Apple (NASDAQ: AAPL) is one of the world's largest companies by market capitalisation and part of the so-called "Magnificent Seven," which have been key drivers of recent U.S. equity market performance, with the S&P 500 reaching record highs. Apple is best known for its integrated ecosystem of products, complemented by a rapidly expanding services segment. As reported by Nasdaq (Wrobel, 2021), Apple has historically issued debt to finance share repurchases, making it an interesting case study in capital structure strategy, where debt is employed as a financial optimisation tool rather than an operational necessity.

1. Debt Profile: Apple has ~$83.4bn of USD-denominated public debt outstanding across 53 publicly issued corporate bonds. All of which are rated investment grade (Aaa/AA+) and structured as senior unsecured obligations. ~80% of the bonds are callable. The portfolio is entirely fixed rate, with no floating-rate exposure. Comprising of global bonds, Euro non-USD issuances, and domestic medium-term notes. In addition, the company has ~$9.9bn equivalent outstanding in EUR, CHF, GBP, and AUD-denominated notes. This multi-currency issuance strategy enables Apple to access diversified investor bases, while also potentially matching its global revenue and cost structure. All bonds rank as senior unsecured, reflecting the firm's strong credit profile and lack of collateralisation. The weighted average coupon (by face value) is ~3.6%. Top holders of Apple's debt include asset managers, insurance companies, and other large financial institutions. Notable names include Vanguard Group, BlackRock, and Prudential Financial.

Fig. 1 - **Debt Maturity Profile**

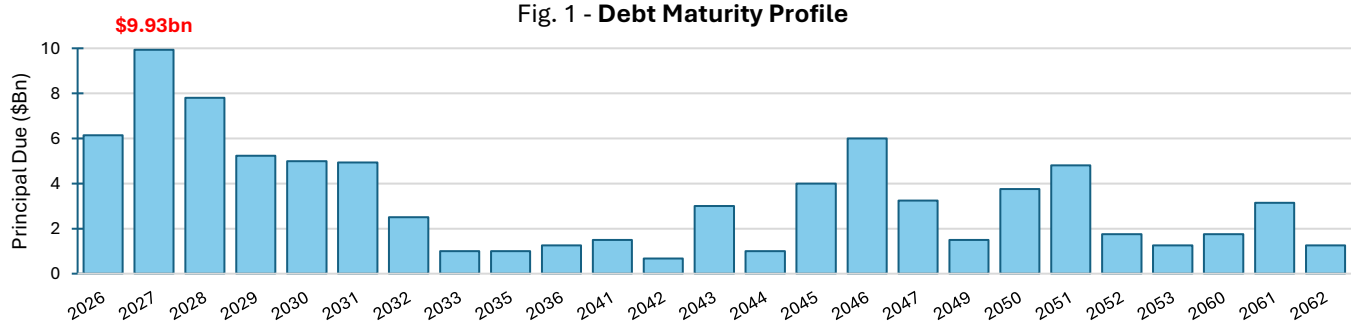


Figure 1 shows a front-loaded concentration of $23.9bn maturing between 2026 and 2028 followed by another concentrated cluster in 2045–2051 (~$24bn). The largest observable 2027 peak of $9.9bn reflects multiple benchmark bond maturities which coincide in a single year, this creates refinancing risk in the near term. However, Apple's bulletproof balance sheet, with over $45bn in short-term investments, provides more than enough liquidity to handle the risk. The long-dated cluster through the 2050's and beyond demonstrates Apple's confident access to ultra-long capital markets, locking in low historical rates against its durable earnings profile.

