

Dear shareholders,

We at Apple would like to thank you for an outstanding year. We believe that our success not only lies within our products and services, but also within the support of our investors. Since 1977, Apple has been redefining what it means to make technology personal. While we've been making small steps towards this goal over the past 35 years, 2012 has been a year of leaps and bounds.

We try to provide our customers with the best products and the best buyer experience in the world, and that goal has been reflected in this record-setting year of revenue.

2012 Earnings

- Total revenue of \$156.5 billion, a 45 percent increase compared to 2011.
- Operating Income of \$55.2 billion, a 63 percent increase compared to 2011.
- Net Income of \$41.7 billion, a 61 percent increase compared to 2011.
- Diluted Earnings Per Share of \$44.15, a 60 percent increase compared to 2011.

In 2012 we launched an exceptional line of hardware and software products that resulted in our successful performance.

iPhone

We launched both the iPhone 4S and the iPhone 5 in 2012, resulting in more than 125 million iPhones sold – a 73 percent increase from 2011. Net sales of iPhone and related products and services made \$80.5 billion – 51 percent of the total net sales in 2012.

iPad

In March of 2012, we launched the third generation iPad. Net sales of iPad and related products were \$32.4 billion in 2012, representing a 59 percent increase compared to that of the previous year. Unit sales of iPad increased by 80 percent between the two years.

Mac

We also experienced an increase in Mac sales in 2012 with the launch of the updated versions of MacBook Air and MacBook Pro with Retina display in June. Mac net sales were \$23.2 billion in 2012, resulting in a 7 percent increase compared to 2011. Mac unit sales increased by 9 percent from 2011 to 2012. Mac also received a software update in the form of OS X Mountain Lion in July.

iTunes Store and App Store

Both the iTunes Store and App Store experienced growth in 2012 that resulted in \$8.5 billion in the net sales of music related products and services. This is an increase of 35 percent compared to 2011. This increase in net sales can also be attributed to the expansion of third-party audio, video, app and book content. The digital industry is growing alongside Apple.

Looking ahead to 2013, we will continue our momentum of growth and expansion across all product platforms. We hope to have another record setting year in sales and revenue as we continue our focus on innovating the personal technology industry and providing our customers with the best products and buyer experience in the world.

We are proud of the success we've experienced in 2012. Our shareholders allow us to remain at the forefront of a rapidly evolving digital world, and in return we give our customers the best products in the world. From all of us at Apple, thank you for a wonderful past and a bright future.

Sincerely,

Tim Cook
CEO, Apple