

September 29, 2010

Submitted via email (director@fasb.org)

Mr. Russell Golden Technical Director Financial Accounting Standards Board 401 Merrit 7 PO Box 5116 Norwalk, CT 06856-5116

Re: File Reference No. 1810-100: Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities

Dear Mr. Golden:

Apple Inc. ("Apple" or "the Company") is pleased to have the opportunity to comment on the Financial Accounting Standards Board's ("FASB" or "the Board") exposure draft of a Proposed Accounting Standards Update Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities, issued May 26, 2010 ("ED"). Apple supports the FASB's commitment to provide financial statement users with a more timely and representative depiction of an entity's involvement in financial instruments, while reducing the complexity in accounting for those instruments. However, we have some concerns in the manner in which the ED attempts to meet these goals. Our concerns and suggestions are explained in the following paragraphs.

Consideration of Business Strategy and Cash Flow Characteristics Apple's investment philosophy for our cash is to preserve principal rather than maximizing return. The vast majority of our cash flows are generated from our business of designing, manufacturing, and marketing personal computers, mobile communication and consumer electronics devices, and portable digital music and video players, rather than from the realization of gains and losses on our financial instruments. We do not believe our investment in financial instruments, nor any resultant fluctuation in their market value, would be considered an integral component of our operations by investors or other users of our financial statements.

In determining how to measure our financial assets, we support both the FASB and the International Accounting Standards Board's ("IASB") proposals, which allow management to look at their business strategy with respect to those financial assets and their cash flow characteristics to determine the proper measurement approach. We recommend the FASB broaden the proposed business strategy parameters in the ED. We believe the key criteria for asserting and subsequently evaluating business strategy should focus on whether the primary purpose for holding debt instruments is to collect contractual cash flows, rather than focusing exclusively on quantitative factors such as the volume of early sales to determine the proper measurement approach. We also believe that while ongoing adjustments to a portfolio may be needed, such adjustments should not necessarily taint the portfolio's primary purpose. We feel that appropriate consideration for the purpose behind holding such instruments will promote a more flexible principles based philosophy when applying the proposed standard and avoid it becoming rules-based.

Changes to Accounting for Equity Investments We believe when an investor has the ability to significantly influence the operations of an investee and the nature of the investment is for long-term strategic purposes, rather than short-term gains, the equity method of accounting is the appropriate measurement approach, irrespective of differences in business operations. Where the ED proposal would have non-qualifying equity investments measured at fair value, we believe the more accurate reflection of the underlying economic activity of an investment where the investor exerts significant influence is for the investor to record its relative share of net income or loss of the investee. The current accounting in ASC Topic 323, Investments – Equity Method and Joint Ventures, ASC Topic 325, ASC Topic 325, Investments - Other and ASC Topic 810, Consolidation appear sufficient for the measurement, valuation and presentation of investees. If the Board believes that further guidance should be provided in this area, those changes should be made in a separate joint project with the IASB.

Furthermore, we are concerned with the challenges in determining fair value for non-marketable equity securities. These investments will often lack observable inputs or other relevant data to make a meaningful fair value assessment. As a result, we question the benefit provided to an investor with this proposed change and would recommend maintaining current accounting guidance.

Removal of Ability to De-Designate and Re-Designate a Hedge While we believe the changes made to hedge accounting overall are an improvement and provide a simplification to existing literature, we are concerned about the proposed requirement that precludes an entity from dedesignating and re-designating fair value or cash flow hedges. The proposal seems overly prescriptive and not consistent with the concept of a principle-based approach towards hedging. We do not believe the current rules related to this area of hedging present companies with an opportunity for abuse. These proposed changes do not add any substantive benefits while potentially increasing transactional costs for those companies who seek to stop hedge accounting because their risk profile has changed. We would propose the language in the ED related to this topic be removed.

Convergence of Standards We believe convergence between United States generally accepted accounting principles ("US GAAP") and International Financial Reporting Standards ("IFRS") is an extremely important objective. However, the FASB's ED and the IASB's proposals have fundamental differences including when financial assets should be measured at fair value versus amortized costs and how financial assets would be evaluated for impairment. Requiring an entity to implement one standard for US GAAP reporting purposes, another for its foreign subsidiaries under IFRS, and possibly implement the IFRS standard again for its consolidated reporting several years afterwards when the United States moves to IFRS would be overly burdensome. Such an effort would require entities to incur significant costs for staff and system modifications in order to maintain a dual general ledger system. We would encourage the FASB and IASB to work together to resolve the differences and issue a single converged standard.

Please contact me at (408) 862-1401 if you have any questions regarding our response or other aspects of the ED.

Very truly yours,

Betsy Rafael

Vice President, Corporate Controller and Principal Accounting Officer