

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Form 10-K

(Mark One)

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

For the fiscal year ended September 29, 2001

OR

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

For the transition period from _____ to _____

Commission file number 0-10030

APPLE COMPUTER, INC.

(Exact name of Registrant as specified in its charter)

CALIFORNIA
(State or other jurisdiction
of incorporation or organization)

942404110
(I.R.S. Employer Identification No.)

1 Infinite Loop
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: None

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, no par value
Common Share Purchase Rights
(Titles of classes)

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 /x/ No / /

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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 to Part III of this Form 10-K or any amendment to this Form 10-K. /x/

The aggregate market value of voting stock held by nonaffiliates of the Registrant was approximately \$7,924,159,876 as of December 7, 2001, based upon the closing price on the NASDAQ National Market reported for such date. Shares of Common Stock held by each executive officer and director and by each person who beneficially owns more than 5% of the outstanding Common Stock have been excluded in that such persons may under certain circumstances be deemed to be affiliates. This determination of executive officer or affiliate status is not necessarily a conclusive determination for other purposes.

351,722,532 shares of Common Stock Issued and Outstanding as of December 7, 2001

PART I

The Business section and other parts of this Annual Report on Form 10-K ("Form 10K") contain forward-looking statements that involve risks and uncertainties. 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 the subsection entitled "Factors That May Affect Future Results and Financial Condition" under Part II, Item 7 of this Form 10-K.

The Company's fiscal year 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.

Item 1. Business

Company Background

Apple Computer, Inc. ("Apple" or the "Company") was incorporated under the laws of the state of California on January 3, 1977. The Company designs, manufactures and markets personal computers and related personal computing and communicating solutions for sale primarily to education, creative, consumer, and business customers. Substantially all of the Company's net sales over the last five years have been derived from the sale of its Apple® Macintosh® line of personal computers and related software and peripherals.

Business Strategy

Apple is committed to bringing the best possible personal computing experience to students, educators, creative professionals, businesses and consumers around the world through its innovative hardware, software, and Internet offerings. The Company believes that personal computing is entering a new era in which the personal computer will function for both professionals and consumers as the digital hub for advanced new digital devices such as digital music players, personal digital assistants, digital still and movie cameras, CD and DVD players, and other electronic devices. The attributes of the personal computer, including its ability to run complex applications, possess a high quality user interface, contain large and relatively inexpensive storage, and easily connect to the Internet in multiple ways and at varying speeds, can individually add value to these devices and interconnect them as well. Apple is the only company in the PC industry that designs and manufactures the entire personal computer – from the hardware and operating system to sophisticated applications, and ties it all together with Apple's innovative industrial design, intuitive ease-of-use, and built-in networking, graphics, and multimedia capabilities – uniquely positioning the Company to offer digital hub products and solutions.

Business Organization

The Company manages its business primarily on a geographic basis. The Company's geographic operating segments include the Americas, Europe, Japan, and Asia Pacific. The Americas segment includes both North and South America, except for the Company's Retail segment which operates Apple-owned retail stores in the United States. The Europe segment includes European countries as well as the Middle East and Africa. The Japan segment includes only Japan, while the Asia Pacific segment includes Australia and Asia except for Japan. Each geographic operating segment provides similar hardware and software products and similar services. Non-geographic operating segments include the Company's subsidiary, FileMaker, Inc. and the Company's Retail segment. Further information regarding the Company's operating segments may be found in Part II, Item 7 of this Form 10-K under the heading "Segment Operating Performance," and in Part II, Item 8 on this Form 10-K in the Notes to Consolidated Financial Statements at Note 11, "Segment Information and Geographic Data," which information is hereby incorporated by reference.

Principal Hardware Products

The Company offers a range of personal computing products including desktop and notebook personal computers, related devices and peripherals, networking and connectivity products, and various third-party hardware products. All of the Company's Macintosh products utilize PowerPC® RISC-based microprocessors. Further information regarding the Company's products may be found in Part II, Item 7 of this Form 10-K under the heading "Factors That May Affect Future Results and Financial Condition," which information is hereby incorporated by reference.

Power Mac™

The Power Mac line of desktop personal computers is targeted at business and professional users and is designed to meet the speed, expansion and networking needs of the most demanding Macintosh user. With the addition of Apple server and networking software, Power Mac systems can be used as workgroup servers. Apple's SuperDrive™, a combination CD-RW/DVD-R drive that can burn DVDs which can be played in consumer DVD players, is standard equipment on high-end Power Mac models. In July 2001, the Company announced it had suspended indefinitely production and sale of the G4 Cube, a Power Mac system introduced in 2000 that was designed for users seeking more power coupled with a small size.

