

Exhibit C

"All the News That's Fit to Print"

The New York Times

Late Edition
New York: Today, partly to mostly sunny, breezy, chilly, high 77; tonight, clear, cold, low 28. Tomorrow, sunny, not so cold, high 42. Yesterday, high 44, low 34. Weather map, Page B8.

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NEW YORK, WEDNESDAY, JANUARY 10, 2007

ONE DOLLAR

Apple, Hoping for Another iPod, Introduces Innovative Cellphone

By JOHN MARKOFF

SAN FRANCISCO, Jan. 9 — With characteristic showmanship, Steven P. Jobs introduced Apple's long-awaited entry into the cellphone world Tuesday, pronouncing it an achievement on a par with the Macintosh and the iPod.

The creation, the iPhone, priced at \$499 or \$599, will not be for everyone. It will be available with a single carrier, Cingular Wireless, at midyear. Its essential functions — make phone calls, use a browser, e-mail, text messages, take pictures, use a camera, Web browser and e-mail tool as well as phone — have become commonplace in hand-held devices.

But it was the ability to fuse those elements with a raft of innovations and Apple's distinctive design sense that had the crowd here buzzing.

Apple's goal, Mr. Jobs said, was to translate the Macintosh computer's ease of operation into the phone realm. "We want to make it so easy to use that everyone can use it," he said. And he was clearly betting on translating Apple's success with the iPod music player to a hot category of multiaction devices.



Paul Heston/Associated Press

Seven P. Jobs introduced Apple's cellphone in San Francisco.

from its name and would henceforth be known as Apple Inc. Investors took quickly to the pitch, sending Apple's stock price up to a record close, while shares of established cellphone makers slumped. Still, the phone is a gamble on a new business for Apple. And even

Continued on Page C6

C6 N

Apple, Hoping for Another iPod, Introduces Innovative Cellphone

Continued From Page A1

with its success with the iPod and a reputation for computers, it has not been known to marketables. It is now the Macintosh. Cingular Wireless

But in the two-hour presentation before an audience of reporters, analysts and Apple employees at the Macworld Expo trade show, the product was reportedly given away before the new phone and the Macintosh personal computer, which had a long history of being a hot seller.

Jobs then said there are occasionally new products that change everything, Mr. Jobs said. "Apple has been able to introduce a line of these into the world."

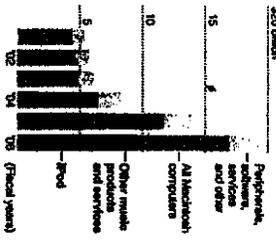
He said Apple had set the goal of taking 1 percent of the world's service for computers by the end of 2008. The company has sold two million iPhones — a healthy improvement on the 30 million iPods that Apple sold last year.

Steve Jobs notes the Internet content engine maker to be so successful. He said that the company is now looking for a new and exciting market. He said that the company is now looking for a new and exciting market. He said that the company is now looking for a new and exciting market.

Mr. Jobs' product tour of the device was even more remarkable for its timing, as questions continue to be raised over the company's stock option plan. "The number of the number is something I don't know," he said during an interview. "I don't know."

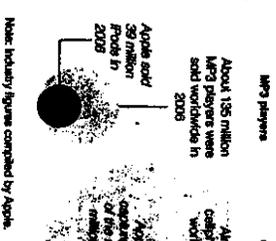
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A High Point for Apple
The success of the iPod and iTunes has provided significant sales growth for Apple ...



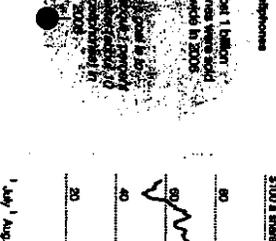
Source: Apple; Technology Financials; Reuters; Yahoo! Finance

... and the company introduced a cellphone hybrid of the iPod — a major player in the market — called the iPhone, in hopes of becoming a player in the large cellphone market.



Note: Industry figures compiled by Apple.

The reaction on Wall Street yesterday was very favorable, sending the stock price to a record close.



Source: Yahoo! Finance

stunned developers delight in highlighting another substantial design feature: the multi-touch interface. The interface is designed to be intuitive, with large, clear icons and a simple navigation system. The interface is designed to be intuitive, with large, clear icons and a simple navigation system.

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But it was the ability to fuse those elements with a raft of innovations and Apple's distinctive design sense that had the crowd here buzzing.

Apple's goal, Mr. Jobs said, was to translate the Macintosh computer's ease of operation into the phone realm. "We want to make it so easy to use that everyone can use it," he said. And he was clearly betting on translating Apple's success with the iPod music player to a hot category of multifunction devices.

Underscoring the transformation of a quirky computer maker into the dominant force in digital music, and signaling his ambitions to extend that reach, Mr. Jobs also announced that Apple was dropping "computer"



Paul Sakuma/Associated Press

Steven P. Jobs introduced Apple's cellphone in San Francisco.

from its name and would henceforth be known as Apple Inc.

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Still, the phone is a gamble on a new business for Apple. And even

Continued on Page C6

By SIMÓN ROMERO and CLIFFORD KRAUSS

CARACAS, Venezuela, Jan. 9 — Verizon Communications had been looking to lighten its exposure to Latin America for some time when it struck a deal in April to sell investments in three properties in Puerto Rico, the Dominican Republic and Venezuela.

Now, it probably wishes it had disconnected its Latin lines even sooner.

The company could possibly lose up to several hundred million dollars, thanks to President Hugo Chávez of Venezuela, who threatened to nationalize the country's main telephone and electricity companies.

Investors reacted with alarm here and in markets in the United States and throughout Latin America on Tuesday as they measured the impact of the plan by Mr. Chávez to nationalize crucial areas of the economy. Memories of past nationalizations during another turbulent era, in places like Cuba and Chile, helped drive down the Caracas stock exchange's main index by almost 19 percent.

Markets across Latin America declined Tuesday, but the drop was modest in most other countries, with the Bovespa index in Brazil and the Bolsa index of Mexico each falling 1.9 percent. The measured reaction appears to reflect the belief of investors that Mr. Chávez, in spite of his words, has limited influence on the economic policies of other governments in the region.

"It has not turned into a wide-

Continued on Page C5

Bush's plan to Baghdad, forcing take a stand on seeking to isolate cally over his han

Senate Demo schedule a vote c ter a closed-door when Senator Ed Massachusetts tion to require M gressional appr more troops to I is expected as ea ter an initial r hearings on the lay out for the night in a televis from the White l ting chosen beca fresh backdrop message.

The office of I er of the House, nouncement th also take up a :

New Y

By DIANI

New York Cit ry of public pl verge of a bol way children pl celebrate the tre key bars, swing by generations t

In an unusua nership, the city ground near the that will have tr on hand to help features of the ter, ramps, sa signed objects imagination.

