

Executive Compensation

This section describes the compensation program for our named executive officers and includes the required executive compensation tables.

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the disclosures contained in the following “Compensation Discussion and Analysis.” Based on this review and discussion, the Compensation Committee recommended to the Board that the section entitled “Compensation Discussion and Analysis” be included in this Proxy Statement for the Annual Meeting.

Members of the Compensation Committee

Andrea Jung (Chair) | Al Gore | Bob Iger

Compensation Discussion and Analysis

Apple delivered another year of outstanding financial performance in 2017. Our year-over-year revenue growth rate accelerated during each quarter in 2017 and drove earnings per share growth of 11%. Our Services business alone has grown to the size of a Fortune 100 company with net sales of \$30 billion and year-over-year growth of 23%.

Our executive compensation program is designed to reward performance in a simple and effective way. It reflects the unparalleled size, scope, and success of Apple’s business and the importance of our executive officers operating as a high-performing team, while focusing on key measures of profitability and the creation of shareholder value. Net sales and operating income for 2017 were \$229.2 billion and \$61.3 billion, respectively, and year-over-year our stock price increased 36.7%. We believe the compensation paid to our named executive officers for 2017 appropriately reflects and rewards their contributions to our performance.

This Compensation Discussion and Analysis explains the 2017 compensation program for our named executive officers and the guiding principles and practices upon which it is based. Tim Cook, Luca Maestri, Angela Ahrendts, Johny Srouji, Dan Riccio, and Bruce Sewell were our named executive officers for 2017. Mr. Riccio and Mr. Sewell had the same total compensation according to SEC reporting rules, and as a result, we are reporting six named executive officers for 2017. In October 2017, Apple announced that Mr. Sewell would retire from Apple, effective at the end of the calendar year.

Guiding Principles and Compensation Practices

Our executive compensation program attracts, motivates, and retains a talented, entrepreneurial, and creative team of executives to provide leadership for Apple’s success in dynamic and competitive markets. We have a pay-for-performance philosophy for executive compensation based on the following principles:

Team-Based Approach. Our executive officers are expected to operate as a high-performing team, and accordingly, we apply a team-based approach to our executive compensation program with internal pay equity as a primary consideration. We believe that awarding the same base salary, annual cash incentive opportunity, and long-term equity awards to each of our executive officers, other than the CEO, is fundamental to this approach.

Performance Expectations. We establish clear performance expectations for our executive team, and each executive officer is expected to contribute to Apple’s overall success rather than focus solely on specific objectives within his or her primary area of responsibility. Our executive compensation program is designed to motivate exceptional performance that achieves our overall financial objectives and creates long-term shareholder value.

Emphasis on Long-Term Equity Incentives. Our executive compensation program emphasizes long-term shareholder value creation by using both performance-based and time-based RSUs that vest over multiple years, and is weighted considerably toward equity awards rather than cash compensation. The emphasis on long-term RSU awards generates a substantial retention incentive, encourages our executive officers to focus on Apple's long-term performance and success, and aligns executive compensation with the interests of our shareholders. In 2017, the performance-based component of the RSUs was increased to 50% of the grant date fair value to place a greater emphasis on performance-based compensation for our executive officers.

Executive Compensation Policies and Practices. Our compensation program supports our guiding principles and reflects our commitment to sound executive compensation policies and practices, as highlighted in the following table.

Compensation Practices

Independent compensation consultant	The Compensation Committee has directly retained an independent compensation consultant that performs no services for Apple other than services for the Compensation Committee.
Annual compensation risk assessment	The Compensation Committee conducts an annual risk assessment of our compensation program.
Risk management	We prohibit short sales, transactions in derivatives of Apple securities, including hedging transactions, and pledging of shares by all executive officers.
Stock ownership guidelines	We have robust stock ownership guidelines for our executive officers.
Equity clawback policy	Our RSU agreements have a recoupment provision requiring repayment to Apple of any shares or other amount that may be paid in respect of RSUs in the event of certain acts of misconduct.
Vesting and performance conditions on dividend equivalents	We apply the same vesting restrictions and performance conditions on dividend equivalents as on the underlying RSUs.
At-will employment	We employ our executive officers at will.
No pension or other special benefits	We do not provide pensions or supplemental executive retirement, health, or insurance benefits.
No change of control payments	We do not offer change of control payments or gross-ups of related excise taxes.
No retirement vesting	We do not include retirement vesting provisions in equity awards.
No repricing	We do not allow repricing of stock options without shareholder approval.

Discretion and Judgment of the Compensation Committee

The Compensation Committee, consisting entirely of independent directors, reviews and approves the compensation of Apple's executive officers and acts as the administering committee for Apple's employee equity compensation plans.

Each year, the Compensation Committee conducts an evaluation of Apple's executive compensation program to determine if any changes would be appropriate. In making these determinations, the Compensation Committee may consult with its independent compensation consultant and management, as described below; however, the Compensation Committee uses its own judgment in making final decisions regarding the compensation paid to our executive officers.

The Role of the Compensation Consultant. The Compensation Committee selects and retains the services of its own independent compensation consultant and annually reviews the performance of the consultant. As part of the review process, the Compensation Committee considers the independence of the consultant in accordance with SEC and Nasdaq rules.

Since 2014, the Compensation Committee has engaged the services of Pay Governance, an independent compensation consulting firm. During 2017, Pay Governance provided no services to Apple other than services for the Compensation Committee, and worked with Apple's management, as directed by the Compensation Committee, only on matters for which the Compensation Committee is responsible.

At the Compensation Committee's request, Pay Governance regularly attends Compensation Committee meetings. Pay Governance also communicates with the Chair of the Compensation Committee outside committee meetings regarding matters related to the Compensation Committee's responsibilities. In 2017, the Compensation Committee generally sought input from Pay Governance on a range of external market factors, including evolving compensation trends, appropriate peer companies, and market data. Pay Governance also provided general observations about Apple's compensation programs and about management's recommendations regarding the amount and form of compensation for our executive officers.

The Role of the Chief Executive Officer. At the Compensation Committee's request, Mr. Cook provides input regarding the performance and appropriate compensation of the other executive officers. The Compensation Committee considers Mr. Cook's evaluation of the other executive officers because of his direct knowledge of each executive officer's performance and contributions. Mr. Cook is not present during voting or deliberations by the Compensation Committee regarding his own compensation.

