

EXHIBIT 188

Apple's New iPad Still in Short Supply

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Apple remains supply-constrained on its new iPad, and will remain so for at least part of the current quarter, Apple executives said Tuesday.

"The new iPad is on fire, and we're selling them as fast as we can make them," Apple chief financial officer Peter Oppenheimer said during a Tuesday conference call with analysts.

Apple reported net income of \$11.6 billion for the first calendar quarter, an increase of 93.3 percent over the prior year. The company's revenue increased by 59 percent to \$39.2 billion.

The quarter was Apple's first opportunity to begin selling its new iPad, which launched on March 16. Apple said customers responded strongly, snapping up a total of 11.8 million iPads during the quarter, including the new model, which represented a 151 percent year-over-year increase.

Apple sold 35.1 million iPhones in the quarter, 4 million Macs, and 7.7 million iPods.

Still, it was the new iPad that analysts wanted to hear about. Unfortunately, Apple didn't provide the total sales for the new iPad and the iPad 2, otherwise known as the "mix". But Apple chief executive Tim Cook noted that the new iPads 2 remained supply-constrained for the few weeks of the quarter that it shipped, and it also remained so.

However, Cook said that Apple's strategy of reducing the price of the iPad 2 also "unlocked some education demand," as well as the "more price-sensitive consumer". Apple executives highlighted the San Diego school district, which committed to buying thousands of iPads to distribute to its elementary school kids.

Cook also devoted time to slamming convertible tablets made by Asus and other competitors, claiming that combining a MacBook and an iPad, for example, would be like converging a toaster and a refrigerator.

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Still, Oppenheimer said, Apple expects a sequential decline next quarter because of Apple's impressive first-quarter results. Oppenheimer chalked it up to five factors: an increase in iPhone channel inventory, which will need to be worked through; "fabulous iPhone S execution," especially in China; strong iPad sales; a decrease in the price of the entry-level iPad 2; and a stronger U.S. dollar.

Sales in China, which included the first shipments of the iPhone 4S, topped \$7.9 billion, tripling sales from the same period last year. The new iPad still hasn't shipped in mainland China, Cook said, although it's available in Hong Kong.

"We had the mother of all Januarys," Cook said, with the pent-up Chinese demand for the iPhone 4S as well as satisfying the domestic backlog for the phone. About 125 million people have signed up

for the related iCloud service, executives said.

Apple's Mac OS X 10.8 "Mountain Lion" will ship in late summer, Apple executives said.

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