



Reconciliation of Installed Base Related Purchases

<i>\$ in Billions</i>	FY'14	FY'15	Q1'15	Q1'16 ²	Q2'15	Q2'16	Q3'15	Q3'16
Installed Base Related GAAP Services Revenue ¹	\$14.9	\$16.8	\$3.9	\$4.7	\$4.2	\$5.1	\$4.3	\$5.2
Adjustments to Reflect Certain Unrecognized Services Purchases ³	\$10.5	\$14.3	\$3.2	\$4.2	\$3.6	\$4.8	\$3.7	\$5.0
Non-GAAP Installed Base Related Purchases	\$25.3	\$31.2	\$7.2	\$8.9	\$7.8	\$9.9	\$8.0	\$10.3
Y/Y Change		23%		24%		27%		29%

1. Services revenue driven by Installed Base includes:

- iTunes Purchased Content
- Apple Music
- App Store
- Licensing
- Service Parts
- iCloud
- Apple Pay

2. Amounts exclude \$548 million received from a patent infringement lawsuit.

3. For third-party applications sold through the App Store and certain digital content sold through the iTunes Store. Apple accounts for such purchases on a net basis by recognizing in Services revenue only the commission it retains from each purchase. This non-GAAP adjustment reflects the portion of the gross amounts billed to customers that Apple remits to third-party app developers and certain digital content owners. Apple considers non-GAAP installed base related purchases to be a useful metric for investors and management as it provides a more complete picture of the transactions generated by the installed base.

Note: Numbers may not add precisely due to rounding