Apple CEO: Shareholder Lawsuit is 'Silly Sideshow'

PETER SVENSSON, AP Technology Writer

Apple CEO Tim Cook is calling a shareholder lawsuit against the company a "silly sideshow," even as he said he is open to looking at the shareholder's proposals for sharing more cash with investors.

Investor David Einhorn sued Apple Inc. last week, saying a proposal slated for a vote at the company's annual meeting in two weeks would make it more difficult to enact his plan to reward shareholders by distributing a new class of shares.

Cook said Apple's proposal puts more power in the hands of shareholders, making it difficult to understand why a shareholder would fight it. Calling the fight a waste of time, Cook said Apple won't squander money by mailing letters to shareholders to persuade them to vote for the proposal.

"My preference is that everyone on both sides of this issue would take the money they're spending on this and donating it to a worthy cause," Cook said.

Apple's proposal asks shareholders to vote on a few governance issues in one go. Einhorn's company, Greenlight Capital, said in a statement that if Apple thinks the suit is waste of resources, "it could simply end the matter by complying with existing law" and let shareholders vote on the contested proposal separately from the other issues.

Cook spoke Tuesday morning at a Goldman Sachs investor conference in San Francisco. Repeating previous statements, he said Apple is "seriously" looking at ways to hand out more cash to shareholders.

Investors appeared to be listening for something more substantive out the CEO on the cash issue. Apple's stock fell $12.03, or 2.5 percent, to close at $467.90.

The stock market has hammered Apple's stock since the September launch of the

iPhone 5. The company's growth, which has been rapid for nearly a decade, is slowing drastically in the absence of a new groundbreaking product. Wall Street is clamoring for Apple to share more of its cash, which amounted to $137 billion at the end of last year and is still growing fast because of the company's massive profits.

Companies normally don't sit on that much cash, as it's not very productive. They prefer to invest it in their business or give it to shareholders. Einhorn said Apple's cash hoard is a symptom of a defensive, "Depression-era mentality."

Cook rebutted that assertion Tuesday, saying the company invested $10 billion in its business last year, through spending on research and design, equipment and an expansion of its chain of stores. It has also committed to handing out $45 billion to shareholders over three years, through dividends and share buybacks.

Analysts, however, point out that Apple seems to have run out of things to invest in, and the $45 billion commitment is small compared with the company's profits.

Goldman analyst Bill Shope asked Cook about two other hot-button issues: whether Apple would make a cheaper phone and one with a larger screen, both of which rivals have been doing using Google's Android operating system. Cook was as usual evasive about Apple's product plans, preferring to point out that it sells older iPhone models at a reduced price and that there's more to the experience of a screen than its size.

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