

# APPLE INC

## FORM 8-K (Current report filing)

Filed 01/24/12 for the Period Ending 01/24/12

|             |                                          |
|-------------|------------------------------------------|
| Address     | ONE INFINITE LOOP<br>CUPERTINO, CA 95014 |
| Telephone   | (408) 996-1010                           |
| CIK         | 0000320193                               |
| Symbol      | AAPL                                     |
| SIC Code    | 3571 - Electronic Computers              |
| Industry    | Computer Hardware                        |
| Sector      | Technology                               |
| Fiscal Year | 09/29                                    |

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

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**FORM 8-K**

**CURRENT REPORT**  
**Pursuant to Section 13 or 15(d) of**  
**The Securities Exchange Act of 1934**

**January 24, 2012**

Date of Report (date of earliest event reported)

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**APPLE INC.**

(Exact name of Registrant as specified in its charter)

**California**  
(State or other jurisdiction  
of incorporation)

**000-10030**  
(Commission  
File Number)

**94-2404110**  
(I.R.S. Employer  
Identification Number)

**1 Infinite Loop**  
**Cupertino, California 95014**  
(Address of principal executive offices) (Zip Code)

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

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02 Results of Operations and Financial Condition.**

On January 24, 2012, Apple Inc. (“Apple”) issued a press release regarding Apple’s financial results for its first fiscal quarter ended December 31, 2011 and a related data sheet. A copy of Apple’s press release is attached hereto as Exhibit 99.1 and a copy of the related data sheet is attached hereto as Exhibit 99.2.

The information contained in this Current Report shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

The following exhibits are furnished herewith:

| <b>Exhibit<br/>Number</b> | <b>Description</b>                                              |
|---------------------------|-----------------------------------------------------------------|
| 99.1                      | Text of press release issued by Apple Inc. on January 24, 2012. |
| 99.2                      | Data sheet issued by Apple Inc. on January 24, 2012.            |

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

APPLE INC.

Date: January 24, 2012

By: /s/ Peter Oppenheimer

Peter Oppenheimer  
Senior Vice President,  
Chief Financial Officer

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## EXHIBIT INDEX

| <u>Exhibit<br/>Number</u> | <u>Description</u>                                              |
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## Apple Reports First Quarter Results

### Highest Quarterly Revenue and Earnings Ever

#### All-Time Record iPhone, iPad and Mac Sales

CUPERTINO, California—January 24, 2012—Apple® today announced financial results for its fiscal 2012 first quarter which spanned 14 weeks and ended December 31, 2011. The Company posted record quarterly revenue of \$46.33 billion and record quarterly net profit of \$13.06 billion, or \$13.87 per diluted share. These results compare to revenue of \$26.74 billion and net quarterly profit of \$6 billion, or \$6.43 per diluted share, in the year-ago quarter. Gross margin was 44.7 percent compared to 38.5 percent in the year-ago quarter. International sales accounted for 58 percent of the quarter's revenue.

The Company sold 37.04 million iPhones in the quarter, representing 128 percent unit growth over the year-ago quarter. Apple sold 15.43 million iPads during the quarter, a 111 percent unit increase over the year-ago quarter. The Company sold 5.2 million Macs during the quarter, a 26 percent unit increase over the year-ago quarter. Apple sold 15.4 million iPods, a 21 percent unit decline from the year-ago quarter.

“We're thrilled with our outstanding results and record-breaking sales of iPhones, iPads and Macs,” said Tim Cook, Apple's CEO. “Apple's momentum is incredibly strong, and we have some amazing new products in the pipeline.”

“We are very happy to have generated over \$17.5 billion in cash flow from operations during the December quarter,” said Peter Oppenheimer, Apple's CFO. “Looking ahead to the second fiscal quarter of 2012, which will span 13 weeks, we expect revenue of about \$32.5 billion and we expect diluted earnings per share of about \$8.50.”

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Apple will provide live streaming of its Q1 2012 financial results conference call beginning at 2:00 p.m. PST on January 24, 2012 at [www.apple.com/quicktime/qtv/earningsq112](http://www.apple.com/quicktime/qtv/earningsq112). This webcast will also be available for replay for approximately two weeks thereafter.

