

# Financial fruit: Apple becomes 1st trillion-dollar company

August 2 2018, by Michael Liedtke

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In this Jan. 9, 2007 file photo, Apple CEO Steve Jobs holds up the new iPhone during his keynote address at MacWorld Conference & Expo in San Francisco. Apple has become the world's first company to be valued at \$1 trillion, the financial fruit of tasteful technology that has redefined society since two mavericks named Steve started the company 42 years ago. (AP Photo/Paul Sakuma, File)

Apple has become the world's first publicly traded company to be valued at \$1 trillion, the financial fruit of stylish technology that has redefined what we expect from our gadgets.

The milestone reached Thursday marks the latest triumph of a trend-setting company that two mavericks named Steve started in a Silicon Valley garage 42 years ago.

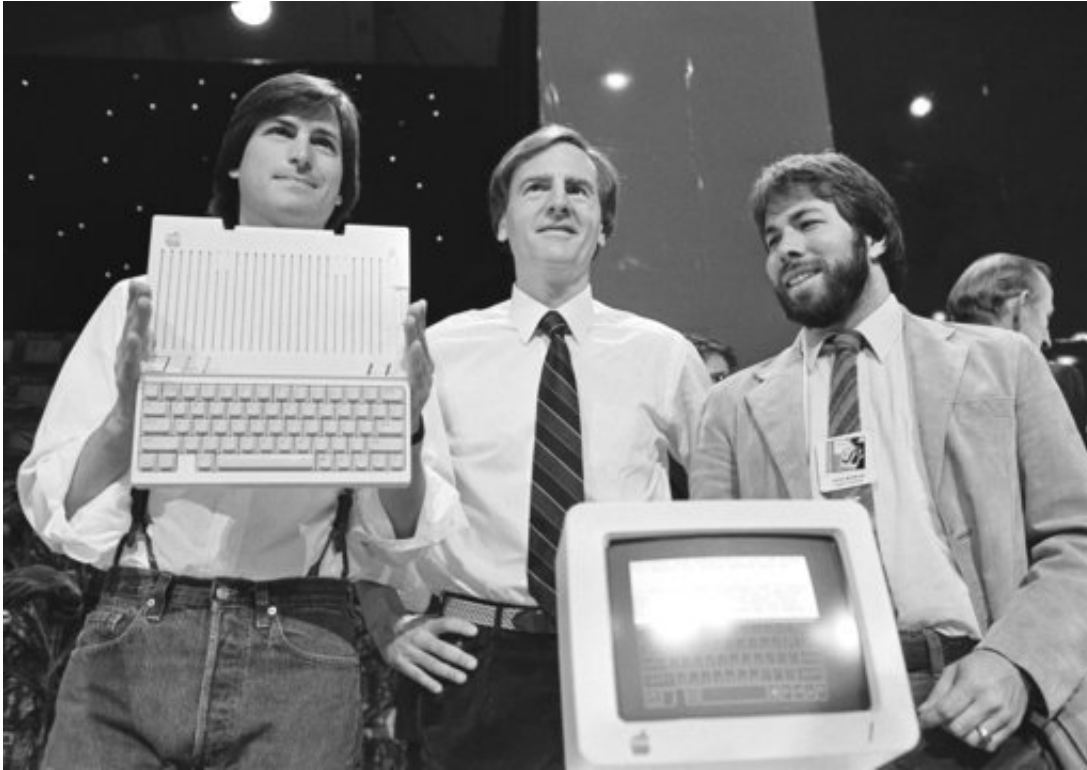
The achievement seemed unimaginable in 1997 when Apple teetered on the edge of bankruptcy, with its stock trading for less than \$1, on a split-adjusted basis., and its market value dropping below \$2 billion.

To survive, Apple brought back its once-exiled co-founder, Steve Jobs, as interim CEO and turned to its archrival Microsoft for a \$150 million cash infusion to help pay its bills.

If someone had dared to buy \$10,000 worth of stock at that point of desperation, the investment would now be worth about \$2.6 million.

Jobs eventually introduced popular products such as the iPod and iPhone that subsequently drove Apple's rise. The stock has been surging this week as anticipation mounts for the next generation of iPhone, expected to be released in September.

Apple hit the \$1 trillion mark when its shares reached \$207.04 around midday in New York. They rose to an all-time high of \$208.32 before falling back slightly. The shares are up around 23 percent so far this year.