The concept : couterment fo pered toddler : cials say, it ref ing about chil the new playg replicated acru and that it wil tion for other ci

"This is a ve physical prese tial to change playgrounds," commissioner, ing that it coul York City on ti ground design

Based on ch ries that child social and fan just build phy: was conceived at no charge l

INSIDE

U.S. Airstrike Killed Dozens, Somali Officials Say

An American airstrike in Somalia killed dozens of people, most of them Islamist fighters, Somali officials said. The attack, which set off waves of anger in the capital, was aimed at terrorists, American officials said. PAGE A8

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Concern Over Bush Library

Faculty members at Southern Methodist University are questioning an emerging deal to place President Bush's library there. PAGE A16

New Blows to Polish Church

Poland was convulsed by more allegations of former secret-police collaborators among the Roman Catholic clergy. PAGE A6

House Passes 9/11 Bill

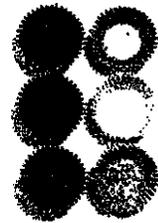
The House passed a bill to write into law several recommendations of the Sept. 11 commission. PAGE A18

No Renomination for Judges

In a concession to the new political reality, President Bush said he was dropping plans to nominate three of his conservative choices for the federal appeals courts who have been vigorously opposed by Democrats in the Senate. PAGE A18

Silicone in the Kitchen

Silicone kitchen tools, like muffin tins, colanders and pot holders, have been lending a playful, psychedelic air to kitchens. They can't quite do it all, but they do go from freezer to oven and even to the dinner table.



DINING, PAGE F1

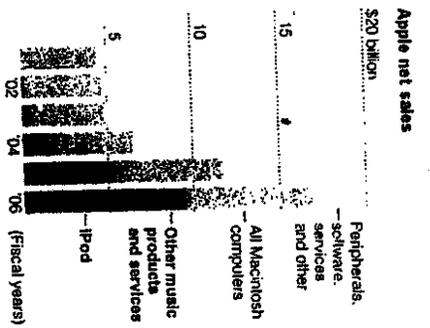
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Apple, Hoping for Another iPod, Introduces Innovative Cellphone

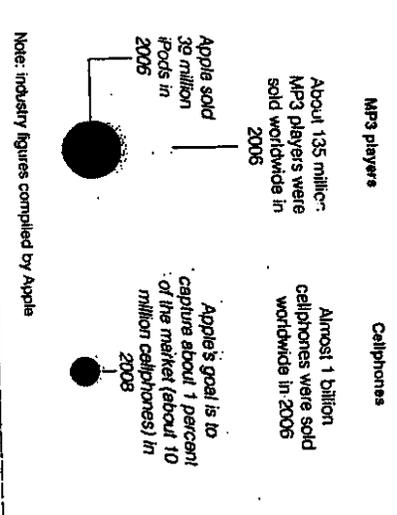
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A High Point for Apple

The success of the iPod and iTunes has provided significant sales growth for Apple.



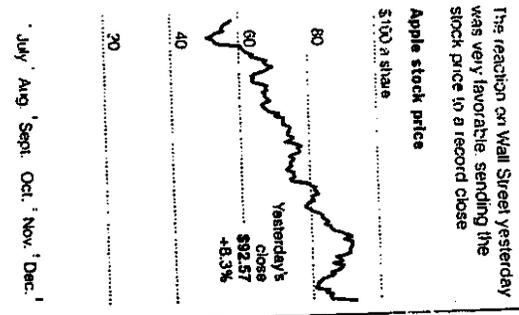
and the company introduced a cellphone hybrid of the iPod — a major player in its market — as the iPhone in hopes of becoming a player in the large cellphone market.



Source: Apple; Bloomberg Financial Markets (stock price)

ONLINE: A SHOROTIME BLOG

Bite, a blog by *Times* reporters, offers coverage and analysis of the Consumer Electronics Show and the Macworld Expo: bits.blogs.nytimes.com



The New York Times

that is, able to accommodate many programs from third parties, as personal computers are.

Mr. Jobs would not say how open the phone would be to other developers, but added: "I don't want people to think of this as a computer. I think of it as re inventing the phone."

He also said he was anxious to help protect the Cingular network from the kind of viruses and worms that bedevil the PC world today.

The phones will go on sale in June through Apple and Cingular (online, by phone and in stores). Mr. Jobs said the phone was being announced ahead of its availability to head off disclosure that might have resulted in the course of Federal Communications Commission licensing.

Although it will be a half-year before it is possible to know whether Mr. Jobs has another hit product, there was no shortage of enthusiasm based on the first glimpse today.

"It's like they read our minds," said David Myers, executive chef at Soma restaurant in Los Angeles and chief executive of the Food Arts Group, where the employee recently use the Treo smartphone from Palm. "This is the next step in not accepting poor design any longer."

Before he introduced the phone, Mr. Jobs said Apple TV, the digital video system that he announced as iTV last year, would be available for \$299 in February. The device will store up to 50 hours of video and permit wireless streaming of content from a computer to a television.

showed obvious delight in highlighting subtle industrial design features.

Mr. Jobs showed a series of applications including e-mail, advanced voice mail, photo collections and visually appealing Web searching. He promoted the fact that the new iPhone is powered by the same core OS X operating system that the Macintosh computer is based on, offering power-management features and advanced graphics abilities.

The user interface relies heavily on a high-resolution touch screen that makes it possible to use a finger to control the phone. It has features that are still more subtle, including sensors that track light and movement and proximity, to prompt the phone to control screen brightness and physical orientation and other aspects of its operation. For example, when the phone is placed next to the user's face, the keyboard is automatically turned off.

Apple chose the name iPhone even though Cisco Systems, the network and consumer wireless company, had recently introduced a Wi-Fi-based phone with the same name. Mr. Jobs had been negotiating with Cisco executives over the trademark in recent days.

The \$499 version of the device will have four gigabytes of storage, and have four versions will offer twice that. "At \$499 and \$599, it's a pretty expensive deal," said Rob Glaser, chief executive of Real Networks, whose online music store is a rival of Apple's iTunes Store. "Steve is more to

with its success with the iPod and a reborn line of computers. It has not been immune to marketplace failures, like the Macintosh Cube introduced in 2000.

But in his two-hour presentation before an audience of reporters, analysts and Apple employees at the Macworld Expo trade show, the paragon he repeatedly drew was behind the new phone and the Macintosh personal computer, which had a vast impact on the computer industry when it arrived in 1976.

Noting that there are occasionally new products that change everything, Mr. Jobs said, "Apple has been able to introduce a few of these into the world."

He said Apple had set the goal of taking 1 percent of the world market for cellphones by the end of 2008. That may seem small, but with a billion handsets sold last year worldwide, that would mean 10 million iPhones — a healthy supplement to the 39 million iPods that Apple sold last year.