This press release contains forward-looking statements including without limitation those about the Company's estimated revenue and earnings per share. These statements involve risks and uncertainties, and actual results may differ. Risks and uncertainties include without limitation the effect of competitive and economic factors, and the Company's reaction to those factors, on consumer and business buying decisions with respect to the Company's products; continued competitive pressures in the marketplace; the ability of the Company to deliver to the marketplace and stimulate customer demand for new programs, products, and technological innovations on a timely basis; the effect that product introductions and transitions, changes in product pricing or mix, and/or increases in component costs could have on the Company's gross margin; the inventory risk associated with the Company's need to order or commit to order product components in advance of customer orders; the continued availability on acceptable terms, or at all, of certain components and services essential to the Company's business currently obtained by the Company from sole or limited sources; the effect that the Company's dependency on manufacturing and logistics services provided by third parties may have on the quality, quantity or cost of products manufactured or services rendered; risks associated with the Company's international operations; the Company's reliance on third-party intellectual property and digital content; the potential impact of a finding that the Company has infringed on the intellectual property rights of others; the Company's dependency on the performance of distributors, carriers and other resellers of the Company's products; the effect that product and service quality problems could have on the Company's sales and operating profits; the continued service and availability of key executives and employees; war, terrorism, public health issues, natural disasters, and other circumstances that could disrupt supply, delivery, or demand of products; and unfavorable results of other legal proceedings. More information on potential factors that could affect the Company's financial results is included from time to time in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of the Company's public reports filed with the SEC, including the Company's Form 10-K for the fiscal year ended September 24, 2011 and its Form 10-Q for the fiscal quarter ended December 31, 2011 to be filed with the SEC. The Company assumes no obligation to update any forward-looking statements or information, which speak as of their respective dates.

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Apple designs Macs, the best personal computers in the world, along with OS X, iLife, iWork and professional software. Apple leads the digital music revolution with its iPods and iTunes online store. Apple has reinvented the mobile phone with its revolutionary iPhone and App Store, and is defining the future of mobile media and computing devices with iPad.

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NOTE TO EDITORS: For additional information visit Apple's PR website ([www.apple.com/pr](http://www.apple.com/pr)), or call Apple's Media Helpline at (408) 974-2042.

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**Apple Inc.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In millions, except number of shares which are reflected in thousands and per share amounts)

|                                                           | Three Months Ended   |                      |
|-----------------------------------------------------------|----------------------|----------------------|
|                                                           | December 31,<br>2011 | December 25,<br>2010 |
| Net sales                                                 | \$ 46,333            | \$ 26,741            |
| Cost of sales (1)                                         | 25,630               | 16,443               |
| Gross margin                                              | <u>20,703</u>        | <u>10,298</u>        |
| Operating expenses:                                       |                      |                      |
| Research and development (1)                              | 758                  | 575                  |
| Selling, general and administrative (1)                   | 2,605                | 1,896                |
| Total operating expenses                                  | <u>3,363</u>         | <u>2,471</u>         |
| Operating income                                          | 17,340               | 7,827                |
| Other income and expense                                  | 137                  | 136                  |
| Income before provision for income taxes                  | 17,477               | 7,963                |
| Provision for income taxes                                | 4,413                | 1,959                |
| Net income                                                | <u>\$ 13,064</u>     | <u>\$ 6,004</u>      |
| Earnings per common share:                                |                      |                      |
| Basic                                                     | \$ 14.03             | \$ 6.53              |
| Diluted                                                   | \$ 13.87             | \$ 6.43              |
| Shares used in computing earnings per share:              |                      |                      |
| Basic                                                     | 931,041              | 919,294              |
| Diluted                                                   | 941,572              | 933,154              |
| (1) Includes share-based compensation expense as follows: |                      |                      |
| Cost of sales                                             | \$ 63                | \$ 52                |
| Research and development                                  | \$ 160               | \$ 113               |
| Selling, general and administrative                       | \$ 197               | \$ 134               |

**Apple Inc.**  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In millions, except number of shares which are reflected in thousands)

