

10-K 1 d411355d10k.htm FORM 10-K

[Table of Contents](#)


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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

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**Form 10-K**

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(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended September 29, 2012

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 000-10030

**APPLE INC.**

(Exact name of registrant as specified in its charter)

**California**

(State or other jurisdiction of incorporation or organization)

**1 Infinite Loop**

**94-2404110**

(I.R.S. Employer Identification No.)

**Cupertino, California**

(Address of principal executive offices)

**95014**

(Zip Code)

**Registrant's telephone number, including area code: (408) 996-1010**

Securities registered pursuant to Section 12(b) of the Act:

**Common Stock, no par value**

(Title of class)

**The NASDAQ Stock Market LLC**

(Name of exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No 

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer  (Do not check if a smaller reporting company)Smaller reporting company 

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes  No 

The aggregate market value of the voting and non-voting stock held by non-affiliates of the registrant, as of March 30, 2012, the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$560,356,000,000 based upon the closing price reported for such date on the NASDAQ Stock Market LLC. Solely for purposes of this disclosure, shares of common stock held by executive officers and directors of the registrant as of such date have been excluded because such persons may be deemed to be affiliates. This determination of executive officers and directors as affiliates is not necessarily a conclusive determination for any other purposes.

940,692,000 shares of common stock were issued and outstanding as of October 19, 2012.

#### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement relating to its 2013 annual meeting of shareholders (the "2013 Proxy Statement") are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. The 2013 Proxy Statement will be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates.

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## Table of Contents

*The Business section and other parts of this Annual Report on Form 10-K ("Form 10-K") contain forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. Many of the forward-looking statements are located in "Management's Discussion and Analysis of Financial Condition and Results of Operations." Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Forward-looking statements can also be identified by words such as "future," "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "will," "would," "could," "can," "may," and similar terms. Forward-looking statements are not guarantees of future performance and the Company's actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in Part I, Item 1A of this Form 10-K under the heading "Risk Factors," which are incorporated herein by reference. Each of the terms the "Company" and "Apple" as used herein refers collectively to Apple Inc. and its wholly-owned subsidiaries, unless otherwise stated. The Company assumes no obligation to revise or update any forward-looking statements for any reason, except as required by law.*

## **PART I**

### **Item 1. Business**

#### **Company Background**

The Company designs, manufactures and markets mobile communication and media devices, personal computers, and portable digital music players, and sells a variety of related software, services, peripherals, networking solutions, and third-party digital content and applications. The Company's products and services include iPhone®, iPad®, Mac®, iPod®, Apple TV®, a portfolio of consumer and professional software applications, the iOS and OS X® operating systems, iCloud®, and a variety of accessory, service and support offerings. The Company also sells and delivers digital content and applications through the iTunes Store®, App Store<sup>SM</sup>, iBookstore<sup>SM</sup>, and Mac App Store. The Company sells its products worldwide through its retail stores, online stores, and direct sales force, as well as through third-party cellular network carriers, wholesalers, retailers, and value-added resellers. In addition, the Company sells a variety of third-party iPhone, iPad, Mac and iPod compatible products, including application software, and various accessories, through its online and retail stores. The Company sells to consumers; small and mid-sized businesses ("SMB"); and education, enterprise and government customers. The Company's fiscal year is the 52 or 53-week period that ends on the last Saturday of September. Unless otherwise stated, all information presented in this Form 10-K is based on the Company's fiscal calendar. The Company is a California corporation established in 1977.

#### **Business Strategy**

The Company is committed to bringing the best user experience to its customers through its innovative hardware, software, peripherals, and services. The Company's business strategy leverages its unique ability to design and develop its own operating systems, hardware, application software, and services to provide its customers new products and solutions with superior ease-of-use, seamless integration, and innovative design. The Company believes continual investment in research and development, marketing and advertising is critical to the development and sale of innovative products and technologies. As part of its strategy, the Company continues to expand its platform for the discovery and delivery of third-party digital content and applications through the iTunes Store. As part of the iTunes Store, the Company's App Store and iBookstore allow customers to discover and download applications and books through either a Mac or Windows-based computer or through "iOS devices," namely iPhone, iPad and iPod touch®. The Company's Mac App Store allows customers to easily discover, download and install Mac applications. The Company also supports a community for the development of third-party software and hardware products and digital content that complement the Company's offerings. The Company's strategy also includes expanding its distribution network to effectively reach more customers and provide them with a high-quality sales and post-sales support experience.