"Steve can make the internal combustion engine appear to be something new and cool," said Reed E. Blund, the former commissioner of the Federal Communications Commission. "He will provide a certain magic even to the 30-year-old cellphone."

Mr. Jobs's product tour de force was even more remarkable for its timing, as questions continue to be raised over the company's stock options practices and his role in them.

"The truth of the matter is everything is fine," he said during an interview after his presentation. "We've shared it all with the S.E.C."

He acknowledged the controversy over the timing of some of Apple's stock option grants, which Apple appears to have favored recently with a disclosure to the Securities and Exchange Commission that contained a circumspicuous description of his role in the options award process.

"It's raised questions," he said, "but some of the journalists has been so off the mark. But I know the truth. It's painful to read some of this stuff, but I know it's kind of ridiculous and will pass."

If he is in any trouble, Mr. Jobs showed no signs of it either on stage, where he was treated with great warmth by his audience of 4,000, or in an interview afterward in which he

Laurie J. Flynn and Miguel Helft contributed reporting from San Francisco and Brad Stone from Las Vegas.



UCLA's Arron Afflalo: No. 1 until loss to Oregon.
By Michael Conway/AP

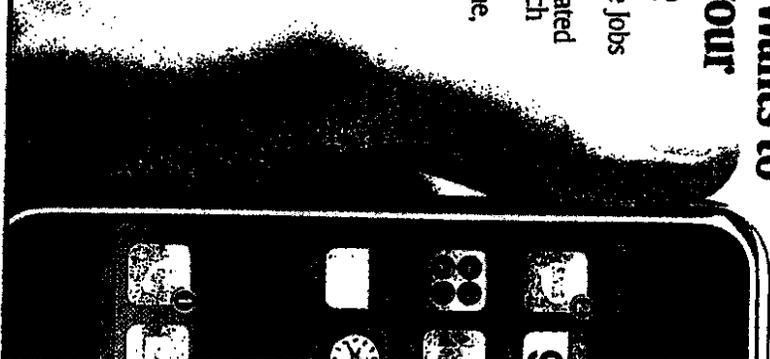
Pacific but not peaceful

For some, rough-and-tumble Pac-10 is 'best league in the country' for men's hoops, 1C



Apple wants to rock your phone

CEO Steve Jobs unveils the long-anticipated iPhone, which combines a mobile phone, widescreen iPod and Internet access in a thin, handheld device, 1, 4B



Apple via AP

Wednesday, January 10, 2007

Newsline

News Money Sports Life

Carmakers' hopes on stage

Camaro concept car, left, part of drama at Detroit show, 1B
Five power players, 3B



Bloomberg News



Reuters



US Presswire

Ripken, Gwynn make Hall

Cal Ripken, left, gets third-highest vote yet for Cooperstown. Tony Gwynn, right, safely in; Mark McGwire snubbed, 1, 4C

GennNext defines itself

18- to 25-year-olds focus on riches, fame survey shows, 1-2D



Kristine Medina: University of Michigan grad student, 23, hopes to be 'influential figure.'
By Sarah Fisher for USA TODAY



El Niño gives US its hottest year in 100

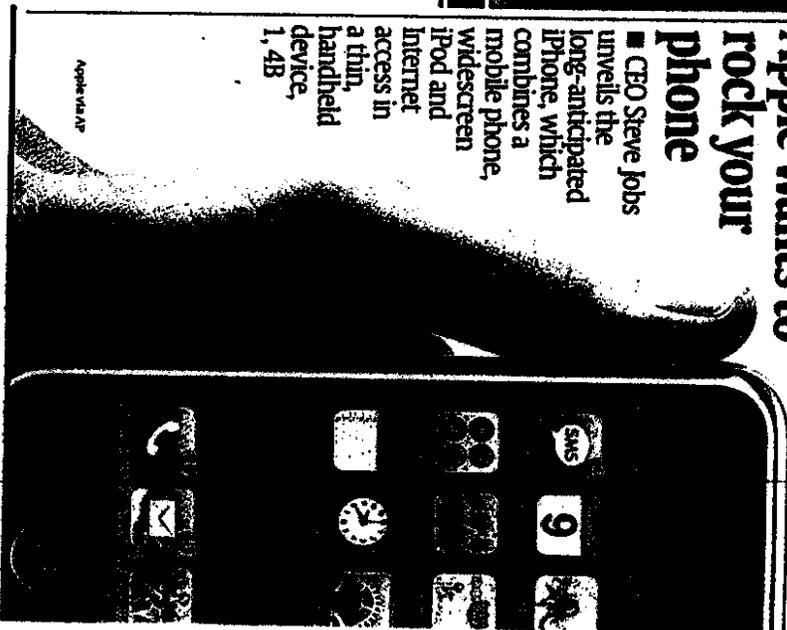
Climate change

Wednesday, January 10, 2007

USA
 TODAY
 NO. 1 IN THE USA

Apple wants to
 rock your
 phone

■ CEO Steve Jobs unveils the long-anticipated iPhone, which combines a mobile phone, widescreen iPod and Internet access in a thin, handheld device, 1,4B



Apple via AP

WINDOWS VISTA



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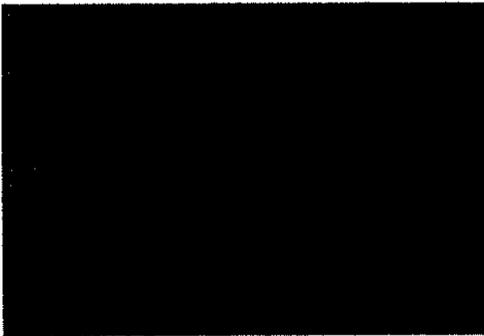
Weather

Tech Products

Inside Tech

CEO Jobs unveils long-awaited iPod cellphone and Apple TV

Updated 1/9/2007 1:30 PM ET

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Enlarge

By Paul Sakuma, AP

Apple CEO Steve Jobs introduces AppleTV during his keynote address at the MacWorld Conference.

By Rachel Konrad, The Associated Press

SAN FRANCISCO — Apple Computer CEO Steve Jobs on Tuesday unveiled a new mobile phone that downloads and plays music as well as a set-top box that allows people to stream video from their computers to their televisions.

Jobs said Apple's iPhone would "reinvent" the telecommunications sector and "leapfrog" past the current generation of hard-to-use smart phones.

"Every once in a while a revolutionary product comes along that changes everything," he said during his keynote address at the annual Macworld Conference and Expo. "It's very fortunate if you can work on just one of these in your career. ... Apple's been very fortunate in that it's introduced a few of these."

Apple shares jumped 5% on the announcements.

Jobs demonstrated the phone's music capabilities by playing *Lovely Rita*, *Meter Maid*, from the Beatles' *Sergeant Peppers Lonely Hearts Club Band*.

iPhone uses a patented touch-screen technology Apple is calling "multi-touch."

