 currencies. We get 6 million unique visitors a month. And half of apple's revenue was processed through the store -- including a channel that tends to order through it, which is much more efficient for us.

And I'm pleased to say that not only the online store but the music store is run on Xserve as well.

And finally, with iPod -- we have expanded our distribution to now 12,000 points around the world, and is growing.

Let me turn now to our growth opportunities. We have traditionally been focused on four markets. Education, consumer, business and creative. Education has traditionally made up about 25 percent of our sales. Consumer, about one-third, and creative and business the balance.

These markets have a number of things in common, but most particularly most of these areas don't have large IT departments to run their technology. And they just want to acquire computers and servers that they can install themselves and just work. And that's really what the Mac is all about.

So, let's get into each of the markets, starting first with our Creative Pro.

The good news for us is that our market share in this area is very strong. We typically have 60 to 80 percent share in the key verticals within the D&P market.

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However, as measured by Trend Watch, this market has really taken a downturn in 2000 and 2001 as the economy turned down. And business has really scaled back in their media spending.

However, spending is beginning to come back. Confidence is beginning to rise in these markets. And also as measured by Trend Watch, the intention to buy Mac remains very high.

We're very excited about the product releases that we had at NAB and think it will do good things in the creative market -- especially in the video markets. Final cut pro saw the addition of many features including HD and DVD studio pro had a strong release as well. And we're very excited about motion and Xan (ph) which got good customer reviews. Both of these will ship later in the year.

Turning now to small business. Small businesses really are looking for technology that they can acquire and manage themselves. And they typically don't have IT departments -- don't want to deal with viruses. And the Mac solution really is great for small businesses. We also have strong wireless and mobile products that these businesses can take advantage of.

In addition to our products, our developer partners have strong suites of applications that are very appropriate for small business -- the Office platform, Quicken, and QuickBooks, and of course FileMaker.

Businesses can also get help in our retail stores and our channel partners as well when they need it. The Genius Bar has been very effective for the support of small businesses.

I think this quote from the Sullivan Street Bakery really sums up our advantage in this market well. They say that Macs are reliable, understandable, aesthetically pleasing, and do not necessitate an in-house tech person to tinker with them. The opposite was true with PCs.

We hear this all the time in our stores and from our channel partners.

Turning now to enterprise and government, Mac OS 10, built on the UNIX kernel, offers all the stability, scalability, based on standards -- it's in the open source community. Doesn't have the virus problems that other platforms have. And, quite honestly, Microsoft has done a good job annoying customers with their pricing and licensing practices. And, as a result, we have government and enterprise customers that are coming into our briefing centers looking at OS 10, the G5, and an Xserve as an alternative.

So, beginning with the government, in fiscal '03 our sales were up 49 percent into the U.S. government. They remain strong in our fiscal '04.

The government is looking for the ability to mix and match the best solutions from vendors, and don't want to be locked into any one vendor -not only from a security and diversity perspective, but frankly, from a pricing perspective as well.

As we look at our installed base, would point out that at Laurance Livermore labs and in NIH, we have over 10,000 Macs installed in each one of these organizations. And the rest of the organizations tend to have several thousand Macintoshes installed.

We have an enterprise sales force a day of 70 people across the U.S. that are calling directly on these government institutions and also enterprise accounts. And as I indicated, we're seeing renewed interest from enterprise accounts based on OS 10 and the power of Xserve and G5 for cluster computing. We're seeing interest from a number of military contractors, that are doing secret projects for the government. Many Internet search Companies and biotech's science and the oil and gas industry that have need for high-power intensive computing -- beginning to come and look very seriously at our products.

Turning now to consumer -- we have been very focused on the digital lifestyle for a number of years. This has resonated very well -- not only with consumers, but in education and business as well.

Our view is that the peripherals that you see here individually can do many neat things, but they don't have the ability to edit, to store, to share, to print the media that they create. And our view is that the computer consider the middle of all of these great devices, and with the leverage of our iLife suite of products and our pro products as well, really can add value in managing your media. And this has resonated very well with all of the markets that we serve.