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## Table of Contents

### *Fiscal Year 2012 versus 2011*

Net sales during 2012 increased \$48.3 billion or 45% compared to 2011. Several factors contributed positively to this increase, including the addition of a 14<sup>th</sup> week in the first quarter of 2012, as well as the following:

- Net sales of iPhone and related products and services were \$80.5 billion in 2012, representing an increase of \$33.4 billion or 71% compared to 2011. iPhone unit sales totaled 125.0 million during 2012, representing an increase of 52.8 million units or 73% compared to 2011. The year-over-year growth in iPhone net sales and unit sales during 2012 reflects strong demand for iPhone in all of the Company's operating segments, which is primarily a result of the launches of iPhone 4S in the first quarter of 2012 and iPhone 5 in the fourth quarter of 2012, ongoing demand for iPhone 4 and iPhone 3GS, and expanded distribution with new carriers and resellers. Net sales of iPhone and related products and services were 51% and 43% of the Company's total net sales for 2012 and 2011, respectively.
- Net sales of iPad and related products and services were \$32.4 billion in 2012, representing an increase of \$12.1 billion or 59% compared to 2011. Unit sales of iPad were 58.3 million during 2012, an increase of 80% from 2011. The year-over-year increase in iPad net sales and unit sales during 2012 was driven by strong demand for iPad in all of the Company's operating segments as a result of the launch of the new iPad in March 2012, continued demand for iPad 2, and expanded distribution with new resellers. The year-over-year growth rate of iPad unit sales was higher than the growth rate of iPad net sales during 2012 due to a reduction of average selling prices as a result of a shift in product mix toward lower-priced iPad models, the price reduction for iPad 2 and an increase in indirect sales due to expanded distribution through third-party resellers. Net sales of iPad and related products and services were 21% and 19% of the Company's total net sales for 2012 and 2011, respectively.
- Mac net sales were \$23.2 billion in 2012, representing an increase of \$1.4 billion or 7% compared to 2011. Mac unit sales totaled 18.2 million during 2012, representing an increase of 1.4 million or 9% compared to 2011. The year-over-year growth in Mac net sales and unit sales during 2012 reflects increased demand for Mac portables in all of the Company's operating segments driven by 2012 releases of updated models of MacBook Air and MacBook Pro, including the new MacBook Pro with Retina display in June 2012. Partially offsetting the increase in net sales of Mac portables was a decline in net sales of Mac desktops that reflected the overall decline in the market for desktop personal computers during 2012. Additionally, the Company did not introduce updated versions of its Mac desktop products in 2012. Mac net sales were 15% and 20% of the Company's total net sales for 2012 and 2011, respectively.
- Net sales of other music related products and services were \$8.5 billion in 2012, representing an increase of \$2.2 billion or 35% compared to 2011. The increase was due primarily to growth of the iTunes Store, which generated total net sales of \$7.5 billion for 2012 compared to net sales of \$5.4 billion during 2011. The strong results of the iTunes Store reflect growth of the App Store; growth of the Company's customer base; and the continued expansion of third-party audio, video and book content available for sale or rent via the iTunes Store. The Company continues to expand its iTunes content and applications offerings around the world. Net sales of other music related products and services were 5% and 6% of the Company's total net sales for 2012 and 2011, respectively.

Partially offsetting the positive factors contributing to the overall increase in net sales was a decrease in iPod net sales experienced across all operating segments. iPod net sales were \$5.6 billion in 2012, a decrease of \$1.8 billion or 25% compared to 2011. Similarly, iPod unit sales decreased by 17% in 2012 compared to 2011. Declines in net sales and unit sales of iPod reflect the continuing contraction of the overall market for MP3 players. Net sales of iPod were 4% and 7% of the Company's total net sales for 2012 and 2011, respectively.

The Company has historically experienced higher net sales in its first fiscal quarter compared to other quarters in its fiscal year due in part to holiday seasonal demand. Actual and anticipated timing of new product introductions