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BUSINESS

Jobs Quits as Apple CEO



Steve Jobs delivered the keynote address at the 2011 Apple World Wide Developers Conference at the Moscone Center on June 6 in San Francisco. GETTY IMAGES

By *Yukari Iwatani Kane*

August 25, 2011

Steve Jobs, the ailing tech visionary who founded Apple Inc., [AAPL 1.01% ▲](#) said he was unable to continue as chief executive of the technology giant and handed the reins to Chief Operating Officer Tim Cook.

Apple said Mr. Jobs submitted his resignation to the board of directors on Wednesday and "strongly recommended" that the board name Mr. Cook as his successor. Mr. Jobs, 56 years old, has been elected chairman of the board and Mr. Cook will join the board, effective immediately, the company said.

"I have always said if there ever came a day when I could no longer meet my duties and expectations as Apple's CEO, I would be the first to let you know," Mr. Jobs said in his resignation letter. "Unfortunately, that day has come."

Art Levinson, chairman of Genentech and an Apple board member, said in a statement that the board "has complete confidence that Tim is the right person to be our next CEO." He added that Mr. Jobs will "continue to serve Apple with his unique insights, creativity and inspiration."

After a brief halt, Apple's shares slid 5.13% to \$355.70 in after-hours trading, after closing at \$376.18, up \$2.58, at 4 p.m. on the Nasdaq Stock Market Wednesday.

Mr. Cook, 50, has been widely considered as the leading candidate to succeed Mr. Jobs, who has been on medical leave since January. The 13-year Apple veteran, who joined the company shortly after Mr. Jobs took over for the second time in 1997, has been running the day-to-day operations during this period as he has done during two prior medical leaves of absence by Mr. Jobs in the last seven years.

The announcement likely marks the end of one of the most extraordinary careers in U.S. business history. Mr. Jobs not only co-founded Apple—and the personal computer industry along with it—but decades later played a central role in reshaping the music, movie, animation, and mobile-phone businesses.

"Steve Jobs is the world's magic man. No compromises," wrote John Sculley, who led the company from 1983 for a decade, in an email. Mr. Sculley was recruited by Mr. Jobs in 1983 as CEO, but ousted him in 1985 after a power struggle.

Mr. Jobs—widely known for his mercurial, demanding management style—drove his

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company relentlessly to make products that consumers lusted for, unveiling them in heavily rehearsed events that earned him a reputation as high-tech's greatest showman.

It earned him a fortune that he said he wasn't interested in. The company pays Mr. Jobs a salary of \$1 a year. He also has Apple shares worth about \$2.1 billion, and is the single largest Disney shareholder, with stock worth about \$4.4 billion.

Even after his health began to fail, Mr. Jobs insisted on turning up at key product launches—including the introduction of the iPad 2 earlier this year, where he was greeted with a sustained standing ovation.

"I think his brilliance has been well-documented, but what gets forgotten is the bravery with which he's confronted his illness," said Howard Stringer, Sony Corp.'s chief executive. "For him to achieve this much success under these circumstances doubles his legacy."

Perhaps more than any other CEO, Mr. Jobs has developed a cult-like following among both employees and customers who hang on his every word at press conferences and vigorously defend the executive from those who might question his products.

Former Apple employees say he created a unique culture inside the company, and affected how other Silicon Valley companies think about innovation.

"Steve inspired an entire generation of entrepreneurs and creative people to think about things in terms of innovation and design," said Dave Morin, the CEO of start-up

Path Inc. and an Apple employee from 2003 to 2006.

The announcement focuses attention on the health of Mr. Jobs, who was diagnosed with a rare form of pancreatic cancer in 2004 and underwent a liver transplant two years ago.

Mr. Jobs hasn't commented on it since he said in a letter in January that he was taking another leave of absence to "focus on my health." He appeared thin at Apple's annual developers' conference in June.

People familiar with the matter say Mr. Jobs has continued to be active at Apple and closely involved in the company's product strategy. To the extent his health permits, some Apple watchers think that involvement is likely to continue even after Mr. Cook takes the CEO post.