PowerBook®

The PowerBook family of portable computers is specifically designed to meet the mobile computing needs of professionals and advanced consumer users. The Company's current PowerBook line, the Titanium PowerBook G4, was introduced in January 2001. The Titanium PowerBook is a full-featured notebook computer that incorporates PowerPC G4 processors, TFT wide-screen active-matrix displays, and advanced networking and graphics capabilities. The Titanium PowerBook G4 is one inch thick, weighs 5.3 pounds and is encased in a pure-grade titanium body.

iMac®

The iMac line of desktop computers is targeted at education and consumer markets. Current iMac computers feature innovative industrial design, easy Internet access, built-in support for AirPort® wireless networking, fan-less operation, and PowerPC G3 processors, making them suitable for a wide range of education and consumer applications. Three of the four current iMac standard configurations come standard with slot-loading CD-RW drives.

iBook®

Designed specifically for the portable computing needs of education and consumer users, the current iBook design was introduced in May of 2001. Current iBook models weigh less than 5 pounds, feature 12.1 inch TFT active-matrix displays, offer a choice of optical drive configurations, have long battery life, and utilize PowerPC G3 processors.

iPod™

Introduced in October 2001, the iPod portable digital music player holds up to 1,000 CD-quality songs in a 6.5 ounce design. The iPod features an intuitive user interface on a 2-inch liquid crystal display, automatic synchronization with a music collection on a Macintosh via Apple's iTunes™ 2 digital music software, a high-speed FireWire® connection for power and data transfer and a 10 hour battery life. By enhancing the overall functionality and integration of the digital music player and by expanding the value of the digital music stored on a computer, the iPod represents an important and natural extension of Apple's digital hub strategy.

Peripheral Products

The Company sells certain associated Apple-branded computer hardware peripherals, including a range of high quality flat

panel TFT active-matrix digital color displays and AirPort wireless networking base stations and add-in cards. The Company also sells a variety of third-party Macintosh-compatible hardware

products directly to end users through both its retail and online stores, including computer printers and printing supplies, storage devices, computer memory, digital video and still cameras, personal digital assistants, digital music players and related accessories, and various other computing products and supplies.

Principal Software Products

Operating System Software

During 2001, the Company introduced the first customer release of its new client operating system, Mac OS® X, and its first significant upgrade, Mac OS X v10.1. This new operating system offers advanced functionality built on an open-source UNIX-based foundation. Mac OS X incorporates the most fundamental changes in both core technology and user interface design made by the Company to the Mac OS in a single upgrade since the original introduction of the Macintosh in 1984. Mac OS X features memory protection, pre-emptive multi-tasking, and symmetric multiprocessing. Mac OS X includes Apple's new Quartz™ 2D graphics engine (based on the Internet-standard Portable Document Format) for enhanced graphics and broad font support, and OpenGL for enhanced 3D graphics and gaming. In addition, Mac OS X features Apple's new user interface named "Aqua®," which combines superior ease-of-use with new functionality such as the "Dock," a new interface for organizing applications, documents and miniaturized windows. Included with Mac OS X are native versions of several Internet applications including Mail, Sherlock®, the Company's advanced Internet search engine, QuickTime® Player for streaming audio and video and Microsoft Internet Explorer 5.1. Mac OS X also includes a copy of Mac OS 9.2 so users can run Mac OS 9 applications natively in Mac OS 9.2 or in the Classic compatibility environment in Mac OS X. The Company also develops and distributes extensions to the Macintosh system software including utilities, languages, and developer tools.

Mac OS X Server delivers high-performance services for Internet and web serving, filing, printing, and networking services needed to manage a network of Mac and Windows clients. Based on the Mach 2.5 microkernel and the BSD 4.4 operating system, Mac OS X Server is a modern UNIX-based server built on open standards. It provides performance and stability through full pre-emptive multi-tasking, protected memory, advanced virtual memory, software RAID support, QuickTime Streaming Server software, and NetBoot; a Mac OS X Server feature allowing a network of Macintosh computers to be booted and configured from a single server.

Further information regarding the introduction of Mac OS X may be found in Part II, Item 7 of this Form 10-K under the heading "Factors That May Affect Future Results and Financial Condition," which information is hereby incorporated by reference.