The Role of Peer Companies and Benchmarking. The Compensation Committee reviews peer group composition each year. With the assistance of Pay Governance, the Compensation Committee identified groups of companies to serve as market reference points for compensation comparison purposes for 2017. A primary peer group was developed for reference consisting of U.S.-based, stand-alone, publicly traded companies in the technology, media, and internet services industries that, in the Compensation Committee's view, compete with Apple for talent. The threshold revenue and market capitalization requirements for a company to be considered for the primary peer group for 2017 were \$15 billion and \$35 billion, respectively. In addition, the Compensation Committee decided to keep Hewlett Packard Enterprise and HP Inc. in the primary peer group for consistency with the 2016 primary peer group even though neither company satisfied the market capitalization requirement. The companies in the primary peer group are listed below.

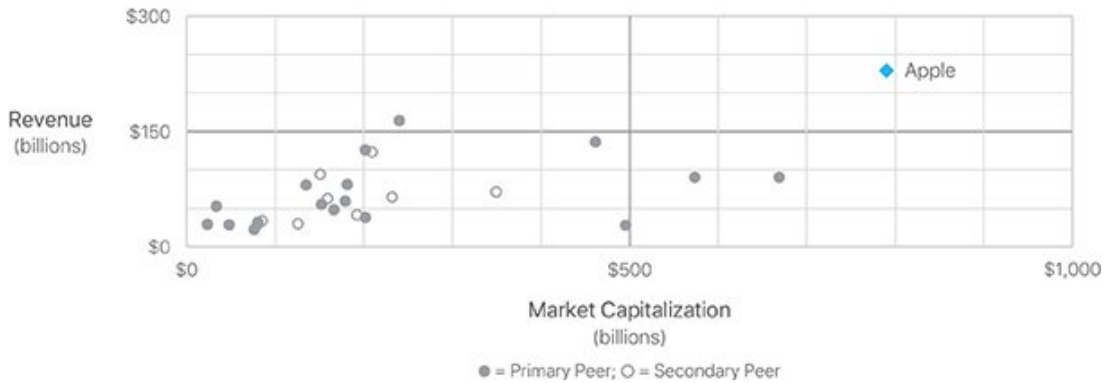
Primary Peer Group			
Alphabet	Disney	IBM	Time Warner
Amazon.com	EMC	Intel	Time Warner Cable
AT&T	Facebook	Microsoft	Twenty-First Century Fox
Cisco Systems	Hewlett Packard Enterprise	Oracle	Verizon
Comcast	HP Inc.	Qualcomm	

A secondary peer group of premier companies that have iconic brands or are industry or category leaders, rely on significant R&D and innovation for growth, and require highly-skilled human capital was also considered as an additional reference set for the Compensation Committee. The companies in the secondary peer group are listed below. Unless otherwise specified, references in this Compensation Discussion and Analysis to peer companies include both the primary and the secondary peer group companies.

Secondary Peer Group		
3M	Coca-Cola	Nike
American Express	General Electric	PepsiCo
Boeing	Johnson & Johnson	Procter & Gamble

Apple continues to be significantly larger, by revenue and market capitalization measures, than the peer companies. Apple reported net sales of \$229.2 billion during 2017 and had a market capitalization of \$790.1 billion as of the end of 2017.

Apple v. Peer Companies



In the chart above, the revenue shown for peer group companies is the amount reported by each company in its most recently filed annual report as of the Record Date, and market capitalization for peer group companies is the amount provided by Bloomberg L.P. as of September 29, 2017, the last trading day of Apple’s fiscal year. The

chart does not include EMC or Time Warner Cable, which either merged with or were acquired by another company before September 29, 2017.

The Compensation Committee reviews compensation practices and program design at peer companies to inform its decision-making process so it can set total compensation levels that it believes are commensurate with the relative size, scope, and performance of Apple. The Compensation Committee, however, does not set compensation components to meet specific benchmarks as compared to peer companies, such as targeting salaries at a specific market percentile. The Compensation Committee believes that over-reliance on benchmarking can result in compensation that is unrelated to the value delivered by our executive officers because compensation benchmarking does not take into account the specific performance of the executive officers or the relative size, scope, and performance of Apple. The Compensation Committee's executive compensation determinations are subjective and the result of the Compensation Committee's business judgment, which is informed by the experience of the members of the Compensation Committee as well as input from, and peer group data provided by, the Compensation Committee's independent compensation consultant.

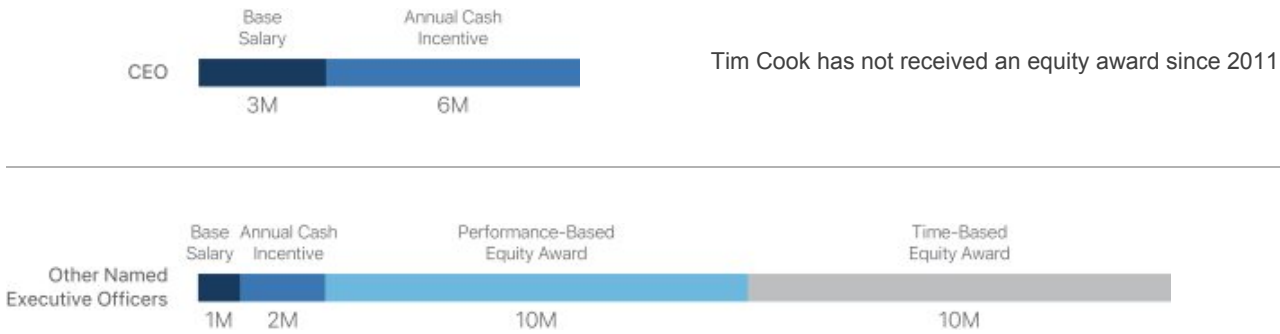
Shareholder Feedback. We value the feedback provided by our shareholders and have discussions with many of them on an ongoing basis regarding various corporate governance topics, including executive compensation. After considering a number of factors, including this feedback, the Compensation Committee approved an executive compensation program for 2017 that was similar to the 2016 program but changed the target equity award allocation as a percentage of the grant date fair value reported in the Summary Compensation Table from 60% time-based and 40% performance-based RSUs to 50% time-based and 50% performance-based RSUs. This change placed an even greater emphasis on performance-based equity awards for our executive officers.