Some Apple employees Wednesday were in a state of disbelief, people familiar with the situation said. One person noted that Mr. Jobs had been seen less frequently around the company's campus lately.

The transition to Mr. Cook has been widely expected and many are determined to move forward, starting with the launch of the fifth-generation iPhone, which is expected in October.

PHOTOS: STEVE JOBS THROUGH THE YEARS



JUSTIN SULLIVAN/GETTY IMAGES

TIMELINE: STEVE JOBS AND APPLE



PHOTOS: THE APPLE EVOLUTION



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STEVE JOBS: PERSONAL MEDIA PIONEER



to change his holdings, saying that the stock is still "really cheap for the kind of operating fundamentals they've been putting up."

The value of the company, however, has been skyrocketing as the success of products

Mr. Cook, an Alabama native who previously worked for International Business Machines Corp. [IBM -0.49%](#) and Compaq Computer Corp., is known for his operational acumen. He was instrumental in wringing out inefficiencies in Apple's manufacturing and setting up its supply chain in China.

Since then, he has gradually increased his responsibilities, becoming chief operating officer in 2005. He has also ably led the company during Mr. Jobs's absences in the past.

Unlike Mr. Jobs, Mr. Cook has tended to stay outside of the spotlight apart from quarterly earnings calls with analysts.

Mr. Cook faces a daunting task succeeding Mr. Jobs, who proved his managerial mettle by bringing Apple back from near bankruptcy when he returned to it in 1997. And Mr. Jobs relentlessly pushed through his vision of the tech business, reviving the Macintosh computer business and developing new products like the iPod, iPhone and iPad.

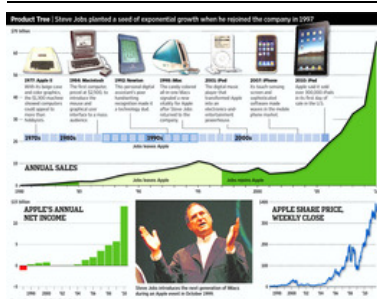
Apple faces a particular challenge in that Mr. Jobs has had an unusually strong influence in setting Apple's corporate culture and strategy, said Charles O'Reilly, a management expert at Stanford University's Graduate School of Business "Great companies rarely go from strength to strength," he said.

"I believe Apple's brightest and most innovative days are ahead of it," Mr. Jobs wrote in his letter Wednesday. "And I look forward to watching and contributing to its success in a new role.

"I have made some of the best friends of my life at Apple, and I thank you all for the many years of being able to work alongside you," he added.

The news of Mr. Jobs's resignation quickly became the talk of the Internet. Overwhelmed with traffic, the blog Cult of Mac temporarily went offline. "This thing is melting down," said editor Leander Kahney, about an hour after the news broke on Wednesday.

Wall Street reacted with little surprise. "This was a 'when' not 'if' moment," said Mike Binger a fund manager for Thrivent Asset Management in Minneapolis, which owns Apple shares. He added that he had no plans



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like the iPhone, iPad and ultra-thin Macintosh computers keep setting records. At close to \$350 billion, Apple is second only Exxon Mobil [XOM -0.02%](#) in market valuation at the moment, recently eclipsing the oil giant for a brief period.

Tim Ghriskey, chief investment officer for Solaris Asset Management in New York, which holds Apple shares said he has confidence in Apple's executive team even without Mr. Jobs, but is hoping for more

details on who will be Apple's "creative force" now that he is gone.

While Mr. Jobs's resignation is a blow to Apple, the company has a solid pipeline of products, churning out new versions of its Macs, iPhones, iPads and iPods every year.

A person familiar with the situation has said in the past that the board spends most of its time discussing product development and there is a roadmap in place for the next several years. Its next iPhone is expected in mid-October.

"This definitely marks the end of an era," said Michael Gartengerg, an analyst for Gartner, but he added that "there's much more to Apple than Steve Jobs."

—Ian Sherr and Geoffrey A. Fowler contributed to this article.

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Steve Jobs, shown at an event in 2007, was known as a showman. ASSOCIATED PRESS



Tim Cook ASSOCIATED PRESS