"We're going to use a pointing device that we're all born with," Jobs said. "It works like magic. ... It's far more accurate than any touch display ever shipped. It ignores unintended touches. It's super smart."

The phone automatically synchs your media — movies, music, photos — through Apple's iTunes digital content store. The device also synchs e-mail content, Web bookmarks and nearly any type of digital content stored on your computer.

"It's just like an iPod," Jobs said, "charge and synch."

iPhone is less than a half-inch thin — less than almost any phone on the market today. It comes with a 2-megapixel digital camera built into the back, as well as a slot for headphones and a SIM card. Jobs did not

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immediately provide details on price or availability.

Jobs also said the company will begin taking orders Tuesday for \$299 video box, called Apple TV. It will be available in February.

The gadget is designed to bridge computers and television sets so users can more easily watch their downloaded movies on a big screen. A prototype of the gadget was displayed by Jobs in September when Apple announced it would sell TV shows and movies through its iTunes online store.

The product could be as revolutionary to digital movies as Apple's iPod music player was to digital music. Both devices liberate media from the computer, allowing people to enjoy digital files without being chained to a desktop or laptop.

"It's really, really easy to use," Jobs told the crowd at San Francisco's Moscone Center before demonstrating the system with a video clip of *The Good Shepherd*. "It's got the processing horsepower to do the kinds of things we like to do."

Apple TV will come with a 40-gigabyte hard drive that stores up to 50 hours of video. It features an Intel Corp. microprocessor and can handle videos, photos and music streamed from up to five computers within the wireless range.

Jobs also said Apple has sold more than 2 billion songs on its popular iTunes music download service, catapulting the company into the top ranks of music sellers worldwide. Apple, which sells 58 songs per second, or 5 million songs a day, sells more songs than Amazon.com and ranks behind only Wal-Mart, Best Buy and Target as a music retailer.

"We couldn't be happier with the growth rate of iTunes," Jobs said.

He said Apple will sell digital movies from Paramount. Apple has partnered with Disney for several months, offering about 100 movies on iTunes. With Paramount's selection, it will have 250 movies available for downloading on the site.

With Tuesday's launches, it remains to be seen whether the leading seller of digital music players can colonize an entirely new category of gadgets. Apple could use a megahit along the lines of its iconic iPod to divert investors' attention from the stock options-backdating scandal that has tainted its reputation.

The backdating of stock options, which has been widespread among Silicon Valley companies, involves pegging stock options to favorable grant dates in the past to boost the recipients' award. It isn't necessarily illegal, but securities laws require companies to properly disclose the practice in their accounting and settle any charges that may result.

In a December filing with the Securities and Exchange Commission, Apple said Jobs was aware of, or recommended the selection of, some favorable grant dates but he neither benefited financially from them nor "appreciated the accounting implications."

Apple shares were up \$4.29 to \$89.76 in midday trading on the Nasdaq Stock Market. The stock has traded in a 52-week range of \$50.16 to \$93.16.

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Posted 1/9/2007 12:40 PM ET

Updated 1/9/2007 1:30 PM ET

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electrical stun devices.

The big theme this year was making video utterly ubiquitous. There were 100-inch-plus LCD screens from LG, Sharp and Samsung, and there were screens as small as poker chips, running broadcast television from cell phones (check out the LG VX940 using Verizon MediaFLO). In the TI booth you could see a prototype of a system that could let your cell phone project a six-foot video image. Cingular unveiled Video Share, which lets you accompany a mobile call with a live video stream. Those who recently bought big hi-def screens might want to know about Evo, a company devoted to gorgeous mounting of those Cyclopean beasts.

You could hardly pull the lever of a slot machine without elbowing someone who had a scheme to move the In-



ternet to the television set. Sony introduced the Bravia Internet Video System, which pipes AOL, Yahoo and Grouper (an Internet video aggregator) to your Bravia television. SanDisk announced USB TV, a sneaker-net approach where you move video content from your computer to a two-part iPod nano-size unit, then plug half the thing into a docking station hooked to your television; the other piece is a remote control. A company called Quartics

SHARP 108-INCH TV: This flat-screen Aquos LCD is the world's biggest (for now). Invite the whole neighborhood. \$ Not announced

V00000 ENVY
A laptop for the hardcore gamer. Superfast processor and graphics, plus a giant 20.1-inch screen. \$5,000

was showing PC2TV that lets you stream Internet content directly on your television.

A variation on that theme was the proliferation of "media centers" and massive storage

devices that let you store all your movies, photos and TV shows, and watch them around the house. Sony's weird-looking Vaio TP1—it resembles a toilet booster seat—has 300 gigs and all sorts of tuners and connectors. Microsoft, which plastered the convention center with banners touting its finally-about-to-arrive Vista operating system, has developed a Windows Home Server that promises to "simplify digital

life for families."

The CES ghost man was in on this game, too: back in San Francisco, Jobs announced details of Apple TV (which he had earlier demo'ed as iTV), a scheme to wirelessly get the video, photos and music from your computer into your TV set (as well as movie trailers from the Internet): it's \$299 and available in February. And not yet seen in Vegas.

With N'BAI CROAL

GADGETS

APPLE MAKES A COOL CALL

Steve Jobs, shiny object in hand, lays it out for me: "This is five years ahead of what everybody's got." Predicting the future is gamy, but a tour of the iPhone—it's called that pending a trademark dispute with Cisco—makes the claim seem credible. At its best, Apple transforms a product category plagued by awkward interfaces, inadequate utility and ungainly packaging and transforms the experience into something effective and fun. The iPhone—actually a combination of a smart phone, Internet communicator and iPod—is a case in point.

Here are the details: a 4.8-ounce palm-size slab dominated by a bright "multitouch" screen you control with your fingers. It runs on the Macintosh operating system, so it has sophisticated e-mail and Web browsing, along with stuff like Google Maps. It lets you handle

voice mail like e-mail, choosing which message you want to hear. It's got a revamped iPod interface that makes the most of the iTunes ability to let you watch movies and TV. And with the classic Apple design flair—the pyrotechnics of austerity—it's gorgeous. On the downside, it's got only five hours of battery life, and it's costly: \$499 for four gigabytes of flash memory, \$599 for 8GB, with a mandatory two-year AT&T wireless contract.

Using exotic finger tricks like double tapping, swiping and "pinching," Apple has simplified the knotty task of handling e-mail, personal organizing, the Web and wrangling a media library. Jobs is shooting for 1 percent of the billion-plus mobile phones expected to be sold in 2008. Already, plenty of people seem eager to have an iPhone (or whatever) when it ships this June.