Application Software

The Company has two digital video authoring/editing software titles. Final Cut Pro® 3 is a video authoring application designed to meet the demanding needs of the professional video editing environment by combining professional-quality real-time video editing, compositing, and special effects in one package. iMovie™ 2, the Company's easy-to-use consumer digital video editing software for creation of home and classroom movies, features an enhanced user interface, improved audio editing capabilities, enhanced controls for titling and transitions, and added special effects. iMovie 2 is currently preinstalled on all of the Company's Macintosh systems.

iDVD 2 is consumer oriented software that makes it easy to turn iMovie files, QuickTime files and digital pictures into DVDs that can be played on consumer DVD players. iDVD 2 simplifies DVD authoring by offering built-in professionally designed themes and drag-and-drop simplicity. The Company's other DVD application, DVD Studio Pro™, lets professional users encode video, conduct complex authoring tasks and preview finished product in real-time. Both iDVD 2 and DVD Studio Pro allow users to burn DVDs using the Power Mac G4's SuperDrive.

iTunes 2 is a digital music application for the Macintosh that lets users create and manage their own digital music library. iTunes 2 organizes music using searching, browsing and playlist features. It supports both audio and MP3 CD burning, features a graphic equalizer and cross fading between songs, and supports automatic synchronization with the music stored on an iPod, Apple's new portable digital music player. iTunes 2 is currently preinstalled on all of the Company's Macintosh systems.

AppleWorks® 6.2 is an integrated productivity application that incorporates word processing, page layout, image manipulation, spreadsheets, databases and presentations in a single application. Intended to be an easy-to-use product for the Company's consumer and education customers, AppleWorks makes it simple to create professional looking documents in the classroom and at home.

FileMaker Corporation, a wholly owned subsidiary of the Company, develops, publishes, and distributes desktop based database management application software for Mac OS and Windows-based systems. FileMaker's FileMaker® Pro database software and related products offer strong relational databases and advanced desktop-to-web publishing capabilities.

Internet Software, Integration, and Services

Apple's Internet strategy is focused on delivering seamless integration with and access to the Internet throughout the Company's product lines. Apple develops products and technologies that adhere to many industry standards in order to provide an optimized user experience through interoperability. In addition to Sherlock 2, an easy Internet Setup Assistant is included with the Mac OS.

QuickTime 5 Player, the Company's current version of its multimedia software for Macintosh and Windows platforms, features streaming of live and stored video and audio over the Internet and playback of high-quality audio and video on computers. More than 150 million copies of QuickTime Player have been distributed. Over 20,000 software applications and content CDs feature QuickTime, and more than 75 models of digital cameras from most major brands use QuickTime to capture and display their images. QuickTime Pro is a suite of software that allows creation and editing of Internet-ready audio and video files and allows a user to add special effects and other features to QuickTime movies. QuickTime Streaming Server software is the underlying server technology that powers QuickTime's ability to stream live and stored video and audio over the Internet. QuickTime Streaming Server can be downloaded for free as open source software and is included in Mac OS X Server.

WebObjects®, the Company's Java-based application server for web publishing and enterprise application development, offers a complete solution for rapid development and deployment of web applications. WebObjects features sophisticated graphical development tools, comprehensive prebuilt and reusable components, integration with numerous data sources, and robust deployment tools.

Apple currently offers three free Internet services collectively called iTools. Mac.com™ is an email service run by Apple. iDisk offers users 20 megabytes of private or public storage on Apple's Internet servers. HomePage allows users to create their own personal website hosted by Apple with personalized content including data, pictures, and movies. In addition to the three iTools services, Apple also currently offers on its corporate website iCards, an electronic greeting card service.

Third-Party Software Products

Thousands of third-party software titles and solutions are available for the Macintosh platform. The Company sells a variety of these third-party software products directly to end users through both its retail and online stores. Additional information regarding the Company's relationship with and dependence upon third-party software developers, including Microsoft Corporation, may be found in Part II, Item 7 of this Form 10-K under the heading "Factors That May Affect Future Results and Financial Condition," which information is hereby incorporated by reference.

Product Support and Services

AppleCare® offers a range of support options for Apple customers. These options include assistance that is built into software products, printed and electronic product manuals, online support including comprehensive product information as well as technical assistance, and the AppleCare Protection Plan. The AppleCare Protection Plan is a fee-based service that typically includes three years of phone support and hardware repairs, dedicated web-based support resources, and user diagnostic tools.

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.