

# The Mercury News

Business

## 1985: Jobs submits his resignation as Apple chairman

By EVELYN RICHARDS and MARY A.C. FALLON | Mercury News | September 18, 1985

Silicon Valley's most famous young entrepreneur, Steven P. Jobs, and the huge company he helped create came to a messy and perhaps final parting Tuesday when he angrily resigned as chairman of Apple Computer Inc.

"I must insist upon the immediate acceptance of my resignation," Jobs said in a letter to the company, a copy of which was provided to the Mercury News by Jobs' law firm.

In the letter, Jobs complained that a recent reorganization of the company has "left me with no work to do and no access even to regular management reports." He also said that Apple's management "appears to have taken a hostile posture toward me" since he told the company last week that he would be starting a new company and taking several key employees away from Apple.

Those actions could prompt the company to sue Jobs for breach of his fiduciary responsibility as chairman, a source close to company executives said Tuesday. Jobs' position with the company has been much in doubt ever since last May, when he lost a power struggle with Apple President John Sculley. Jobs, 30, was stripped of his managerial duties and given official responsibility for "global" thinking.

Last Thursday Jobs told Apple's board of directors that he planned to start a new company and tendered his resignation, according to the letter. But the board refused to accept Jobs' resignation, asked him to defer it for a week, and indicated that Apple might invest in the new venture, the letter said.

On Friday, Jobs told Sculley that some Apple employees "would be joining me" in the new venture, and Sculley "confirmed Apple's willingness to discuss areas of possible collaboration," the letter said.

Apple Vice Chairman A.C. "Mike" Markkula, however, sees last week's events differently.

While Jobs claims he tendered his resignation, Jobs told the board he would resign as chairman if the board felt "the (new) company would be in conflict with Apple," Markkula said in a press release issued Tuesday night.

### Apple angered by plans

Apple executives were angered by Jobs' plans to take several key employees, and the announcement set off a flurry of weekend phone calls among them.

"The board interpreted this action to be in direct contradiction to his statements of the previous day and began the evaluation which is currently under way," Markkula said. An Apple spokesman said no decision had been made yet on whether to sue Jobs.

Jobs' letter of resignation was addressed to Markkula, but as of Tuesday evening, Apple said Markkula had not yet received the letter and that Jobs remained chairman.

“There are substantial concerns and issues” outstanding, Apple attorney Larry Sonsini said. “The plot thickens.”

It was unclear from Jobs’ letter whether he wants to remain a director of the Cupertino company. Jobs owned 9.4 percent of Apple’s outstanding common stock as of Aug. 31.

Jobs is miffed by Apple officials’ comments to the press in the past few days that Apple may remove him as chairman. “I don’t know the source of these reports, but they are both misleading to the public and unfair to me,” Jobs’ letter said.

How it began

The rift between Jobs and the company became public last weekend after the Mercury News disclosed that his decision to raid Apple of five key employees had upset the board and jeopardized his chairmanship.

The schism divides Jobs and Sculley, the man he lured to Apple 2 1/2 years ago and the man who became his mentor and confidant. After being ousted from his management post, Jobs retreated to his home in Woodside and ignored inquiries from the press.

Jobs indicated in a telephone interview Tuesday that he had decided to break his silence, but he would not elaborate on the letter.

In his letter, Jobs said, “I am but 30 and want still to contribute and achieve.”

Jobs says in his letter that he wants to sever his ties with Apple in a way that is “amicable and dignified.”

“I find myself both saddened and perplexed by the management’s conduct,” Jobs said. He said there is “no basis” for any concern that his new company will use “proprietary Apple technology.”

Targeting Apple’s bastion

Jobs’ new company will target Apple’s own bastion — the higher education market — with a yet-unnamed product.

Some market analysts question whether Jobs has a solid plan for his new company.

“I’m sure it’s in the pre-business plan stage, almost a lark,” said Ken Lim, an analyst with Dataquest Inc. of San Jose.

Jan Lewis, president of Palo Alto Research Group, said, “I suspect he doesn’t have a new product.”

Speculation about what Jobs’ new company will do ranges from developing a high-end personal computer for the college market to creating software programs for Apple’s Macintosh.

A top-level manager who recently resigned from Apple said Jobs’ new venture and public resignation are “absolutely one-upmanship for Steve. He always gets even. That’s the way he is.”

Several who know Jobs say that the timing of his official resignation was no accident. It fell on the same day Apple announced several new products to enhance the Macintosh and Apple II computers.

“This is one of the best soap operas in America,” said one former Apple manager.

## Jobs' resignation letter

This is a verbatim copy of the resignation letter sent by Steven P. Jobs, chairman of Apple Computer Inc., to company Vice Chairman A.C. Markkula Jr. Tuesday.

September 17, 1985  
Mr. A.C. Markkula Jr.  
Apple Computer Inc.  
10495 Bandley Drive  
Cupertino, CA 95014

Dear Mike:

This morning's papers carried suggestions that Apple is considering removing me as Chairman. I don't know the source of these reports but they are both misleading to the public and unfair to me.

You will recall that at last Thursday's Board meeting I stated I had decided to start a new venture and I tendered my resignation as Chairman.

The Board declined to accept my resignation and asked me to defer it for a week. I agreed to do so in light of the encouragement the Board offered with regard to the proposed new venture and the indications that Apple would invest in it. On Friday, after I told John Sculley who would be joining me, he confirmed Apple's willingness to discuss areas of possible collaboration between Apple and my new venture.

Subsequently the Company appears to be adopting a hostile posture toward me and the new venture. Accordingly, I must insist upon the immediate acceptance of my resignation. I would hope that in any public statement it feels it must issue, the Company will make it clear that the decision to resign as Chairman was mine.

I find myself both saddened and perplexed by the management's conduct in this matter which seems to me contrary to Apple's best interests. Those interests remain a matter of deep concern to me, both because of my past association with Apple and the substantial investment I retain in it.

I continue to hope that calmer voices within the Company may yet be heard. Some Company representatives have said they fear I will use proprietary Apple technology in my new venture. There is no basis for any such concern. If that concern is the real source of Apple's hostility to the venture, I can allay it. As you know, the company's recent reorganization left me with no work to do and no access even to regular management reports. I am but 30 and want still to contribute and achieve.

After what we have accomplished together, I would wish our parting to be both amicable and dignified.

Yours sincerely,  
Steven P. Jobs