Shareholders are also provided the opportunity to cast an annual advisory vote on executive compensation. At Apple's 2017 annual meeting of shareholders, shareholders indicated their overwhelming support for the compensation of our named executive officers, with approximately 95% support for the say-on-pay proposal. The Compensation Committee considered this result and shareholder feedback and approved an executive compensation program for 2018 that is similar to the 2017 program. The Compensation Committee will continue to consider shareholder feedback and the results of say-on-pay votes when making future compensation decisions.

2017 Named Executive Officer Compensation

Our executive compensation program is designed to reward performance in a simple and effective way. It reflects the unparalleled size, scope, and success of Apple's business and the importance of our executive officers operating as a high-performing team. It incorporates elements that create shareholder value by driving financial performance, retaining a high-performing and talented executive team, and aligning the interests of the executive team with the interests of shareholders. The main elements of the executive compensation program are base salary, annual cash incentive, and long-term equity awards.

The chart below shows target dollar values for the main elements of our named executive officers' 2017 compensation.



Cash Compensation

Base Salary. Base salary is a customary, fixed element of compensation intended to attract and retain executives. The Compensation Committee considers market data provided by its independent compensation consultant, internal pay equity among the executive officers, and Apple's financial results and market capitalization relative to the peer companies when setting base salaries. For 2017, Mr. Cook's annual base salary was \$3 million and the annual base salary for each of our other named executive officers was \$1 million.

Annual Cash Incentive. Our annual cash incentive program provides our executive officers with accountability for Apple's annual financial results through variable, at-risk compensation. Net sales and operating income, as determined in accordance with generally accepted accounting principles, are used as the performance measures for the annual cash incentive program because they reflect commonly recognized measures of overall company performance and profitability and are drivers of shareholder value creation.

The annual cash incentive program provides payout opportunities based on the achievement of financial goals that require our executive officers to meet high standards of performance at threshold, target, and maximum levels. The Compensation Committee established the performance goals under the annual cash incentive program in the first quarter of 2017, taking into consideration Apple's 2016 financial results, 2017 expectations, macroeconomic factors, and alignment between payout opportunities and performance levels.

For the 2017 annual cash incentive program, the Compensation Committee established threshold goals of \$215.6 billion for net sales and \$52.3 billion for operating income, representing the minimum level of performance expected for an executive officer to receive an annual cash incentive payout. At the threshold performance level, the total payout opportunity was 100% of base salary. The target goals under the 2017 annual cash incentive plan were \$225.2 billion for net sales and \$57.9 billion for operating income, representing financial results that would be challenging to achieve. At the target performance level, the total payout opportunity was 200% of base salary. The Compensation Committee also set maximum goals of \$234.8 billion for net sales and \$62.9 billion for operating income. Maximum goals represent exceptional financial performance, the achievement of which would result in the highest total payout opportunity under the annual cash incentive program of 400% of base salary.

Payouts of the annual cash incentive are determined based on an equal weighting for the net sales and operating income measures and are linearly interpolated for achievement between the threshold, target, and maximum goals. There is no payout for a particular performance measure unless the threshold goal is achieved with respect to that measure, and the payouts are capped at 400% of base salary for performance at or exceeding the

maximum performance goals. The Compensation Committee may, in its discretion, reduce (but not increase) the actual payout of any individual's annual cash incentive based on Apple's performance and the Compensation Committee's subjective assessment of the executive officer's overall performance.

For 2017, we achieved net sales of \$229.2 billion and operating income of \$61.3 billion, which exceeded the target goals established by the Compensation Committee under the 2017 annual cash incentive program and resulted in an annual cash incentive payout of 155.5% of target. The Compensation Committee determined that no downward adjustments to the payouts would be made based on Apple's 2017 performance and the individual contributions of our named executive officers.

Long-Term Equity Awards

Our executive compensation program emphasizes long-term shareholder value creation through performance-based and time-based RSUs granted to each of our executive officers.

Performance-Based RSUs. The number of performance-based RSUs that vest depends on Apple's total shareholder return relative to the other companies in the S&P 500 for the performance period ("Relative TSR"). The Compensation Committee chose Relative TSR as a straightforward and objective metric for Apple's shareholders to evaluate our performance against the performance of other companies and to align the interests of our executive officers with the interests of shareholders.

We measure Relative TSR for a specified period of time based on the change in each company's stock price during that period, taking into account any dividends paid during that period, which are assumed to be reinvested in the stock. A 20-trading-day averaging period is used to determine the beginning and ending stock price values used to calculate the total shareholder return of Apple and the other companies in the S&P 500. This averaging period mitigates the impact on the long-term Relative TSR results of one-day or short-term stock price fluctuations at the beginning or end of the performance period. The change in value from the beginning to the end of the period is divided by the beginning value to determine total shareholder return. Apple's total shareholder return is compared to the total shareholder return of other companies, ranked by percentile, to determine the number of performance-based RSUs that vest for each performance period.

Time-Based RSUs. Equity awards with time-based vesting align the interests of our executive officers with the interests of our shareholders and promote the stability and retention of a high-performing executive team over the longer term. Vesting schedules for time-based awards generally require continuous service over multiple years, as described below.

Mr. Cook's Long-Term Equity Award

Mr. Cook last received an equity award when he was promoted to Chief Executive Officer in 2011 (the "2011 RSU Award"). At Mr. Cook's request, the 2011 RSU Award was modified in 2013 to put a portion of the award at risk based on Apple's Relative TSR performance. The performance condition requires Apple to outperform two-thirds of the comparative companies in the S&P 500 for each performance period in order for 100% of the performance-based RSUs allocated to that period to vest. The 2011 RSU Award only has downside risk to Mr. Cook. It does not contain an upside vesting opportunity, and there is no interpolation for results between the Relative TSR percentile levels set forth below.

Relative TSR Percentile v. S&P 500 Companies	Performance-Based RSUs Vesting
Top Third	100%
Middle Third	50%
Bottom Third	0%

For the three-year performance period from August 25, 2014 through August 24, 2017, 280,000 performance-based RSUs were subject to the Relative TSR performance condition. Apple's Relative TSR for this performance period was at the 81st percentile of the companies that were included in the S&P 500 for the entire performance period. As a result, all of the 280,000 performance-based RSUs vested on August 24, 2017. Apple's total shareholder return during this 3-year performance period was 70.57%.