|                                                                                                                          | <u>December 31,</u><br>2011 | <u>September 24,</u><br>2011 |
|--------------------------------------------------------------------------------------------------------------------------|-----------------------------|------------------------------|
| <b>ASSETS:</b>                                                                                                           |                             |                              |
| <b>Current assets:</b>                                                                                                   |                             |                              |
| Cash and cash equivalents                                                                                                | \$ 10,310                   | \$ 9,815                     |
| Short-term marketable securities                                                                                         | 19,846                      | 16,137                       |
| Accounts receivable, less allowances of \$78 and \$53, respectively                                                      | 8,930                       | 5,369                        |
| Inventories                                                                                                              | 1,236                       | 776                          |
| Deferred tax assets                                                                                                      | 1,937                       | 2,014                        |
| Vendor non-trade receivables                                                                                             | 7,554                       | 6,348                        |
| Other current assets                                                                                                     | <u>4,958</u>                | <u>4,529</u>                 |
| Total current assets                                                                                                     | 54,771                      | 44,988                       |
| Long-term marketable securities                                                                                          | 67,445                      | 55,618                       |
| Property, plant and equipment, net                                                                                       | 7,816                       | 7,777                        |
| Goodwill                                                                                                                 | 896                         | 896                          |
| Acquired intangible assets, net                                                                                          | 3,472                       | 3,536                        |
| Other assets                                                                                                             | <u>4,281</u>                | <u>3,556</u>                 |
| Total assets                                                                                                             | <u>\$ 138,681</u>           | <u>\$ 116,371</u>            |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY:</b>                                                                             |                             |                              |
| <b>Current liabilities:</b>                                                                                              |                             |                              |
| Accounts payable                                                                                                         | \$ 18,221                   | \$ 14,632                    |
| Accrued expenses                                                                                                         | 11,500                      | 9,247                        |
| Deferred revenue                                                                                                         | <u>4,886</u>                | <u>4,091</u>                 |
| Total current liabilities                                                                                                | 34,607                      | 27,970                       |
| Deferred revenue – non-current                                                                                           | 2,187                       | 1,686                        |
| Other non-current liabilities                                                                                            | <u>11,833</u>               | <u>10,100</u>                |
| Total liabilities                                                                                                        | <u>48,627</u>               | <u>39,756</u>                |
| <b>Commitments and contingencies</b>                                                                                     |                             |                              |
| <b>Shareholders' equity:</b>                                                                                             |                             |                              |
| Common stock, no par value; 1,800,000 shares authorized; 932,214 and 929,277 shares issued and outstanding, respectively | 13,961                      | 13,331                       |
| Retained earnings                                                                                                        | 75,709                      | 62,841                       |
| Accumulated other comprehensive income                                                                                   | <u>384</u>                  | <u>443</u>                   |
| Total shareholders' equity                                                                                               | <u>90,054</u>               | <u>76,615</u>                |
| Total liabilities and shareholders' equity                                                                               | <u>\$ 138,681</u>           | <u>\$ 116,371</u>            |

**Apple Inc.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In millions)

|                                                                                | Three Months Ended   |                      |
|--------------------------------------------------------------------------------|----------------------|----------------------|
|                                                                                | December 31,<br>2011 | December 25,<br>2010 |
| Cash and cash equivalents, beginning of the period                             | \$ 9,815             | \$ 11,261            |
| Operating activities:                                                          |                      |                      |
| Net income                                                                     | 13,064               | 6,004                |
| Adjustments to reconcile net income to cash generated by operating activities: |                      |                      |
| Depreciation, amortization and accretion                                       | 721                  | 356                  |
| Share-based compensation expense                                               | 420                  | 299                  |
| Deferred income tax expense                                                    | 1,456                | 823                  |
| Changes in operating assets and liabilities:                                   |                      |                      |
| Accounts receivable, net                                                       | (3,561)              | (517)                |
| Inventories                                                                    | (460)                | 166                  |
| Vendor non-trade receivables                                                   | (1,206)              | (433)                |
| Other current and non-current assets                                           | (962)                | (558)                |
| Accounts payable                                                               | 4,314                | 2,346                |
| Deferred revenue                                                               | 1,296                | 634                  |
| Other current and non-current liabilities                                      | 2,472                | 653                  |
| Cash generated by operating activities                                         | <u>17,554</u>        | <u>9,773</u>         |
| Investing activities:                                                          |                      |                      |
| Purchases of marketable securities                                             | (40,175)             | (19,575)             |
| Proceeds from maturities of marketable securities                              | 3,038                | 3,279                |
| Proceeds from sales of marketable securities                                   | 21,472               | 6,853                |
| Payments for acquisition of property, plant and equipment                      | (1,321)              | (1,214)              |
| Payments for acquisition of intangible assets                                  | (108)                | (49)                 |
| Other                                                                          | (34)                 | (23)                 |
| Cash used in investing activities                                              | <u>(17,128)</u>      | <u>(10,729)</u>      |
| Financing activities:                                                          |                      |                      |
| Proceeds from issuance of common stock                                         | 91                   | 208                  |
| Excess tax benefits from equity awards                                         | 333                  | 454                  |
| Taxes paid related to net share settlement of equity awards                    | (355)                | (233)                |
| Cash generated by financing activities                                         | <u>69</u>            | <u>429</u>           |
| Increase/(decrease) in cash and cash equivalents                               | 495                  | (527)                |
| Cash and cash equivalents, end of the period                                   | <u>\$ 10,310</u>     | <u>\$ 10,734</u>     |
| Supplemental cash flow disclosure:                                             |                      |                      |
| Cash paid for income taxes, net                                                | \$ 1,474             | \$ 826               |

