

To our loyal shareholders,

Apple® is committed to designing dependable and respected products that has put us at the top of the world's computer software industry. Through Apple's commitment to creating simplicity, clean and innovative ideas, we thank you for your continued support throughout our growth.

Through our core values, which include, providing our customers with high quality, user-friendly products, has resulted in an outstanding 2013 fiscal year. I am honored to share with you our achievements from the 2013 fiscal year, which could not have been possible without you.

Though a decrease in operating income, net income and diluted earnings per share during the 2013 fiscal year, we continue to collaborate, create and release the best products for our loyal customers. We will continue to grow and make our shareholders proud. We are committed to you as you are to us.

Apple sold a record number of iPhones, exceeding 50 millions in three months for the first time ever, total sales came in below investors' expectations. iPads were slightly higher than expected.

With the help of our loyal customers, partners, employers and stakeholders, here are our results from 2013:

- **Total revenue:** \$ 170.9 billion – an increase of 9.2% from the 2012 fiscal year
- **Operating income:** \$48.9 billion – a decrease of 11.3% from the 2012 fiscal year
- **Net income:** \$37 billion – a decrease of 11.3% from the 2012 fiscal year
- **Total diluted earnings per share:** \$39.8 – a decrease of 10% from the 2012 fiscal year

### **Apple Inc. Core Values**

We strive to produce the most innovative technology to our consumers by crafting advanced features and quality that our customers can easily navigate. The software and design in our products make Apple unique. In 2013, Apple's dedication to the core values demonstrated through the launch of several new and innovative products. We have continued to participate in markets where we can make a significant contribution and create new, innovative, faster products in 2013. Here are some of our products:

### **Product launch of iOS 7**

With innovation, faster, sleeker design, iOS 7 has become the foundation for the iPhone, iPad and iPod touch. It is designed to look beautiful and work smoothly to make the simplest tasks more engaging. iOS 7 is geared to use the most advanced technology – so you are always ahead.

### **Product launch of iPad mini with Retina display**

The iPad mini with Retina display lets you do more than you imagined. With the Retina display, you are able to view images at the highest quality. The new A7 chip allows you to have advanced wireless and powerful app – which are integrated with the iOS 7.

### **Product launch of iPhone 5s & 5c**

The iPhone 5s and iPhone 5c are innovation in the making. The iPhone 5s is available in space gray, silver and gold. It also features the A7 chip, ultrafast LTE wireless, iOS 7 and a Touch ID fingerprint identifier. The iPhone 5c comes available in white, pink, blue, yellow and green. It features an A6 chip, ultrafast LTE wireless and iOS7. These two phones both feature a sleek, thin design with apps that will make your life simpler.

### **Preparing for the Future**

Apple has made progress and continually improving our products through design and technology. We will continue to provide this to our customers and adhere to our core values.

In 2014, Apple will unveil several new products:

- Creating new apps with more than 200 new features by increasing efficiency and performance on new apps.
- Apple will introduce the iWatch.
- We will expand on the iPad Air to the iPad Pro for work and play capabilities.

Apple continues to grow and create the best personal computers and professional software for our customers. Apple has reinvented the mobile phone with revolutionary technology.

Thank you for your continued support and investment in Apple Inc. Our shareholders are a large asset to our company and we look forward to working by your side to create another successful and innovative year.

Sincerely,

Tim Cook  
CEO, Apple