

## **To our shareholders, employees and customers,**

We have seen momentous success this past year, but we must also note the great loss we suffered. Steve Jobs' presence will always remain with us as he painted the future for Apple with his inspiring brilliance. Steve touched all of our lives with his passion, energy and creativity, and he touched the world with his innovative products that forever changed the face of technology. As we review our successes of 2011, let us keep in mind Steve's great contributions to our company and to technology.

Let's briefly recap our 2011 results:

- Total revenue of \$108 billion, a 65 percent increase from the prior year
- Net earnings of \$25 million, an 85 percent increase from the prior year
- Operating income of \$33 million, an 83 percent increase from the prior year
- Diluted earnings per share of \$27.68

Our performance last year includes the highest September quarter revenue and earnings we have ever achieved. Our extremely high level of sales is due to our continued innovation. Our commitment to research and development has placed us as the industry leaders in innovative technological products.

### **Technological innovation**

Starting with the first Mac computer, our products are known for their superior ease-of-use and appealing design. We are committed to supplying the best user experience by leveraging our ability to design and develop our own operating systems, hardware, application software, and services. We believe that continual investment in research and development is central to developing products that customers find the most user-friendly with the most attractive design.

In a time of economic hardship, our products have continued to sell and sell fast. I am pleased to announce that we ended 2011 with an all-time record high of Mac and iPad sales. In 2011, we launched the Mac App Store, the new MacBook Air, the iPad 2, and the Verizon iPhone. These new products significantly boosted our sales for the year and positioned us well for future growth.

### **Strategy and reach**

Apple products reach a wide range of people and places. Consumers buy our products for use in areas of education, government and enterprise, business, and personal use. At Apple, we focus on providing accessibility and convenience to our customers in our products, as well as our distribution.

To ensure a high-quality buying experience for customers, we utilize various distribution channels including retail stores, online stores, direct sales force, wholesalers, and third-party cellular network carriers. We believe that providing

direct contact to customers is the most effective way to display the advantages of our products. Additionally, our knowledgeable salespersons enhance our sales as they accurately express the value of our products. To allow more direct sales with customers, we are continually expanding our number of retail stores worldwide.

### **Outlook on the future**

We will continue to position our company as the leader in innovative technological products. Our brand is defining the future of mobile media and computing devices with our products. We will continue these efforts by enhancing our products and services and expanding our product offerings through research and development.

After the successes of this past year, we are confident that Apple has a bright future ahead. As we move forward, we will work towards the following goals:

- Develop and introduce the iPhone 5
- Release a new iPod touch and iPod nano
- Unveil a new version of iTunes
- Release a new dock connector cable named Lightning
- Release the iPad 3 and iPad mini

We will move forward, building on our momentum from this past year, and take inspiration from the world around us as we strive towards our goals for 2012. We are excited for our future accomplishments and the year ahead.

On behalf of everyone at Apple, thank you for your continued support and for believing in our abilities to bring creativity and innovation to the world through technology.

Sincerely,

Tim Cook  
CEO, Apple