Other Named Executive Officers' Long-Term Equity Awards

In October 2016, the Compensation Committee awarded RSUs with a grant date fair value of \$20 million (the "Annual RSU Awards") to each of our executive officers, other than Mr. Cook. The performance-based component of the Annual RSU Awards was increased to 50% of the grant date fair value to place a greater emphasis on performance-based compensation for our executive officers. The value and relative mix of the Annual RSU Awards was a subjective determination by the Compensation Committee based on its own business judgment after taking into consideration factors such as market compensation data provided by its independent compensation consultant, its subjective assessment of the appropriate relationship between time- and performance-based awards, historical equity grants, shareholder feedback, and, with respect to the value of the awards, financial results and market capitalization compared to peer companies.

The Annual RSU Awards granted as performance-based RSUs in October 2016 have a three-year performance-period (fiscal years 2017 through 2019) and will vest on October 1, 2019, subject to continued employment through that date, with zero to 200% of the target number of shares vesting depending on Apple's Relative TSR percentile ranking for the performance period, as follows:

Relative TSR Percentile v. S&P 500 Companies	Performance-Based RSUs Vesting as a Percentage of Target
85th or above	200%
55th	100%
25th	25%
below 25th	0%

This vesting schedule requires Relative TSR performance at the 25th percentile to vest in the threshold number of shares, Relative TSR performance above the median at the 55th percentile to vest in the target number of shares, and Relative TSR performance at the 85th percentile in order to vest in the maximum 200% of the target number of shares. No RSUs vest if Apple's Relative TSR performance is below the 25th percentile. In addition, if Apple's total shareholder return for the performance period is negative, the number of RSUs that vests is capped at 100% of the target number of shares regardless of our percentile ranking. If Apple's Relative TSR percentile ranking is above the 25th percentile and between the levels shown in the table above, the portion of the RSUs that vests is linearly interpolated between the two nearest vesting percentages.

The Annual RSU Awards granted as time-based RSUs in October 2016 vest in three equal annual installments commencing on April 1, 2019 (approximately two and one-half years following the grant date), subject to continued employment through each applicable vesting date. This schedule means that, to receive the full benefit of the time-based RSU award, the recipient must perform approximately four and one-half years of continuous service following the grant date. The April vesting dates for the time-based RSUs were selected to balance the October vesting of the performance-based RSUs and provide regular vesting intervals.

Performance-Based RSU Payout Results. During 2017, Mr. Riccio and Mr. Sewell vested in annual performance-based RSUs that were granted on March 3, 2014. For the three-year performance period from the beginning of 2014 through the end of 2016, each of Mr. Riccio and Mr. Sewell vested in 87,578 performance-based RSUs based on Apple's Relative TSR at the 83rd percentile of the companies that were included in the S&P 500 for the period. Apple's total shareholder return during this 3-year performance period was 69.27%.

During 2017, Mr. Maestri vested in performance-based RSUs that were granted on May 29, 2014 in connection with his promotion to Chief Financial Officer. For the 28-month performance period from May 29, 2014 through the end of 2016, Mr. Maestri vested in 10,694 performance-based RSUs based on Apple's Relative TSR at the 67th percentile of the companies that were included in the S&P 500 for the period. Apple's total shareholder return during this 28-month performance period was 33.62%.

During 2017, Ms. Ahrendts vested in performance-based RSUs that were granted on May 1, 2014 in connection with her hiring. For the three-year performance period from May 1, 2014 through April 30, 2017, Ms. Ahrendts vested in 80,458 performance-based RSUs based on Apple's Relative TSR at the 94th percentile of the companies that were included in the S&P 500 for the period. Apple's total shareholder return during this 3-year performance period was 95.96%.

Dividend Equivalents

At Mr. Cook's request, none of his RSUs participate in dividend equivalents. All other unvested RSUs granted to Apple employees have dividend equivalent rights, which entitle RSU holders to the same dividend value per share as our shareholders. Dividend equivalents are subject to the same vesting and other terms and conditions as the corresponding unvested RSUs. Dividend equivalents are accumulated and paid when the underlying RSUs vest.

Other Benefits

Our executive officers are eligible to participate in our health and welfare programs, Employee Stock Purchase Plan, 401(k) plan, matching gifts program, vacation cash-out, and other benefit programs on the same basis as other employees.

Security and Private Aircraft. The personal safety and security of our employees is of the utmost importance to Apple and its shareholders. We provide risk-based, business-related and personal security services to our employees, including our executive officers, as determined to be appropriate by our security team. We do not consider the security measures provided to our executive officers to be a personal benefit, but rather reasonable and necessary expenses for the benefit of Apple. However, in accordance with SEC disclosure rules, the aggregate incremental cost of these services is reported in the Summary Compensation Table.

As an additional security measure for Mr. Cook, the Board also requires that he use private aircraft for all business and personal travel. This policy was implemented in 2017 in the interests of security and efficiency based on our global profile and the highly visible nature of Mr. Cook's role as CEO. Mr. Cook recognizes imputed taxable income and is not provided a tax reimbursement for personal use of private aircraft.

From time to time, other members of the executive team, including each of the executive officers other than Mr. Cook, may request private aircraft to facilitate travel that is directly and integrally related to the performance of their job duties and when the use of private aircraft will increase efficiency or security associated with a particular trip. Occasionally, spouses or other family members may accompany an executive on these flights. When this occurs, we require the executive to pay the greater of the incremental cost, if any, to accommodate these guests on the flight or the imputed income amount determined using the IRS Standard Industry Fare Level (SIFL) rate. Accordingly, there is no incremental cost to Apple when family members accompany an executive on private business flights.

Relocation Assistance. Relocation assistance, including a gross-up for taxable relocation benefits, is provided to employees when necessary based on business needs. Ms. Ahrendts was provided relocation assistance to move closer to Apple's headquarters in connection with her hiring. Some of these relocation expenses were incurred in 2017 and are reported in the Summary Compensation Table.

Tax Assistance. In 2017, Ms. Ahrendts incurred fees for personal tax services related to tax assistance for relocation benefits that were provided to her for 2014 and 2015. These fees were paid by Apple and are reported in the Summary Compensation Table.