-STEVEN LEVY



APPLE IPHONE
It's got a big, beautiful screen and the usual sleek Steve Jobsian touches. But it's pricey. \$500 and \$600

TOP TO BOTTOM: ROBYN BECK—AFP—GETTY IMAGES, NO CREDIT, APPLE

Plan now for a vacation at our resort for 70 g (ideal tempera in Colorado's mountain lak miles from Den next to Rocky l Park near E

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Our chef's N.Y. steak, b prime rib, fre grilled fresh tu loin, shrimp seafood di: vegetables, ho & desserts. Sali and poolside choice of brea fruit buffet. Fr & beers. Live en nights weekly

S

Apple Storms Cellphone Game

Love Into Handsets
Ends Shares to High
at Hurdles Remain

LI YUAN
and PUI-WING TAM

The long-awaited announcement that Apple Computer Inc. would offer a media-izing cellphone—dubbed the iPhone—ripples through the telecom industry. It pushed Apple's stock to a high, but it raised questions about the company's strategy as it aims to parlay its hugely successful iPod music player as an entry in the throat handset market.

The device, called iPhone and priced up to \$599 with a two-year cellular service contract, allows users to download and play music, use the Web, send email and make calls. Equipped with a wide screen and a megapixel camera, it can also link wirelessly to print-music headsets, Wi-Fi networks and video systems. (See related article on page D1.)

If successful, the iPhone, scheduled for release in June, could be a boost for Apple Inc., the world's largest tele-

vice and television for cellphones. Whether the phone will be a success like the iPod remains to be seen. One potential stumbling block: The price tag is high for the U.S. market, where up to 80% of handsets are sold for \$99 or less, according to handset analyst Hugues de la Vergne of research firm Gartner Inc. Analysts say Apple is unlikely to lower the phone's price because it doesn't want to cannibalize its iPod business.

It also isn't certain whether business users will take to the phone's email feature, with a touch-screen keyboard rather than a conventional email keyboard.

And while the iPhone appears unparalleled in its design, many equipment makers have pushed in the same direction: Sony-Ericsson's Walkman phone, which sold more than 15.5 million units by the end of September, also combines a camera, video and mu-

site, access to consumers in the cellphone market is largely controlled by wireless carriers. Apple's historical model of turning a profit mostly on sales of hardware would also be tough to replicate in the cellphone industry, where carriers typically lure customers by discounting handsets and earn most of their profit from selling the service.

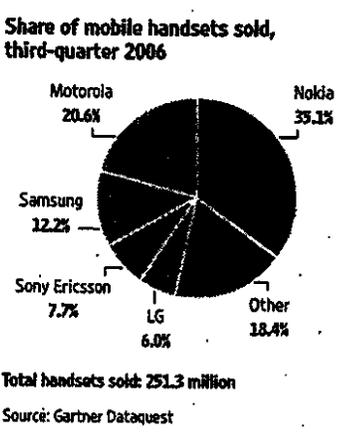
Apple will also be dealing with intense competition in the cellphone market, where many sub-\$100 phones already offer music-playing capabilities. "Wireless is hard," says Mike Abramsky, an analyst at RBC Capital Markets. "Success in this industry has confounded other companies like Microsoft and even Motorola at times."

Apple will compete in an increasingly crowded field of high-end smartphones that include Motorola's Q, Research In Motion Ltd.'s BlackBerry Pearl and Palm Inc.'s Treo 750, all released in the past year.

Still, given the success that Apple, Cupertino, Calif., has had with other devices, the iPhone announcement sparked fears it would steal market share. Shares of RIM dropped 7.9%, while those of Palm dropped 5.7%. Shares of some larger telecom equipment makers dropped as well, though not drastically. After the news, Apple's stock rose \$7.10, or 8.3%, to \$92.57 in 4 p.m.



Apple CEO Steve Jobs holds up the new iPhone during his keynote address yesterday at MacWorld Conference & Expo.



sic player and a phone, for example, and is available free with some cellphone service subscriptions. Motorola Inc. last week warned investors its 2007 revenue and profits would fall short of its own forecasts, even after the company sold more than 50 million units of its popular RAZR handset. The price of the RAZR fell from \$500 to being offered free with cellphone service contracts and was widely mimicked by rivals. Apple could face a similar price pressure over time, some analysts suggest.

To reflect its new role in the tech world, Apple changed its corporate name from Apple Computer Inc. to Apple Inc. But entering the cellphone market is a risky proposition that has left other large tech companies bloodied. Microsoft Corp., for instance, had a tough time breaking into the mobile-phone market with its cellphone software platform and still hasn't made significant inroads into the market.

Indeed, Apple is wading into a market with very different dynamics than the consumer-electronics market in which it plays. While Apple is used to connecting directly with customers through its stores or Web

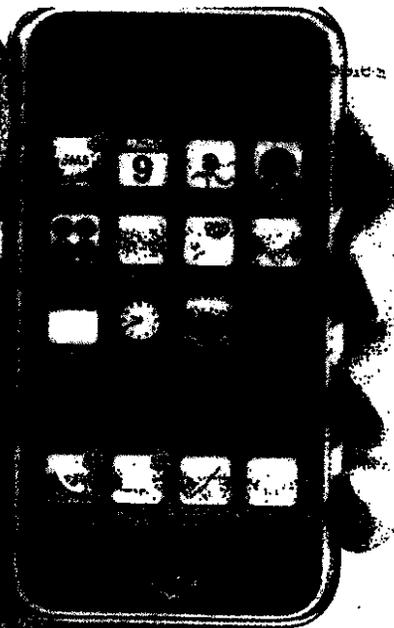
composite Nasdaq Stock Market trading.

Apple is still grappling with an imbroglio over improper backdating of stock options. The company disclosed in June that it was investigating whether some of its executives' options had benefited from backdating, and later admitted some had. Last month, Apple wrapped up its internal probe, clearing its current management, including Chief Executive Steve Jobs, of any wrongdoing in the matter. But the U.S. attorney's office in San Francisco and the Securities and Exchange Commission are still looking into the matter, which means Apple isn't yet in the clear.

Of course, Apple has a trump card: A loyal following in the downloadable music world. Apple introduced its iPod player five years ago, and bolstered the device by creating an iTunes music store that consumers can go to download songs for 99 cents each. In recent years, Apple has added other downloadable content onto iTunes, including network TV shows such as "Desperate Housewives," movies, and music videos.

—Sara Silver and Nick Wingfield contributed to this article.

Apple's iPhone: Is It Worth It?



By NICK WINGFIELD
And LI YUAN

APPLE COMPUTER Inc.'s feverishly anticipated iPhone combines the music and video features of an iPod with the communications functions of a smartphone. The question is how many consumers will be willing to pay the hefty price for the combo.

The iPhone has a sleek design and is only 11.6 millimeters thick. A 3.5-inch screen, bigger than on most iPods, extends for almost the entire length of the nearly button-free device. Instead of the iPod's iconic scroll wheel, users will navigate through their song collections, make phone calls and perform other tasks by tapping their fingers on the iPhone's touch-sensitive screen. Users of the iPhone will type emails on a virtual keyboard that pops up on screen as needed.