The Music Store -- unabashed success -- we couldn't be happier with our first year. And we're working hard to drive innovation into the store. The Music Store has seen its third release in a year. Today, we have over 700,000 songs available for sale. And hope to be at 1 million songs by the end of the calendar year. And we continue to drive many great features and innovations into the buying experience.

The MIDI (ph) is off to a very fast start. This is expanding the market for us. Both in the high-end of the Flash market, and also as a great second edition to existing iPod owners because of its entry price.

Our marketing has been fabulous with the iPod. Really, not only created this category, but solidified our brand in this category. And we have just started a new campaign that began last night on TV.

We think we're delivering a great experience for consumers. We have worked to improve the buying experience -- not only in our stores, but in the channel. Have great hardware, great applications that allow you to manager your digital lifestyle and are way out in front with a complete and compelling music solution.

Turning now to our education market, which again, represents about 25 percent of our Company revenues -- this market is moving portable. IDC forecasts that it will be at 50 percent by 2007. Our view is that this is a conservative forecast.

We're already basically at those levels today based upon what we have been able to do with our PowerBooks and our iBooks. In a difficult funding environment, we're taking back share.

In 2003, we added 2 points of market share on the portable side, 1 point overall. And there is really two factors we think that are driving this success. The first is our one-to-ones in K to 12. And second, strong growth in higher education.

So, looking at each of those, let me explain what's going on with the state of Maine and in Rico (ph) so you can get an understanding of what these one-to-one's are about.

Two years ago we went into the state of Maine and we wired, with base stations all the schools in Maine, connected them to a central server and installed 38,000 iBook's to every seventh and eighth grader and their teachers in the state.

We managed the assets for the state, keep the software current and help them push curriculum out. These iBook's go home with the kids at night, and it's really improved the learning experience.

In Rico County, which is the inner city school district in Richmond, Virginia, in the middle schools we have 25,000 iBook's installed that don't go home at night with the kids, but they use them during class during the day.

And the test results and the improvement in learning outcomes that the schools have been experiencing have been phenomenal.

Last year, 9 of the 11 core curriculum subjects were up. And if Dr. Edwards who innovated with us this program were here today, he would talk about the dropout rate at 1.5 percent being the lowest ever.

After this program was installed and began to show success, enrollments in the county actually increased.

And we're very pleased with what we have been able to do in improving learning outcomes in education, and really marrying the curriculum with the technology.

Turning now to higher education -- two quarters in a row, over 40 percent growth in sales driven by OS 10, our portables and G5. Very pleased with how we're doing in high ed.

Last year, Virginia Tech did something great with some of the first G5 is off the line -- they built the world's third fastest supercomputer at a cost of about \$5 million. And I would point two things out to you.

The first is that supercomputers 4 through 10 typically cost 50 to \$100 million. And secondly, the same operating system that was running this presentation today ran the third fastest computer in the world.

The top ten are all run on some variant of UNIX -- Mac OS 10 or another version. No one would do it with NT.

So, our early results are very strong based on the investments that we have made. We were up 36 percent in our first quarter. 29 percent in the second quarter. We have guided to 1.95 billion in the third quarter.

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We credit this strong revenue growth to really two things. The investment that we've made in R&D, expanding our product portfolio and keeping the existing products very fresh. And taking these products directly to market.

Our margins have improved as well.

We have been focused on growing the topline, maintaining our gross margins in the 27 to 28 percent range, and having OpEx grow at about 50 to 60 percent of our revenue growth rate. And you can see the leverage that this has driven.

We have we had 3.7 percent operating margin in the first quarter and in the second quarter, 3.2, which excluded a \$10 million restructuring charge, and we have provided a reconciliation to our GAAP results with our Q2 earnings release that you can find on our investor page on the website.

So, we're very focused going forward to expanding the margin by growing our topline, maintaining gross margins and having OpEx increase at about 50 to 60 percent of revenue growth and driving continued innovation in our product line.

Thanks very much.

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