**Apple Inc.**  
**Q1 2012 Unaudited Summary Data**  
(Units in thousands, Revenue in millions)

|                                 | Q4 2011      |                 | Q1 2011      |                 | Q1 2012      |                 | Sequential Change |            | Year/Year Change |            |
|---------------------------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|-------------------|------------|------------------|------------|
|                                 | Mac Units    | Revenue         | Mac Units    | Revenue         | Mac Units    | Revenue         | Mac Units         | Revenue    | Mac Units        | Revenue    |
| <b>Operating Segments</b>       |              |                 |              |                 |              |                 |                   |            |                  |            |
| Americas                        | 1,716        | \$ 9,648        | 1,360        | \$ 9,218        | 1,612        | \$17,714        | - 6%              | 84%        | 19%              | 92%        |
| Europe                          | 1,176        | 7,397           | 1,245        | 7,256           | 1,482        | 11,256          | 26%               | 52%        | 19%              | 55%        |
| Japan                           | 175          | 1,111           | 162          | 1,433           | 184          | 3,550           | 5%                | 220%       | 14%              | 148%       |
| Asia Pacific                    | 731          | 6,530           | 516          | 4,987           | 814          | 7,697           | 11%               | 18%        | 58%              | 54%        |
| Retail                          | 1,096        | 3,584           | 851          | 3,847           | 1,106        | 6,116           | 1%                | 71%        | 30%              | 59%        |
| <b>Total Operating Segments</b> | <b>4,894</b> | <b>\$28,270</b> | <b>4,134</b> | <b>\$26,741</b> | <b>5,198</b> | <b>\$46,333</b> | <b>6%</b>         | <b>64%</b> | <b>26%</b>       | <b>73%</b> |

|                                                 | Q4 2011      |                 | Q1 2011      |                 | Q1 2012      |                 | Sequential Change |            | Year/Year Change |            |
|-------------------------------------------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|-------------------|------------|------------------|------------|
|                                                 | Units        | Revenue         | Units        | Revenue         | Units        | Revenue         | Units             | Revenue    | Units            | Revenue    |
| <b>Product Summary</b>                          |              |                 |              |                 |              |                 |                   |            |                  |            |
| Mac Desktops (1)(9)                             | 1,278        | \$ 1,687        | 1,227        | \$ 1,731        | 1,479        | \$ 1,936        | 16%               | 15%        | 21%              | 12%        |
| Mac Portables (2)(9)                            | 3,616        | 4,585           | 2,907        | 3,699           | 3,719        | 4,662           | 3%                | 2%         | 28%              | 26%        |
| <b>Subtotal Mac</b>                             | <b>4,894</b> | <b>6,272</b>    | <b>4,134</b> | <b>5,430</b>    | <b>5,198</b> | <b>6,598</b>    | <b>6%</b>         | <b>5%</b>  | <b>26%</b>       | <b>22%</b> |
| iPod (3)(9)                                     | 6,622        | 1,103           | 19,446       | 3,425           | 15,397       | 2,528           | 133%              | 129%       | - 21%            | - 26%      |
| Other Music Related Products and Services (4)   |              | 1,678           |              | 1,431           |              | 2,027           |                   | 21%        |                  | 42%        |
| iPhone and Related Products and Services (5)(9) | 17,073       | 10,980          | 16,235       | 10,468          | 37,044       | 24,417          | 117%              | 122%       | 128%             | 133%       |
| iPad and Related Products and Services (6)(9)   | 11,123       | 6,868           | 7,331        | 4,608           | 15,434       | 9,153           | 39%               | 33%        | 111%             | 99%        |
| Peripherals and Other Hardware (7)              |              | 640             |              | 593             |              | 766             |                   | 20%        |                  | 29%        |
| Software, Service and Other Sales (8)           |              | 729             |              | 786             |              | 844             |                   | 16%        |                  | 7%         |
| <b>Total Apple</b>                              |              | <b>\$28,270</b> |              | <b>\$26,741</b> |              | <b>\$46,333</b> |                   | <b>64%</b> |                  | <b>73%</b> |

(1) Includes revenue from iMac, Mac mini and Mac Pro sales.

(2) Includes revenue from MacBook, MacBook Air and MacBook Pro sales.

(3) Includes revenue from iPod sales.

(4) Includes revenue from sales from the iTunes Store, App Store, and iBookstore in addition to sales of iPod services and Apple-branded and third-party iPod accessories.

(5) Includes revenue from sales of iPhone, iPhone services, and Apple-branded and third-party iPhone accessories.

(6) Includes revenue from sales of iPad, iPad services, and Apple-branded and third-party iPad accessories.

(7) Includes revenue from sales of displays, networking products, and other hardware.

(8) Includes revenue from sales of Apple-branded and third-party Mac software, and services.

(9) Includes amortization of related revenue deferred for non-software services and embedded software upgrade rights.