Fig. 2 - **Apple USD Bond Yield Curve vs US AAA Composite**

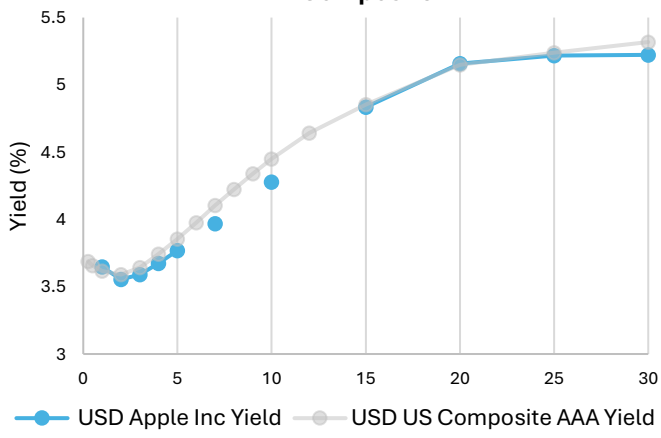
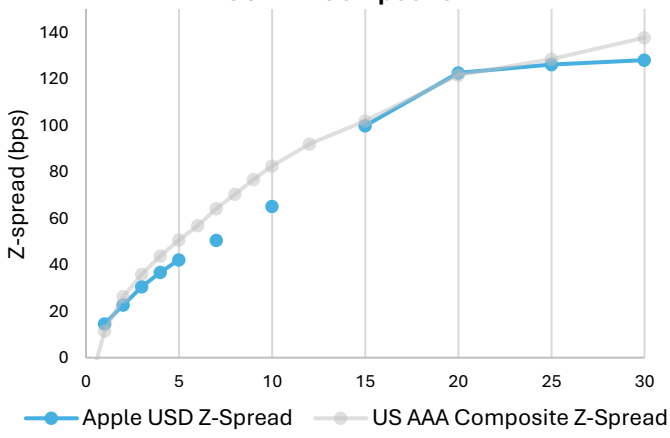


Fig. 3 - **Apple USD Bond Z-Spread Curve vs US AAA Composite**



2. Yield Analysis: Figure 2 plots Apple's current yield curve across all USD issued bonds. The curve slopes upwards, rising from as low as ~3.5% at the 1–3 year end of the curve to ~5.3% at ultra-long maturities, which is consistent with a normal upward-sloping term structure. Figure 3 shows the Z-spread widening with duration, from 15 to 35 bps for bonds maturing before 2030, to 130 to 155 bps for 2045 maturities and beyond. This widening reflects not only duration risk premium and reduced liquidity in long-dated bonds, but also compensation for embedded call optionality. The majority of Apple's long-

dated bonds are callable and so investors require additional yield to compensate for reinvestment risk i.e. the possibility that Apple redeems bonds early should rates fall, forcing investors to reinvest at lower rates. And so, spread widening at long maturities should not be interpreted as evidence of deteriorating creditworthiness, but rather as compensation for duration and optionality risk on an otherwise Aaa-rated issuer. The tight short-end spreads confirm the market's near-zero perceived default risk and reflect Apple's significant net-cash position.

As reported by Reuters (Ramakrishnan and Tracy, 2025), Apple returned to the bond market for the first time in two years. They executed a multi-tranche bond offering, characterised by narrow credit spreads and substantial investor appetite. Demonstrating that even after the April 2025 tariff-driven market volatility, Apple still had full cost-effective access to the primary capital markets, once again indicating high credit quality. The deal also continues management's preference for debt-funded payouts as opposed to drawing on its cash reserves.

Measure	AAPL (2026E)	GOOGL (2026E)	MSFT (2026E)	AA Median
EBITDA Margin (%)	35.76	53.37	60.78	28.37
Net Debt/EBITDAR (x)	-0.45	0.06	0.24	0.73
FCF/Debt (%)	150.23	35	58.65	-
Rating (S&P / Moody's)	AA+/Aaa	AA+/Aa2	AAA/Aaa	-

Fig. 4 - **Peer Credit Analysis. Source: Bloomberg**

3. Credit Risk: As shown in Figure 4 Apple is rated Aaa by Moody's and AA+ by S&P (since 12/2021 and 4/2013 respectively), placing them right at the top of the credit spectrum. Peer analysis confirms Apple's dominance on leverage metrics, with a Net Debt/EBITDA of -0.45x and Total Debt/EBITDA of 0.59x which compare extremely favourably with median AA-rated peers (0.73x). FCF/Debt of 150% further underscores the company's ability to service obligations many times over from operating cash flow.