In this April 24, 1984 file photo, Steve Jobs, left, chairman of Apple Computers, John Sculley, center, president and CEO, and Steve Wozniak, co-founder of Apple, unveil the new Apple IIc computer in San Francisco, Calif. Apple has become the world's first company to be valued at \$1 trillion, the financial fruit of tasteful technology that has redefined society since two mavericks named Steve started the company 42 years ago. (AP Photo/Sal Veder, File)

Another company, Saudi Arabian Oil Co. could eclipse Apple if it goes through with plans for an initial public offering. Saudi officials have said the IPO would value Saudi Aramco, as the company is often called, at about \$2 trillion. But until the IPO is completed, Saudi Aramco's actual value remains murky.

Jobs' vision, showmanship and sense of style propelled Apple's comeback. But it might not have happened if he hadn't evolved into a more mature leader after his exit from the company in 1985. His

ignominious departure came after losing a power struggle with John Sculley, a former PepsiCo executive who he recruited to become Apple's CEO in 1983— seven years after he and his geeky friend Steve Wozniak teamed up to start the company with the administrative help of Ronald Wayne.

Jobs remained mercurial when he returned to Apple, but he had also become more thoughtful and adept at spotting talent that would help him create a revolutionary innovation factory. One of his biggest coups came in 1998 when he lured a soft-spoken Southerner, Tim Cook, away from Compaq Computer at a time when Apple's survival remained in doubt.

Cook's hiring may have been one of the best things Jobs did for Apple. In addition, that is, to shepherding a decade-long succession of iconic products that transformed Apple from a technological boutique to a cultural phenomenon and moneymaking machine.



In this Oct. 6, 2011 file photo, a photo of Apple co-founder Steve Jobs is displayed as a tribute at Nasdaq in New York. Jobs died Wednesday at age 56 after a long battle with cancer. Apple has become the world's first company to be valued at \$1 trillion, the financial fruit of tasteful technology that has redefined society since two mavericks named Steve started the company 42 years ago. (AP Photo/Mark Lennihan)

As Jobs' top lieutenant, Cook oversaw the intricate supply chain that fed consumers' appetite for Apple's devices and then held the company together in 2004 when Jobs was stricken with a cancer that forced him to periodically step away from work—sometimes for extended leaves of absences. Just months away from his death, Jobs officially handed off the CEO reins to Cook in August 2011.

Although Apple has yet to produce another mass-market sensation since that changing of the guard, Cook has leveraged the legacy that Jobs left behind to stunning heights. Since Cook became CEO, Apple's annual revenue has more than doubled to \$229 billion while its stock has quadrupled.

More than \$600 billion of Apple's current market value has been created while Cook has been CEO. That wealth creation exceeds the current market value of every publicly traded U.S. company except Amazon, Microsoft and Google's parent, Alphabet.

Even so, Cook has encountered criticism, chiefly for the creative void left in Jobs' wake. The Apple Watch has been the closest thing that the company has had to creating another mass-market sensation under Cook's leadership, but that device hasn't come close to breaking into the cultural consciousness like the iPhone or the iPad.



In this Sept. 12, 2017, file photo, Apple CEO Tim Cook, shows new Apple Watch Series 3 product at the Steve Jobs Theater on the new Apple campus in Cupertino, Calif. Apple has become the world's first company to be valued at \$1 trillion, the financial fruit of tasteful technology that has redefined society since two mavericks named Steve started the company 42 years ago. (AP Photo/Marcio Jose Sanchez, File)

That has raised concerns that Apple has become far too dependent on the iPhone, especially since iPad sales tapered off several years ago. The iPhone now accounts for nearly two-thirds of Apple's revenue.

But Cook has capitalized on the continuing popularity of the iPhone and other products invented under Jobs' reign to sell services tailored for the more than 1.3 billion devices now powered by the company's software.

Apple's services division alone is on pace to generate about \$35 billion in revenue this fiscal year—more than all but a few dozen U.S. companies churn out annually.

Apple had also come under fire as it accumulated more than \$250 billion in taxes in overseas accounts, triggering accusations of tax dodging. Cook insisted what Apple was doing legal and in the best interest of shareholders, given the offshore money would have been subjected to a 35 percent tax rate had it were brought back to the U.S.