Severance. We generally do not enter into severance arrangements with our executive officers. An exception to this practice was made in connection with hiring Ms. Ahrendts in May 2014. We offered her a limited cash severance arrangement and an accelerated vesting provision for certain RSUs. Her limited cash severance arrangement expired in May 2017, and she has 13,132 unvested RSUs remaining from the RSUs she was awarded upon hire that have an accelerated vesting provision if Apple terminates her employment other than for "Cause" or if she resigns for "Good Reason" prior to the date the awards are scheduled to vest in June 2018. Details of this arrangement are described under "Executive Compensation—Executive Compensation Tables" in the section entitled "Potential Payments Upon Termination or Change of Control."

Governance and Other Considerations

Tax Deductibility of Compensation Expense. Section 162(m) of the Internal Revenue Code generally places a \$1 million limit on the amount of compensation a company can deduct in any one year for certain executive officers. While the Compensation Committee considers the deductibility of awards as one factor in determining executive compensation, the Compensation Committee also looks at other factors in making its decisions, as noted above, and retains the flexibility to award compensation that it determines to be consistent with the goals of our executive compensation program even if the awards are not deductible by Apple for tax purposes.

The 2017 annual cash incentive opportunities and performance-based RSU awards granted to our executive officers were designed in a manner intended to be exempt from the deduction limitation of Section 162(m) because they are paid based on the achievement of pre-determined performance goals established by the Compensation Committee pursuant to our shareholder-approved equity incentive plan. In addition, the portion of Mr. Cook's 2011 RSU Award subject to performance criteria with measurement periods that begin after the June 21, 2013 modification was designed in a manner intended to be exempt from the deduction limitation of Section 162(m).

Base salary and RSU awards with only time-based vesting requirements, which represent a portion of the equity awards granted to our executive officers, are not exempt from Section 162(m), and therefore will not be deductible to the extent the \$1 million limit of Section 162(m) is exceeded.

The exemption from Section 162(m)'s deduction limit for performance-based compensation has been repealed, effective for taxable years beginning after December 31, 2017, such that compensation paid to our covered executive officers in excess of \$1 million will not be deductible unless it qualifies for transition relief applicable to certain arrangements in place as of November 2, 2017.

Despite the Compensation Committee's efforts to structure the executive team annual cash incentives and performance-based RSUs in a manner intended to be exempt from Section 162(m) and therefore not subject to its deduction limits, because of ambiguities and uncertainties as to the application and interpretation of Section 162(m) and the regulations issued thereunder, including the uncertain scope of the transition relief under the legislation repealing Section 162(m)'s exemption from the deduction limit, no assurance can be given that compensation intended to satisfy the requirements for exemption from Section 162(m) in fact will. Further, the Compensation Committee reserves the right to modify compensation that was initially intended to be exempt from Section 162(m) if it determines that such modifications are consistent with Apple's business needs.

Recoupment of RSUs. The executive officers' RSUs are granted pursuant to the terms of our standard RSU agreements. These terms require an employee to deliver or otherwise repay to Apple any shares or other amount that may be paid in respect of RSUs in the event the employee commits a felony while employed by Apple, or engages in a breach of confidentiality, commits an act of theft, embezzlement or fraud, or materially breaches any agreement with Apple while employed by Apple or at any time thereafter.

Prohibition on Hedging, Pledging, and Short Sales. We prohibit transactions in derivatives of Apple stock, including hedging transactions, for all directors, officers, employees, consultants, and contractors of Apple. In addition, we prohibit pledging of Apple stock as collateral by directors and executive officers of Apple and prohibit short sales of Apple stock by directors and executive officers.

Stock Ownership Guidelines. Under our stock ownership guidelines, Mr. Cook is expected to own shares of Apple stock that have a value equal to ten times his base salary. As of the end of 2017, he owned shares with a value of over 46 times his base salary. All other executive officers are expected to own shares that have a value equal to three times their base salary within five years of the officer first becoming subject to the guidelines. Each executive officer currently satisfies the guidelines or has time remaining to satisfy the guidelines. Shares may be owned directly by the individual, owned jointly with or separately by the individual's spouse, or held in trust for the benefit of the individual, the individual's spouse, or the individual's children.

Risk Considerations. The Compensation Committee considers, in establishing and reviewing the executive compensation program, whether the program encourages unnecessary or excessive risk-taking and has concluded that it does not. See the section entitled "Board Oversight of Risk Management" above for an additional discussion of risk considerations.

Executive Compensation Tables

Summary Compensation Table—2017, 2016, and 2015

The following table, footnotes, and related narrative show information regarding the total compensation of each named executive officer for 2017, 2016, and 2015, except in the case of Mr. Srouji, who was not a named executive officer in 2015 and 2016.

Name and Principal Position (a)	Year (b)	Salary (1) (\$)(c)	Bonus (\$)(d)	Stock Awards (2) (\$)(e)	Non-Equity Incentive Plan Compensation (3) (\$)(f)	All Other Compensation (\$)(g)	Total (\$)(h)
Tim Cook Chief Executive Officer	2017	3,057,692	—	—	9,327,000	440,374 ⁽⁴⁾	12,825,066
	2016	3,000,000	—	—	5,370,000	377,719	8,747,719
	2015	2,000,000	—	—	8,000,000	281,327	10,281,327
Luca Maestri Senior Vice President, Chief Financial Officer	2017	1,019,231	—	20,000,113	3,109,000	13,271 ⁽⁵⁾	24,141,615
	2016	1,000,000	—	20,000,083	1,790,000	13,486	22,803,569
	2015	1,000,000	—	20,000,105	4,000,000	337,872	25,337,977
Angela Ahrendts Senior Vice President, Retail	2017	1,019,231	—	20,000,113	3,109,000	87,728 ⁽⁶⁾	24,216,072
	2016	1,000,000	—	20,000,083	1,790,000	112,809	22,902,892
	2015	1,000,000	—	20,000,105	4,000,000	779,124	25,779,229
Johny Srouji Senior Vice President, Hardware Technologies	2017	1,019,231	—	20,000,113	3,109,000	34,048 ⁽⁷⁾	24,162,392
Dan Riccio Senior Vice President, Hardware Engineering	2017	1,019,231	—	20,000,113	3,109,000	17,702 ⁽⁸⁾	24,146,046
	2016	1,000,000	—	20,000,083	1,790,000	17,461	22,807,544
	2015	1,000,000	—	20,000,105	4,000,000	17,521	25,017,626
Bruce Sewell Former Senior Vice President, General Counsel and Secretary	2017	1,019,231	—	20,000,113	3,109,000	17,702 ⁽⁹⁾	24,146,046
	2016	1,000,000	—	20,000,083	1,790,000	17,461	22,807,544
	2015	1,000,000	—	20,000,105	4,000,000	17,521	25,017,626

(1) For 2017, Mr. Cook's annual base salary was \$3 million and the annual base salary for each of our other named executive officers was \$1 million. Because 2017 was a 53-week fiscal year, the 2017 salary amounts reflect an extra week of pay.