Apple, of Cupertino, Calif., has an exclusive agreement with AT&T Inc.'s Cingular, the nation's largest cellular carrier, to sell the iPhone in the U.S. for between \$500 and \$600—well above mass-market cellphones—with a commitment to a two-year wireless plan. Although it has been on a hot streak, Apple doesn't always hit it big when it enters new markets. The company collaborated with Motorola Corp. on a phone called ROKR that plays songs from users' iTunes music collections, but it was seen by many as a disappointment because of limited storage capacity.

It's unclear if and when the prices for the iPhone might tumble, as prices for electronics gear such as flat-screen TVs and video camcorders tend to do. While prices for the iPod have generally stayed in the same range over the years, consumers have been getting more features on new generations of iPods, essentially getting more for their money each time. With cellphones, the historical model has been for prices of such devices to come down quickly, with wireless carriers sometimes taking a loss on the products in order to get consumer subscription revenue.

With Cingular, Apple developed a feature they described as a major innovation that they're calling "visual voice mail." Instead of having to wade through voice mail messages in the order in which they were left, iPhone users will see a list with the names and phone numbers of people who left them voice messages and tap to listen the messages in whichever order they like.

There are also sophisticated sensors within the product that, for instance, adjust the brightness level of the screen to make it more legible based on ambient lighting conditions. Another sensor automatically shifts the screen-orientation.

Please turn to page D8

The You M

Phaseouts, Which Li Come Under Renewe

By TOM HERMAN

MILLIONS of people are paying taxes at higher rates than they probably realize because of tricky provisions that can reduce—or even eliminate—major tax breaks based on their income.

These so-called phaseouts (because some benefits begin to phase out when your income exceeds certain levels) and similar provisions should be repealed, or at least simplified, said Nina Olson, the Internal Revenue Service's National Taxpayer Advocate, in a report to Congress released yesterday. Ms. Olson heads an IRS unit designed to help taxpayers cut through bureaucratic red tape and deal with problems that they couldn't be resolved through normal channels.

The report says more than 60 million individual income-tax returns, about 44% of those filed last year, are affected each year by more of these provisions, which can drive taxpayer's marginal tax rate well above his official tax rate.

It's doubtful that Congress will eliminate phaseouts. Repealing them would cost the Treasury Department billions of dollars.

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New Rules May Shrink Rank

HIV Risk Eases, but Concern Over Other Threats Grows; A Problem With Pregnancies

By LAURA LANDRO

FAST-EMERGING threats to the blood supply—including infectious diseases from abroad and newly recognized risks of transfusion—are raising safety concerns and threatening to shrink the supply of eligible blood donors.

The chances of getting HIV or hepatitis C from donated blood have been all but eliminated thanks to sophisticated screening. But regulators and blood banks are adding new protections in an effort to quell the latest threats.

Among the most sweeping are changes that could affect 10% to 20% of female donors—as many as a million women who donate certain



blood components. Scientists have only recently come to understand that certain antibodies in the blood of women who have ever been pregnant can cause a reaction known as transfusion-related acute lung injury, or TRALI. While

THE WALL STREET JOURNAL

January 10, 2007

U.S.T. 1/10/07

Age	Sex	Frequency	Method	Condom	Other
18-24	Male	1-2 times	Anal	Always	None
25-34	Male	1-2 times	Anal	Always	None
35-44	Male	1-2 times	Anal	Always	None
45-54	Male	1-2 times	Anal	Always	None
55-64	Male	1-2 times	Anal	Always	None
65-74	Male	1-2 times	Anal	Always	None
75+	Male	1-2 times	Anal	Always	None

and Donors

donated blood, bringing the total cost to about \$54 this year. The total cost of testing the blood supply for seven known high-risk infectious agents each year in the U.S. is approximately \$100 million, with about 60% coming from tests that weren't in place a decade ago—including tests for HIV and West Nile Virus, according to James AuBuchon, chairman of the pathology department at Dartmouth Hitchcock Medical Center in Lebanon, N.H. "The increase in costs is relatively minor to keep the blood supply safe," Dr. AuBuchon says. The FDA says it must err on the safe side, even if it reduces the supply of donors. "For every referral we put into place, we give a very careful consideration of how it will impact the donor pool," says Alan Williams, head of the division of blood applications at FDA's biologics center. The FDA is under growing pressure to ease the policy that effectively bans blood donations from men who have had sex with another man even once since 1977. In March, AABP, the American Cross and America's Blood Centers told the FDA that because new tests that can quickly detect HIV, the policy is "medically and scientifically unwarranted" and recommended that it be changed to allow men who have had sex with another man for a period of one year. But the FDA says data show that about 25% of donors found to be positive for HIV, even though a fraction of those admit to sexual contact. The FDA says the policy is based on "the documented association of behavior with risk of transmitting a transmissible infection."

H-P's new MediaSmart Server acts as a repository for photos, music, movies and other digital content. It was built around new software from Microsoft Corp., called Windows Home Server, which helps automatically manage tasks such as making backup copies of files on all the laptop and desktop machines connected to a home network.

■ Bang & Olufsen BeoVI-

chargeable Li-ion battery. ■ Panasonic Globarange BB-GT1500B. Price: \$99.95. Availability: summer 2007 or later. What it is: A dual-line phone that can make free Internet calls as well as landline calls.

Making phone calls over the Internet via services like eBay Inc.'s Skype Ltd. and Vonage Holdings Corp. has become popular, but one requires users to connect via a PC while the other requires a monthly subscription.

produced still cameras. The new Digital Hero 3 adds video, and is housed in a case that straps to a user's wrist, over their ski gloves, or on their bike handlebars.

—Sarmad Ali, Christopher Lawton, Sarah McBride and Yukari Iwatani Kane contributed to this article.

Online Today: Our blog tracks the latest dispatches from the Consumer Electronics Show in Las Vegas, at WSJ.com/OnlineToday.

Is Apple's iPhone Worth It?

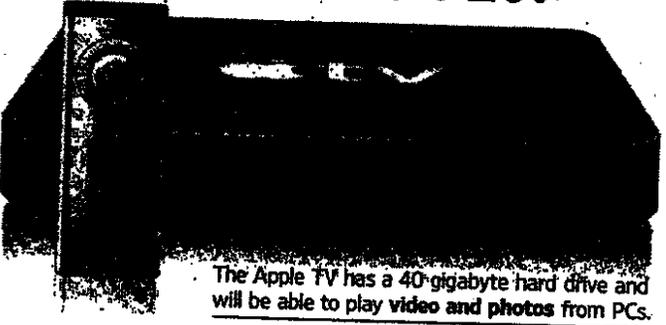
Continued from page D1
tion of the iPhone to landscape from portrait mode when a user holds the device between two hands, which will allow users to view movies and television shows in wide-screen mode.