In this Oct. 23, 2001 file photo, the original iPod is displayed after its introduction by Apple Computer Inc. chief executive officer Steve Jobs during a news conference in Cupertino, Calif. (Apple has become the world's first company to be valued at \$1 trillion, the financial fruit of tasteful technology that has redefined society since two mavericks named Steve started the company 42 years ago. AP Photo/Julie Jacobson, file)

But that calculus changed under the administration of President Donald Trump, who pushed Congress to pass a sweeping overhaul of the U.S. tax code that includes a provision lowering this year's rate to 15.5 percent on profits coming back from overseas.

Apple took advantage of that break to bring back virtually all of its overseas cash, triggering a \$38 billion tax bill. All that money coming back to the U.S. also spurred Apple to raise its dividend by 16 percent and commit to buy back \$100 billion of its own stock as part of an effort to drive its stock price even higher.





In this April 28, 2003 file photo, Apple Computer Inc. chief executive Steve Jobs gestures as he introduces the new iPod during Apple's launch of their new online "Music Store" in San Francisco,. Apple has become the world's first company to be valued at \$1 trillion, the financial fruit of tasteful technology that has redefined society since two mavericks named Steve started the company 42 years ago. (AP Photo, File)

### **Milestones along the way for Apple's trip to \$1 trillion**

April 1976 Apple is founded by Steve Jobs, Steve Wozniak and Ronald

Wayne.

June 1977 The Apple II computer is released.

December 1980 Apple goes public and its stock begins trading on the Nasdaq.

April 1983 Former PepsiCo executive John Sculley becomes Apple's CEO after being recruited by Steve Jobs.

January 1984 Jobs unveils the Macintosh, the first mass-market personal computer to feature a mouse and a graphical interface on the display screen.

September 1985 Jobs leaves Apple's board after company's directors side with CEO John Sculley in a dispute between the two men.

June 1993 Longtime Apple employee Michael Spindler becomes CEO, replacing Sculley, who remains the company's chairman.

August 1993 Apple releases the Newton, a touch-screen device that was supposed to work like a digital notepad.

October 1993 Sculley steps down as Apple's chairman after a disappointing earnings report.

February 1996 Apple hires turnaround specialist Gil Amelio as its CEO after Spindler's efforts to sell the company to Sun Microsystems or IBM unravel.

December 1996 Apple buys Next Software, a company started by Jobs, for about \$400 million. Jobs agrees to return to Apple as an adviser.

August 1997 Apple announces it's getting a \$150 million infusion from archrival Microsoft to help keep the company afloat.

September 1997 Apple announces Jobs will serve as its interim CEO.

May 1998 Jobs unveils a new line of personal computers called the iMac.

January 2000 Apple drops the "interim" preface from Jobs' CEO title.

May 2001 Apple opens its first retail stores in Virginia and California.

October 2001 Jobs unveils a digital music player called the iPod.

April 2003 Jobs unveils iTunes, a digital music store that initially only could be accessed on Apple devices. A version that worked on personal computers powered by Windows software came out six months later to broaden the market.

August 2004 Jobs discloses he had surgery for a rare form of pancreatic cancer.

October 2005 Tim Cook is promoted to chief operating officer.

January 2007 Jobs unveils the iPhone.

March 2008 Jobs announces an app store for the iPhone.

January 2009 Jobs takes a six-month leave of absence to tend to his health, temporarily turning the reins over to Cook.

January 2010 Jobs unveils a tablet computer called the iPad.

January 2011 Jobs takes an indefinite leave of absence, leaving Cook in

charge once again.

August 2011 Jobs resigns as CEO and Cook succeeds him.

October 2011 Jobs dies.

March 2012 Apple announces it is restoring a quarterly dividend for the first time since 1995.

September 2014 Apple announces the Apple Watch, its first new product since Jobs' death.

March 2015 Apple becomes one of the 30 companies comprising the Dow Jones Industrial Average.

June 2015 Apple launches its music-streaming service.

June 2017 Apple announces its first internet-connected speaker, the HomePod.

September 2017 Apple unveils its first \$1,000 phone, the iPhone X, in celebration of the product line's 10th anniversary.

