

**APPLE INDUSTRIAL DEVELOPMENT CORP.
OPERATING AND FINANCIAL RISKS
YEAR ENDED 6/30/12**

Apple is exposed to various risks of loss-related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Apple carries commercial insurance coverage for these risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.