Fig. 5 - **Apple 5Y CDS vs CDX IG 5Y**

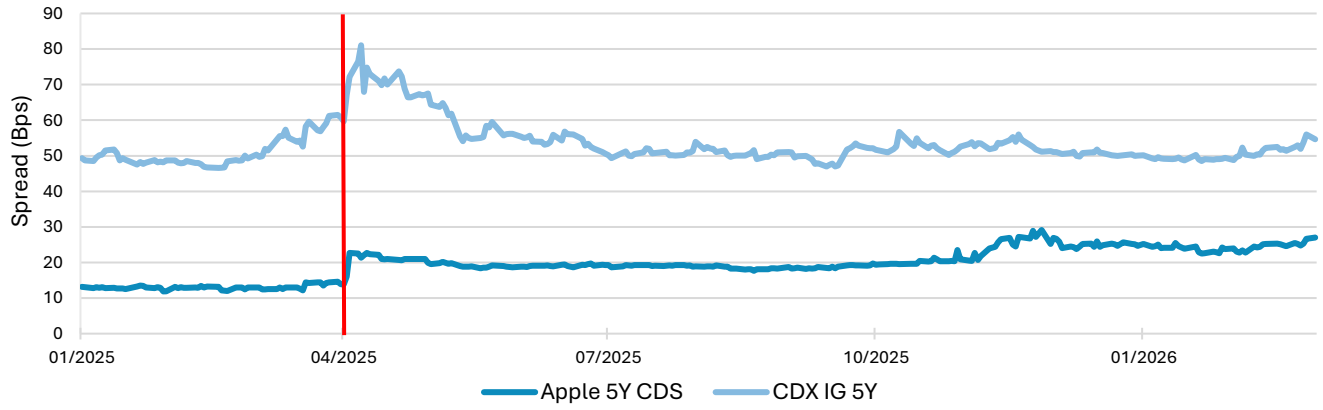


Figure 5 shows the 5-year CDS spread for Apple alongside the CDX IG Index. CDS spreads provide a market-based measure of credit risk by reflecting the cost of insuring against default. The CDX IG Index, which tracks 125 investment-grade companies in North America, serves as a widely used benchmark for assessing corporate credit risk. Apple's CDS traded in a narrow 11 to 15 bps range throughout 2024, consistent with exceptional fundamentals and steady investor expectations. A notable spike to 21 bps in April 2025 coincided with the US-China tariff escalation. Apple derives over 18% of revenues from Greater China and manufactures the majority of iPhones in the region. This widening is material relative to Apple's own history but remains far below the CDX IG index (~80 bps during the same period), highlighting the market's view that the supply chain risk was manageable. By late 2025, spreads compressed back towards ~20 bps, ending the transitory period. The rise in CDS spreads from late 2025 onward is driven by the surge in AI-related debt issuance, with companies like GOOGL and ORCL raising approximately $121bn (Bair Jr., 2025). Although Apple may not be an AI hyperscaler, its relatively conservative debt load still exposes it to increased credit risk due to the broader AI investment trend.

Wrobel, S. (2021) *Apple shores up $14 B in debt for share buybacks, dividends – report*, Nasdaq, 2 February. Available at: https://www.nasdaq.com/articles/apple-shores-up-%2414b-in-debt-for-share-buybacks-dividends-report-2021-02-02 (Accessed: 3/3/2026).

Ramakrishnan, S. & Tracy, M. (2025) *Apple prices first bond offering in 2 years*, Reuters, 5 May. Available at: https://www.reuters.com/business/apples-first-bond-offering-two-years-headlines-busy-primary-2025-05-05/ (Accessed: 3/3/2026).

Bair Jr., T. (2025) *Record-Breaking AI-Related Debt Issuance in 2025*, Mellon Investments Corporation – Global Macro Views Blog, December. Available at: https://www.mellon.com/insights/insights-articles/record-breaking-ai-related-debt-issuance-in-2025.html (Accessed: 3/3/2026)