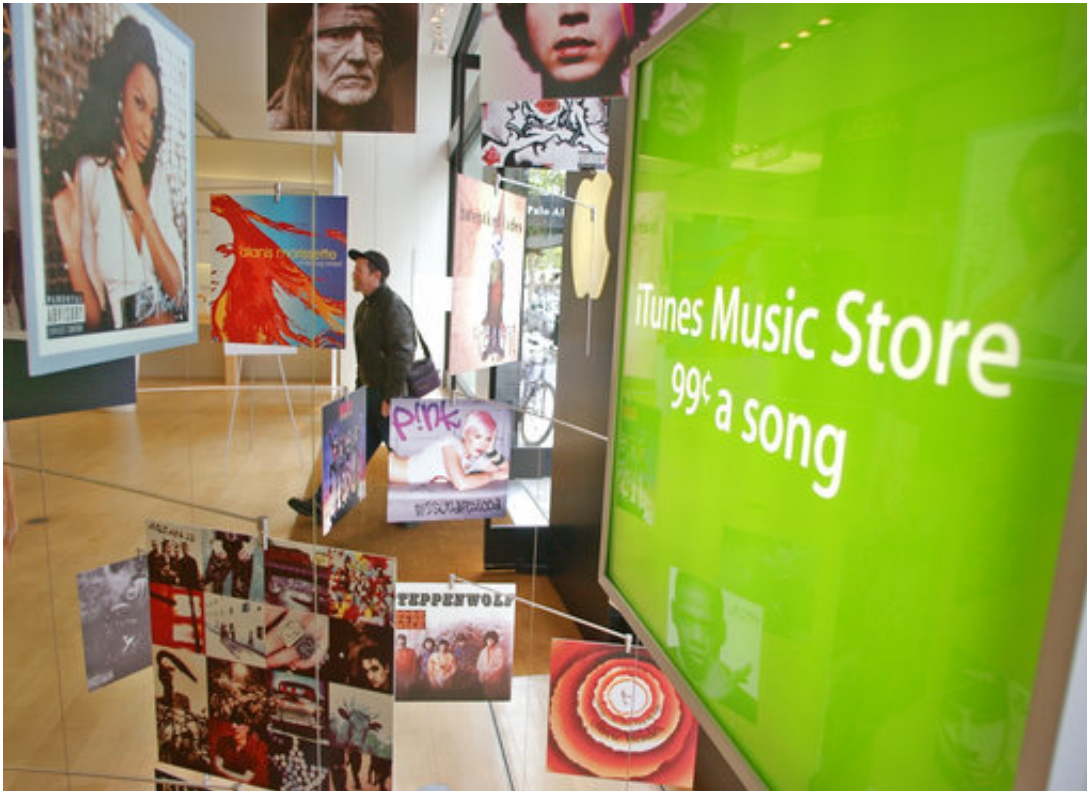
August 2018: Apple becomes the first publicly traded company valued at \$1 trillion.



In this Aug. 13, 1998 file photo, Apple's new iMAC computer is seen at Apple headquarters in Cupertino, Calif. Apple has become the world's first company to be valued at \$1 trillion, the financial fruit of tasteful technology that has redefined society since two mavericks named Steve started the company 42 years ago. (AP Photo/Ben Margot, File)



In this May 22, 1997 file photo, the new Apple Newton MessagePad 2000 is shown at New York's Newton Source store. Apple has become the world's first company to be valued at \$1 trillion, the financial fruit of tasteful technology that has redefined society since two mavericks named Steve started the company 42 years ago. (AP Photo/Richard Drew, file)