(2) The grant date fair value for time-based RSUs is measured based on the closing price of Apple's common stock on the date of grant. The grant date fair value for performance-based RSUs is calculated based on a Monte-Carlo valuation of each award on the date of grant, determined under FASB ASC 718. Assuming the highest level of performance is achieved under the applicable performance conditions, the maximum possible value of the performance-based RSUs granted to each of the named executive officers in 2017 (other than Mr. Cook), using the grant date fair value, is

\$20,000,068. See Note 1—Summary of Significant Accounting Policies found in Part II, Item 8, “Financial Statements and Supplementary Data” in the Notes to Consolidated Financial Statements in the Annual Report on Form 10-K for the year ended September 30, 2017, and also see footnote 1 to the table entitled “Grants of Plan-Based Awards—2017.”

- (3) As described under “Executive Compensation—Compensation Discussion and Analysis,” the named executive officers’ annual cash incentives are based on the performance of Apple relative to pre-determined objectives for the year and the performance of the individual executive. The threshold, target, and maximum amounts for each named executive officer’s 2017 annual cash incentive opportunity are shown in the table entitled “Grants of Plan-Based Awards—2017.” In 2017, Apple was above its target performance goals for both net sales and operating income, resulting in a payout of each named executive officer’s annual cash incentive at 155.5% of target. The Compensation Committee determined that no downward adjustments would be made based on Apple’s or an individual’s performance and approved the payout for each named executive officer for 2017.
- (4) This amount represents: (i) Apple’s contributions to Mr. Cook’s account under its 401(k) plan in the amount of \$16,200; (ii) term life insurance premiums paid by Apple in the amount of \$3,003; (iii) vacation cash-out in the amount of \$103,846; (iv) security expenses in the amount of \$224,216, which represents the incremental cost for personal security services provided to Mr. Cook as determined by allocating both direct costs and a percentage of fixed costs incurred by Apple and used to provide personal security services; and (v) personal air travel expenses in the amount of \$93,109, which represents the incremental cost to Apple for Mr. Cook’s personal use of private aircraft based on hourly flight charges and other variable costs incurred by Apple for such use, including variable fuel charges, departure fees, and landing fees. For security reasons, the Board requires that Mr. Cook use private aircraft for all business and personal travel.
- (5) This amount represents: (i) Apple’s contributions to Mr. Maestri’s account under its 401(k) plan in the amount of \$11,769; and (ii) term life insurance premiums paid by Apple in the amount of \$1,502.
- (6) This amount represents: (i) Apple’s contributions to Ms. Ahrendts’ account under its 401(k) plan in the amount of \$12,150; (ii) term life insurance premiums paid by Apple in the amount of \$1,502; (iii) relocation expenses in the amount of \$23,765 and associated tax gross up for taxable relocation amounts in the amount of \$28,774; (iv) fees for tax services paid by Apple in the amount of \$21,000; and (v) personal security expenses in the amount of \$537.
- (7) This amount represents: (i) Apple’s contributions to Mr. Srouji’s account under its 401(k) plan in the amount of \$16,200; (ii) term life insurance premiums paid by Apple in the amount of \$1,502; and (iii) vacation cash-out in the amount of \$16,346.
- (8) This amount represents: (i) Apple’s contributions to Mr. Riccio’s account under its 401(k) plan in the amount of \$16,200; and (ii) term life insurance premiums paid by Apple in the amount of \$1,502.
- (9) This amount represents: (i) Apple’s contributions to Mr. Sewell’s account under its 401(k) plan in the amount of \$16,200; and (ii) term life insurance premiums paid by Apple in the amount of \$1,502.

The amounts in the salary, bonus, and non-equity incentive plan compensation columns of the “Summary Compensation Table—2017, 2016, and 2015” reflect actual amounts paid for the relevant years, while the amounts in the stock awards column reflect accounting values. The tables entitled “Outstanding Equity Awards at 2017 Year-End” and “Option Exercises and Stock Vested—2017” provide further information on the named executive officers’ potential realizable value and actual value realized with respect to their equity awards. The “Summary Compensation Table—2017, 2016, and 2015” should be read in conjunction with the Compensation Discussion and Analysis and the subsequent tables and narrative descriptions.

Grants of Plan-Based Awards—2017

The following table shows information regarding the incentive awards granted to the named executive officers for 2017.

Name (a)	Award Type	Grant Date (b)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)(i)	Grant Date Fair Value of Stock and Option Awards (1) \$(j)
			Threshold \$(c)	Target \$(d)	Maximum \$(e)	Threshold #(f)	Target #(g)	Maximum #(h)		
Tim Cook	Cash Incentive	—	3,000,000	6,000,000	12,000,000	—	—	—	—	—
Luca Maestri	Cash Incentive	—	1,000,000	2,000,000	4,000,000	—	—	—	—	—
	Time-based RSUs	10/14/2016	—	—	—	—	—	—	85,013	10,000,079
	Performance-based RSUs	10/14/2016	—	—	—	16,164	64,654	129,308	—	10,000,034
Angela Ahrendts	Cash Incentive	—	1,000,000	2,000,000	4,000,000	—	—	—	—	—
	Time-based RSUs	10/14/2016	—	—	—	—	—	—	85,013	10,000,079
	Performance-based RSUs	10/14/2016	—	—	—	16,164	64,654	129,308	—	10,000,034
Johny Srouji	Cash Incentive	—	1,000,000	2,000,000	4,000,000	—	—	—	—	—
	Time-based RSUs	10/14/2016	—	—	—	—	—	—	85,013	10,000,079
	Performance-based RSUs	10/14/2016	—	—	—	16,164	64,654	129,308	—	10,000,034
Dan Riccio	Cash Incentive	—	1,000,000	2,000,000	4,000,000	—	—	—	—	—
	Time-based RSUs	10/14/2016	—	—	—	—	—	—	85,013	10,000,079
	Performance-based RSUs	10/14/2016	—	—	—	16,164	64,654	129,308	—	10,000,034
Bruce Sewell	Cash Incentive	—	1,000,000	2,000,000	4,000,000	—	—	—	—	—
	Time-based RSUs	10/14/2016	—	—	—	—	—	—	85,013	10,000,079
	Performance-based RSUs	10/14/2016	—	—	—	16,164	64,654	129,308	—	10,000,034

