

Apple prepares for first debt issue

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"We may, from time to time, offer to sell debt securities in one or more offerings," the California tech giant said in a document filed with the

[Securities and Exchange Commission.](#)

Apple executives described their plans last week when the firm reported [quarterly results](#), indicating the company would spend \$100 billion on [buybacks](#) and [dividends](#) to boost shareholder value.

The maker of the [iPhone](#) and [iPad](#) has a cash stockpile of at least \$145 billion, based on disclosures from its latest earnings.

But much of that is outside the United States, and repatriating that money would lead to a big tax bite under current US law.

Last week, Standard & Poor's said it would rate Apple bonds AA+ and Moody's indicated it would rate them Aa1. The rating agencies said they would not give the top grade of AAA because of the fast-changing nature of the sector.

Apple posted a profit of \$9.5 billion on revenue of \$43.6 billion in the first three months of this year, compared to \$11.6 billion on \$39.2 billion a year earlier.

Quarterly sales numbers grew—with the number of iPhones rising to 37.4 million from 35.1 million a year earlier, and iPads surging to 19.5 million from 11.8 million.

But margins were clearly shrinking: the gross margin fell to 37.5 percent from 47.5 percent.

Apple shares rose 3.1 percent Monday to end at \$430.12, far below last year's peak above \$700.

Some analysts say the company is facing a crisis in a market where competitors are closing in.

"This is a crisis," Indigo Equity Research said in a recent note.

"Apple is making similar errors that Nokia and Motorola did; by not releasing sufficiently innovative product upgrades frequently enough. A problem is that once consumer tech companies lose their edge, they rarely regain it."

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