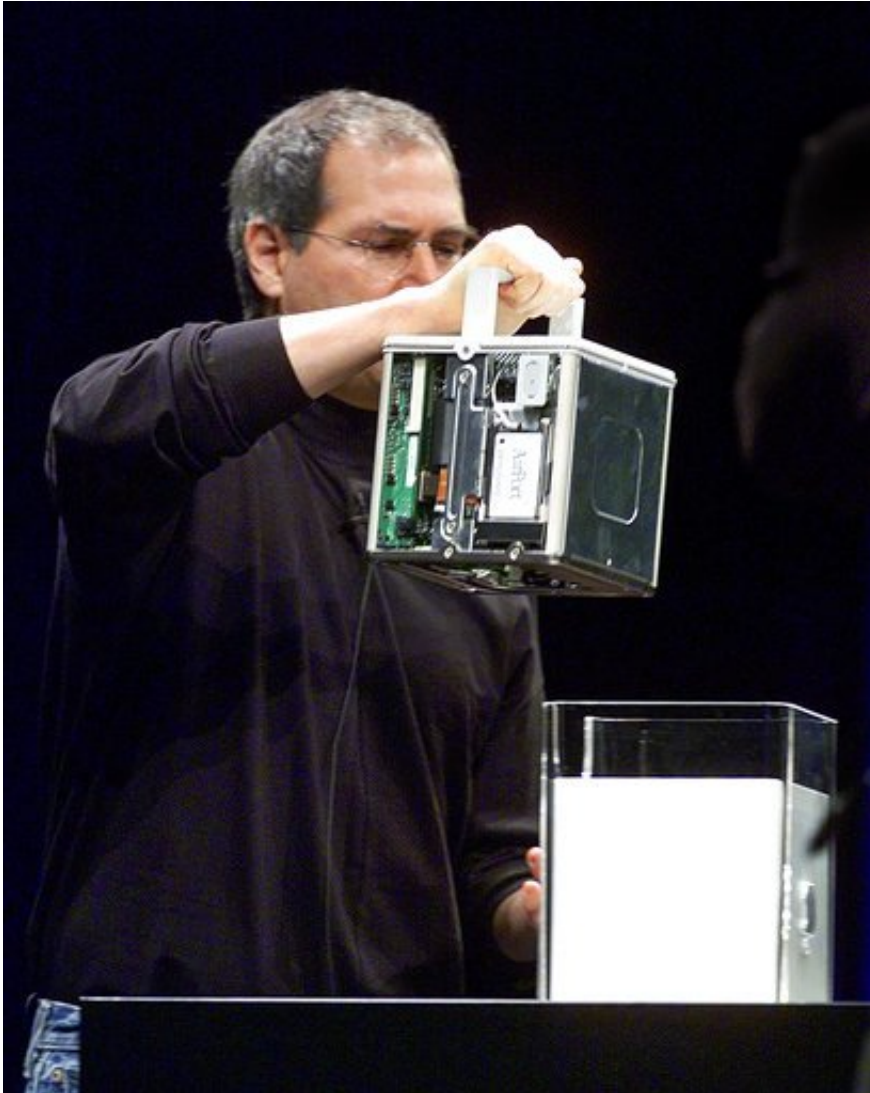


In this May 6, 2003 file photo, Apple Computer customer walks into an Apple store in Palo Alto, Calif., passing a display of music albums for Apple's new iTunes Music Store. Apple has become the world's first company to be valued at \$1 trillion, the financial fruit of tasteful technology that has redefined society since two mavericks named Steve started the company 42 years ago. (AP Photo/Paul Sakuma)



In this April 28, 2003 file photo, Apple Computer Inc. chief executive Steve Jobs gestures during Apple's launch of their new online "Music Store" and new iPod in San Francisco. Apple has become the world's first company to be valued at \$1 trillion, the financial fruit of tasteful technology that has redefined society since two mavericks named Steve started the company 42 years ago. (AP Photo, File)





In this July 19, 2000, file photo, Steve Jobs, CEO of Apple Computer Inc, shows off the inside of his company's new Power Macintosh G4, an 8-inch cube computer, during his keynote address at MacWorld Expo in New York. Apple has become the world's first company to be valued at \$1 trillion, the financial fruit of tasteful technology that has redefined society since two mavericks named Steve started the company 42 years ago. (AP Photo/Richard Drew, File)



In this Sept. 12, 2017 file photo, with a photo of former Apple co-founder and CEO Steve Jobs projected in the background, Apple CEO Tim Cook kicks off the event for a new product announcement at the Steve Jobs Theater on the new Apple campus in Cupertino, Calif. Apple has become the world's first company to be valued at \$1 trillion, the financial fruit of tasteful technology that has redefined society since two mavericks named Steve started the company 42 years ago. (AP Photo/Marcio Jose Sanchez, File)



In this Sept. 12, 2017, photo, the new iPhone X is displayed in the showroom after the new product announcement in Cupertino, Calif. Apple has become the world's first company to be valued at \$1 trillion, the financial fruit of tasteful technology that has redefined society since two mavericks named Steve started the company 42 years ago.(AP Photo/Marcio Jose Sanchez)



In this Sept. 9, 2014 file photo, the new Apple Watch is modeled during a media event in Cupertino, Calif. Apple has become the world's first company to be valued at \$1 trillion, the financial fruit of tasteful technology that has redefined society since two mavericks named Steve started the company 42 years ago.(AP Photo/Marcio Jose Sanchez, File)

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