- (1) The grant date fair value for time-based RSUs is measured based on the closing price of Apple's common stock on the date of grant. The grant date fair value for performance-based RSUs is calculated based on a Monte-Carlo valuation of each award on the date of grant, determined under FASB ASC 718, incorporating the following assumptions:

Grant Date	Performance Period End Date	Assumptions		
		Expected Term (years)	Expected Volatility	Risk-Free Interest Rate
10/14/2016	9/28/2019	2.95	24.21%	0.99%

Apple used its historical stock prices as the basis for the volatility assumptions. The risk-free interest rates were based on U.S. Treasury rates in effect at the time of grant. The expected term was based on the time remaining in the performance period on the grant date. See Note 1—Summary of Significant Accounting Policies found in Part II, Item 8, "Financial Statements and Supplementary Data" in the Notes to Consolidated Financial Statements in the Annual Report on Form 10-K for the year ended September 30, 2017.

Description of Plan-Based Awards

Non-Equity Incentive Plan Awards. Each of the “Non-Equity Incentive Plan Awards” shown in the table entitled “Grants of Plan-Based Awards—2017” was granted under Apple’s 2014 Employee Stock Plan (the “2014 Plan”), which provides flexibility to grant cash incentive awards, as well as equity awards. The material terms of the 2017 non-equity incentive awards are described under “Executive Compensation—Compensation Discussion and Analysis” in the section entitled “Annual Cash Incentive.”

All Other Stock Awards. Each of the time-based and performance-based RSUs shown in the table entitled “Grants of Plan-Based Awards—2017” was granted under, and is subject to, the terms of the 2014 Plan. The Compensation Committee administers the 2014 Plan.

Time-Based RSUs. The time-based RSUs granted on October 14, 2016 are scheduled to vest in three annual installments commencing on April 1, 2019. Vesting is generally contingent on each officer’s continued employment with Apple through the applicable vesting date.

Performance-Based RSUs. The performance-based RSUs granted on October 14, 2016 are scheduled to vest on October 1, 2019, subject to the officer’s continued employment with Apple through the vesting date and satisfaction of performance conditions for the performance period beginning on September 25, 2016 and ending on September 28, 2019. As described under “Executive Compensation—Compensation Discussion and Analysis” in the section entitled “Other Named Executive Officers’ Long-Term Equity Awards,” in each case, between 0% and 200% of the target number of performance-based RSUs vest depending on Apple’s Relative TSR percentile compared to the other companies in the S&P 500 over the performance period, with 100% of the target RSUs vesting if Apple’s Relative TSR is at the 55th percentile. If Apple’s total shareholder return for the performance period is negative, the number of RSUs that vest is capped at 100% of target.

Dividend Equivalents. RSUs granted under the 2014 Plan have dividend equivalents, which entitle holders of RSUs to the same dividend value per share as holders of common stock. Dividend equivalents are subject to the same vesting and other terms and conditions as the corresponding unvested RSUs. Dividend equivalents are accumulated and paid when the underlying RSUs vest. At Mr. Cook’s request, none of his RSUs participate in dividend equivalents.

Outstanding Equity Awards at 2017 Year-End

The following table shows information regarding the outstanding equity awards held by each of the named executive officers as of September 30, 2017.

Name (a)	Grant Date (b)	Number of Shares or Units of Stock That Have Not Vested (#)(c)	Market Value of Shares or Units of Stock That Have Not Vested (1) (\$)(d)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(e)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (1) (\$)(f)
Tim Cook	8/24/2011	1,820,000(2)	280,498,400	1,120,000(2)	172,614,400
Luca Maestri	10/7/2013	12,558(3)	1,935,439	—	—
	5/29/2014	9,550(4)	1,471,846	—	—
	10/17/2014	81,908(5)	12,623,661	68,576(5)(6)	10,568,933
	10/5/2015	108,323(7)	16,694,741	65,264(7)(6)	10,058,488
	10/14/2016	85,013(8)	13,102,204	64,654(8)(6)	9,964,474
Angela Ahrendts	5/1/2014	13,132(9)	2,023,904	—	—
	10/17/2014	81,908(5)	12,623,661	68,576(5)(6)	10,568,933
	10/5/2015	108,323(7)	16,694,741	65,264(7)(6)	10,058,488
	10/14/2016	85,013(8)	13,102,204	64,654(8)(6)	9,964,474
Johny Srouji	10/7/2013	13,448(3)	2,072,606	—	—
	10/10/2014	27,921(10)	4,303,185	—	—
	10/5/2015	56,418(11)	8,695,142	—	—
	10/14/2016	85,013(8)	13,102,204	64,654(8)(6)	9,964,474
Dan Riccio	3/3/2014	53,055(12)	8,176,837	—	—
	10/17/2014	81,908(5)	12,623,661	68,576(5)(6)	10,568,933
	10/5/2015	108,323(7)	16,694,741	65,264(7)(6)	10,058,488
	10/14/2016	85,013(8)	13,102,204	64,654(8)(6)	9,964,474
Bruce Sewell	3/3/2014	53,055(12)	8,176,837	—	—
	10/17/2014	81,908(5)	12,623,661	68,576(5)(6)	10,568,933
	10/5/2015	108,323(7)	16,694,741	65,264(7)(6)	10,058,488
	10/14/2016	85,013(8)	13,102,204	64,654(8)(6)	9,964,474

[Table of Contents](#)