Initially, users will load music, video and other content onto the iPhone from their PCs, not wirelessly over the Cingular network. Executives in the music industry say Apple will need to negotiate new licensing agreements with music labels to obtain rights to sell songs wirelessly on the iPhone.

In a nod to how drastically products like the iPod, iPhone and a new television set-top box coming out in February called Apple TV are reshaping the company, Apple yesterday said it will change its corporate name to Apple Inc. after more than 30 years as Apple Computer Inc. In a speech at the start of the Macworld conference in San Francisco, Apple Chief Executive Steve Jobs said the iPhone was the result of more than 2½ years of development work at Apple and positioned its importance on par with the two other biggest innovations in Apple's history, the Macintosh computer and iPod.

Mr. Jobs also said the company had partnered with Yahoo Inc. and Google Inc. to bring popular Internet features like Yahoo Mail and Google Maps to the product. He said the iPhone is powered by Apple's Mac OS X operating system, which runs the company's line of PCs.

All of the product's features come at a steep cost for consumers, though, leading some analysts to question how big Apple's opportunity is to tap the mass market, as it has with the iPod. Mr. Jobs said Apple was aiming to sell about 10 million iPhones through the end of 2008, which would account for about 1% of annual global ship-



The Apple TV has a 40-gigabyte hard drive and will be able to play video and photos from PCs.

ments of cellphones.

But at \$500 to \$600, prices for versions of the iPhone with four gigabytes and eight gigabytes of storage capacity, respectively, Apple will be going after a fraction of the market. Toni Sacconaghi, an analyst at Sanford C. Bernstein, said cellphones priced above \$300 account for only about 5% of the global market. For its part, Cingular said it expects to attract high-end customers who are willing to pay for the price of the device and pay for the data services the phone could offer, prices for which the companies didn't disclose. Cingular wouldn't say whether it was subsidizing the cost of the iPhone, as carriers typically do for most handsets. On average, North American carriers subsidize \$70 to \$90 per phone, according to research firm Gartner Inc.

Cingular CEO Stan Sigman said he was so convinced that Apple would come up with a breakthrough phone that Cingular signed a deal with Apple in New York two years ago without even seeing a product. The deal is a multiyear agreement, in which Cingular will handle customer support, billing and other chores. Through the deal, Apple is not becoming a mobile virtual network operator—in effect, a reseller of airtime on another carrier's network. Entering the reselling business would have required Apple to compete

with major wireless carriers. ESPN, a unit of Walt Disney Co., folded its wireless service business after it failed to lure customers from other carriers.

Apple also said its new Apple TV product, formerly called iTV, will go on sale in February for \$299. The Apple TV, originally announced in September, will feature a 40 gigabyte hard drive and will be able to play video and photos from PCs throughout the home.

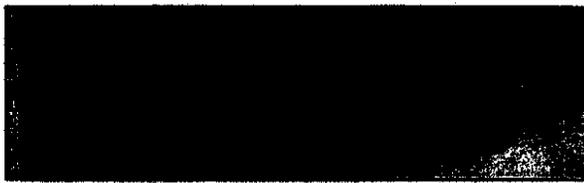
Mr. Jobs said Viacom Inc.'s Paramount Pictures will join Disney in selling movies downloads that can be played on the Apple TV through the iTunes Store, providing more than 100 movies from its back catalog for download on iTunes.

To allay concerns of DVD retailers about competition from iTunes, Paramount is not including its new releases. Paramount studio head Brad Grey noted that the bulk of iTunes movie downloads so far have been from its archive. Paramount's library includes movies such as "Breakfast at Tiffany's" as well as concert titles from artists like Bob Dylan and U2.

—Merissa Marr and Ethan Smith contributed to this article.

Question of the Day: Will the iPhone be a hit like the iPod or a flop like the Newton? Vote at WSJ.com/Question. Plus, watch highlights of Steve Jobs's presentation, at WSJ.com/Video.

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Apple Unveils Long-Awaited Phone, TV Box

By RACHEL KONRAD
The Associated Press
Tuesday, January 9, 2007; 2:13 PM

SAN FRANCISCO -- Apple Computer CEO Steve Jobs on Tuesday made the company's long-awaited jump into the mobile phone business, unveiling a gadget that's controlled by touch, plays music, surfs the Internet and runs the Macintosh computer operating system.

The iPhone, which starts at \$499, will "reinvent" the telecommunications sector and "leapfrog" past the current generation of hard-to-use smart phones, Jobs said.

"Every once in a while a revolutionary product comes along that changes everything," he said during his keynote address at the annual Macworld Conference and Expo. "It's very fortunate if you can work on just one of these in your career. ... Apple's been very fortunate in that it's introduced a few of these."

Jobs also unveiled a TV set-top box that allows people to send video from their computers to their televisions.

Apple shares jumped 5 percent on the announcements.

Jobs demonstrated the phone's

Enlarge This Photo



A MacWorld attendee walks next to a sign during the MacWorld Conference & Expo in San Francisco, Monday, Jan. 8, 2007. (AP Photo/Paul Sakuma) (Paul Sakuma - AP)

QUIZ

TECHNOLOGY TRIVIA

Where was the first International Consumer Electronics Show?

- A. Tokyo
- B. Las Vegas
- C. New York City
- D. Sydney

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music capabilities by playing "Lovely Rita, Meter Maid," from the Beatles' "Sergeant Peppers Lonely Hearts Club Band," as the album's psychedelic album art graced a wide-screen monitor.

iPhone uses a patented touch-screen technology Apple is calling "multi-touch."

"We're going to use a pointing device that we're all born with," Jobs said. "It works like magic. ... It's far more accurate than any touch display ever shipped. It ignores unintended touches. It's super smart."

The phone automatically synchs your media _ movies, music, photos _ through Apple's iTunes Music Store. The device also synchs e-mail content, Web bookmarks and nearly any type of digital content stored on your computer.

"It's just like an iPod," Jobs said, "charge and synch."

The phones, which will operate exclusively on AT&T Inc.'s Cingular wireless network, will start shipping in June. A 4-gigabyte model will cost \$499, while an 8-gigabyte iPhone will be \$599, Jobs said.

iPhone is less than a half-inch thin _ less than almost any phone on the market today. It comes with a 2-megapixel digital camera built into the back, as well as a slot for headphones and a SIM card.

PARTNERSHIP



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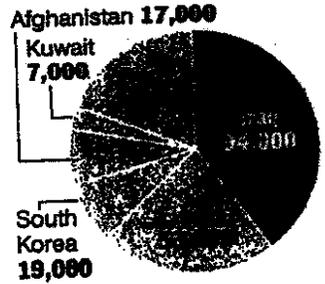
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1991 Gulf War had 725,000 active-duty soldiers, has been reduced to 508,000. Yet its obligations remain enormous. The Army not only has 94,000 troops in Iraq, but it also has 17,000 in Afghanistan and 123,000 in 68 other nations around the globe.

