

# Cook Hints Apple Will Part With Some Cash

Michael Liedtke, AP Technology Writer

CUPERTINO, California (AP) — Apple CEO Tim Cook says he believes the world's most valuable company has more money than it needs. His next challenge is to figure out whether Apple should break from the cash-hoarding ways of his predecessor, the late Steve Jobs, and dip into its \$98 billion bank account to pay shareholders a dividend this year.

During a question-and-answer session Thursday at the company's annual shareholders' meeting, Cook indicated he and the rest of Apple's board are nearing a decision.

The board and management are "thinking about this very deeply," Cook said. "This isn't a case where 100 percent of people are going to agree with what we do."

The question of how to handle Apple's cash stockpile is a touchy one, partly because company co-founder Jobs had steadfastly brushed aside suggestions that the company restore its quarterly dividend. Apple stopped making the shareholder payments in 1995 when it was in such deep trouble that it needed to hold on to every cent.

Things got so bad that Apple turned to rival Microsoft Corp. in 1997 for a \$150 million infusion to stay afloat. Microsoft came to the rescue at the same time Apple named Jobs as its CEO — a decision that turned out to be one of the smartest business moves ever made.

Haunted by memories of Apple's grim times, Jobs kept accumulating cash even as the company's fortunes soared during the final decade of his life.

Cook, though, appears willing to return some of the cash to shareholders since he succeeded Jobs as Apple's CEO last August. Jobs died Oct. 5 after a long battle with cancer.

During Thursday's meeting, Cook dropped his strongest hint yet that Apple will part with some of the money. "Frankly speaking," Cook said, "it's more than we need to run the company."

One Apple shareholder, Asif Khan of Sugar Land, Texas, urged Cook to resist committing to a dividend every three months. He said he thinks it makes more sense for Apple to pay a one-time dividend later this year before the expiration of a provision that limits the federal tax rate on dividends to 15 percent.

If Apple opts for a regular quarterly dividend, Khan is worried it might be misinterpreted by some investors as a sign that Apple is losing confidence in its ability to keep propelling its stock price higher as the company churns out hit

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products such as the iPhone and iPad.

During the past year, Apple's stock has surged 50 percent to create about \$160 billion in shareholder wealth. Apple now has a market value of \$480 billion — more than the combined value of Microsoft and prominent rival Google Inc.

Apple shares gained \$3.35 Thursday to close at \$516.39. The high price sparked a question Thursday about whether Apple plans to split its stock to make it more affordable to buy. Cook indicated it's unlikely to occur, saying the board has studied the history of other companies that regularly split their stock and concluded "it does nothing" for long-term returns. Apple last split its stock seven years ago. The shares have increased 11-fold since then.

Although most of those gains occurred under Jobs' leadership, Apple's stock and financial results have remained stellar under Cook, Job's hand-picked successor. Cook has worked as a top Apple executive since 1998.

Given how well Apple has been doing, shareholders had little reason to complain at Thursday's hour-long meeting.

While shareholders waited in a 40-minute line to get inside the meeting at Apple's Cupertino headquarters, a few protesters carried signs urging the company to ensure that workers building its products in Taiwanese and Chinese factories are paid more and treated humanely. "Stop iSweatshop," one sign implored. Another stated: "iWant an ethical phone." No questions about the conditions in Apple's overseas factories were posed during the meeting.

In other matters, Apple agreed to adopt a proposal from the public pension fund Calpers that will require all of the company's directors to receive a majority of shareholder votes to remain on the board. The proposal was backed by more than 80 percent of the shareholder votes counted in the preliminary results announced by Apple Thursday.

All eight of Apple's current directors were re-elected with at least 81 percent of the shareholder votes in the preliminary results, so the switch to majority-voting rules wouldn't have changed this year's outcome if the new rules had already been in effect.

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