- (1) The dollar amounts shown in Columns (d) and (f) are determined by multiplying the number of shares or units shown in Column (c) or (e), as applicable, by \$154.12, the closing price of Apple's common stock on September 29, 2017, the last trading day of Apple's fiscal year.
- (2) 700,000 time-based RSUs subject to this award are scheduled to vest on August 24, 2021, provided that the officer continues to be employed with Apple through the vesting date. The remaining 2,240,000 time- and performance-based RSUs subject to this award are scheduled to vest in four annual installments commencing on August 24, 2018, provided that the officer continues to be employed with Apple through the applicable vesting date and, with respect to a portion of each installment, satisfies the applicable performance conditions.
- (3) The RSUs subject to this award vested in their entirety on October 15, 2017.
- (4) The RSUs subject to this award are scheduled to vest in their entirety on May 29, 2018, provided that the officer continues to be employed with Apple through the applicable vesting date.
- (5) The time-based RSUs subject to this award are scheduled to vest in two annual installments commencing on April 1, 2018, provided that the officer continues to be employed with Apple through the applicable vesting date. 125,494 performance-based RSUs subject to this award vested on October 1, 2017 (183% of the target number of performance-based RSUs) upon satisfaction of the performance condition above target.
- (6) The target number of performance-based RSUs is shown. As described under "Executive Compensation—Compensation Discussion and Analysis," in each case, between 0% and 200% of the target number of performance-based RSUs vest depending on Apple's Relative TSR compared to the other companies in the S&P 500 over the relevant performance period.
- (7) The time-based RSUs subject to this award are scheduled to vest in three annual installments commencing on April 1, 2018, provided that the officer continues to be employed with Apple through the applicable vesting date. 65,264 performance-based RSUs are scheduled to vest on October 1, 2018, provided that the officer continues to be employed with Apple through the vesting date and satisfies the applicable performance conditions.
- (8) The time-based RSUs subject to this award are scheduled to vest in three annual installments commencing on April 1, 2019, provided that the officer continues to be employed with Apple through the applicable vesting date. 64,654 performance-based RSUs are scheduled to vest on October 1, 2019, provided that the officer continues to be employed with Apple through the vesting date and satisfies the applicable performance conditions.
- (9) The RSUs subject to this award are scheduled to vest in their entirety on June 14, 2018, provided that the officer continues to be employed with Apple through the applicable vesting date.
- (10) 9,307 RSUs subject to this award vested on October 15, 2017, and the remaining RSUs subject to this award are scheduled to vest in two semi-annual installments commencing on April 15, 2018, provided that the officer continues to be employed with Apple through the vesting date.
- (11) 11,284 RSUs subject to this award vested on October 15, 2017, and the remaining RSUs subject to this award are scheduled to vest in four semi-annual installments commencing on April 15, 2018, provided that the officer continues to be employed with Apple through the vesting date.
- (12) The RSUs subject to this award are scheduled to vest in their entirety on April 1, 2018, provided that the officer continues to be employed with Apple through the vesting date.

Stock Vested—2017

The following table shows information regarding the vesting during 2017 of RSUs previously granted to the named executive officers. No options were exercised by any named executive officer during 2017.

Name (a)	Stock Awards	
	Number of Shares Acquired on Vesting (#)(b)	Value Realized on Vesting (1) \$(c)
Tim Cook	560,000	89,191,200
Luca Maestri	119,643	17,224,661
Angela Ahrendts	212,662	32,330,541
Johnny Srouji	76,780	10,221,154
Dan Riccio	181,588	24,400,942
Bruce Sewell	181,588	24,400,942

- (1) The dollar amounts shown in Column (c) are determined by multiplying the number of shares that vested by the per share closing price of Apple's common stock on the vesting date, plus any dividend equivalents attributable to such vested shares.

Potential Payments Upon Termination or Change of Control

We generally do not enter into severance arrangements with our named executive officers, and none of the equity awards granted to the named executive officers under Apple's equity incentive plans provide for acceleration in connection with a change of control or a termination of employment, other than as noted below or in connection with death or disability.

As described under "Executive Compensation—Compensation Discussion and Analysis" in the section entitled "Other Benefits," the vesting of the RSUs awarded to Ms. Ahrendts to compensate her for her unvested equity at Burberry (the "Make Whole RSUs"), where she previously served as Chief Executive Officer, would be accelerated if Apple terminated her employment other than for "Cause" or if she resigned for "Good Reason." "Cause" and "Good Reason" are defined in her offer letter. "Cause" generally means an act of fraud or material dishonesty; gross misconduct; failure to follow the lawful direction of the CEO or Board; failure to perform material duties for Apple; or material breach of an Apple policy. "Good Reason" generally means a material change in duties or responsibilities; a change in the reporting structure such that Ms. Ahrendts no longer reports to the CEO; a material change in primary work location; or a breach by Apple of any of its material commitments in connection with her employment. Had Apple terminated her employment other than for Cause or if she resigned for Good Reason on September 29, 2017, the last business day of Apple's fiscal year, the estimated amount she would have been entitled to under the Make Whole RSUs would have been \$2,023,904.

Equity Acceleration upon Death or Disability

Time-Based RSUs. Time-based RSUs provide for partial accelerated vesting of the RSUs scheduled to vest on the next applicable vesting date following termination of employment due to disability and for full accelerated vesting upon death.

Performance-Based RSUs. Performance-based RSUs provide for a partial waiver of the service vesting condition upon the death or disability of the award recipient, with the number of shares that vest determined at the end of the performance period, based on actual performance results and the recipient's dates of employment during the performance period.

The following table shows the estimated amounts that the named executive officers would have become entitled to under the terms of all outstanding RSUs had their employment terminated due to either death or disability on September 29, 2017, the last business day of Apple's fiscal year. The estimated values for performance-based RSUs are shown at the maximum potential payout amounts.

Name	Estimated Total Value of Equity Acceleration upon Death ⁽¹⁾ (\$)	Estimated Total Value of Equity Acceleration upon Disability ⁽¹⁾ (\$)
Tim Cook	327,918,966	75,368,841
Luca Maestri	87,092,133	52,795,810
Angela Ahrendts	85,708,752	51,126,690
Johny Srouji	34,882,750	13,197,758
Dan Riccio	91,861,685	54,588,225
Bruce Sewell	91,861,685	54,588,225

(1) The dollar amounts are determined by multiplying the number of shares subject to the accelerated RSUs by \$154.12, the closing price of Apple's common stock on September 29, 2017.