Gen. Peter J. Schoomaker, the Army chief of staff, told a congressionally appointed panel last month that the force would "break" unless something was done.

See SURGE on A10

Includes part-time Guard and Reserve troops



SOURCE: U.S. Army
ALAN BASEDEN / Inquirer Staff Artist

By Sudarshan Raghavan and Joshua Partlow
WASHINGTON POST

BAGHDAD — With F-15 fighter jets and Apache helicopter gunships providing cover, U.S. and Iraqi troops yesterday battled hundreds of Sunni Arab insurgents firing from apartment buildings and houses in downtown Baghdad in one of the fiercest clashes in the capital in recent memory.

"It was the most intense combat I have ever seen," said

Maj. Jesse Pearson, an Army operations officer on his third tour in Iraq. "We were in a fight for 11 straight hours."

Along Haifa Street, a desolate, mostly Sunni Arab enclave of residential buildings and shops, more than 1,000 U.S. and Iraqi troops descended in early morning to retake the insurgent stronghold. The larger goal was to reassert the authority of the U.S.-backed Iraqi government, weakened See IRAQ on A11

el dealers' earnings lting in mild winter

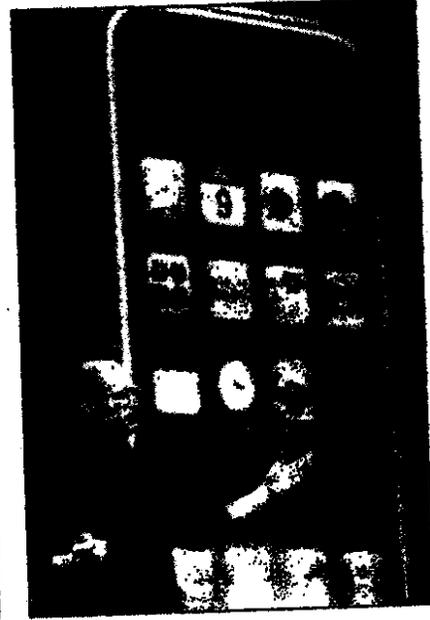
By Jeff Gelles
INQUIRER STAFF WRITER

weather may sit well with rs and anyone else who rel-springlike day in January. hose in the energy trade, ater already looks like a tion train wreck. that's especially true for dealers in Philadelphia and re in the Northeast. und for heating fuels is arply from last year. Peco sold 18 percent less natu-in December than it did a arlier. Philadelphia Gas

Works says its December sales dove 26 percent. Area fuel-oil dealers say deliveries are down 20 percent to 25 percent.

With weather also mild in the Midwest and Europe, lower demand has depressed prices, too. Since Dec. 1, spot prices for natural gas have dropped nearly 30 percent, the federal Energy Informa- See WARM on A4

- 2006 brought record warmth to the continental United States. A4.
- Andrew Cassel: OPEC sheikhs and others feel the heat. C1.



With iPhone, Apple aims for big bite

The iPhone, which will start at \$499 when it launches in June, represents Apple's leap into the mobile-phone business. CEO Steve Jobs demonstrated the new product at the Macworld Conference & Expo. Business, C1.

PAUL SAKUMA / Associated Press



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THE PHILADELPHIA INQUIRER
January 10, 2007

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WEDNESDAY, JANUARY 10, 2007

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The Philadelphia Inquirer

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Lost Active Local Stock S&P 500: \$42.74 Up 27 cents; 0.64%	↓ Dow Jones Industrials 12,416.60 Down 6.88; 0.06%	↑ Nasdaq Composite 2,443.83 Up 5.63; 0.23%	↓ Standard & Poor's 500 1,412.11 Down 0.73; 0.05%	10-Year Treasury Note 4.88 yield No change	\$1 = 0.7693 Euro/\$ 119.36 Yen/\$
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BUSINESS

Now it's Apple Inc., complete with iPhone

CEO Steve Jobs said the new mobile device would go on sale in June. He also showed a box that links TVs to computers.

By Rachel Konrad
 ASSOCIATED PRESS

SAN FRANCISCO — Apple Computer Inc. CEO Steve Jobs yesterday announced the iPod-maker's long-awaited leap into the mobile-home business and renamed the company "Apple Inc.," reflecting its increased focus on consumer electronics.

The iPhone, which will start at \$199 when it launches in June, is controlled by touch, plays music, surfs the Internet, and runs the Macintosh computer operating system.

people to receive video from their computers, and he announced that the number of songs sold on Apple's iTunes Music Store had topped two billion.

Apple shares jumped more than 8 percent on the announcements, while the stock of rival makers of smart phones plunged.

While Jobs noted the explosive growth of the cell-phone market, it is not clear that a device as alluring as the iPhone poses a threat to mainstream handset-makers because of the price, said Avi Greengart, mobile-device analyst for the research firm Current Analysis Inc.

"My initial reaction is that this product actually lives up to the expectations," he said.



PAUL SARKIS/Associated Press

Apple Steve Jobs with a at the Macworld Expo. "Ever a while revolve product along changing every

10-15%

People who redeem their cards during the week after Christmas.

\$80 billion

Dollar amount of gift cards sold.

8-10%

Slice of gift cards that are never redeemed.

\$335.5 billion

Amount forecast to be spent on items typically found in department stores.

It's still the season ...

Franklin Mills owl warns of bankruptcy

By Stephen Manning
 ASSOCIATED PRESS

PER READERS!



immelcenter.org/kcp.

er Sunday Plus



ing order may go back to for this special meet and greet.

said. "But the vast majority of phones sold cost way less than \$500." Instead, the rivals most likely to face new competition from Apple's handset are makers of higher-end smart phones such as Palm Inc.

Tim Bajarin, principal analyst with Creative Strategies, said the iPhone could revolutionize the way cell phones are designed and sold.

"This goes beyond smart phones and should be given its own category called 'brilliant' phones," he said. "Cell phones are on track to become the largest platform for digital music playback, and Apple needed to make this move to help defend their iPod franchise as well as extend it beyond a dedicated music environment."

Apple commands about 75 percent of the market for downloaded music and portable music players. But it is expected to lose market share on both fronts as rivals introduce their own gadgets and music stores.

Jobs said Apple expected to sell 10 million iPhones in 2008, the first full year in which they will be available. That is about 1 percent of the global market for mobile phones; 957 million were sold worldwide in 2006.

The Apple phones will operate exclusively on AT&T Inc.'s Cingular Wireless network, and they will start shipping in June. A 4-gigabyte model will cost \$499, while an 8-gigabyte iPhone will be \$599. While wireless carriers typically offer discounts and rebates on new devices when customers agree to sign two-year service contracts, Cingular said it was unclear whether this would be the case with the iPhone.

Cingular declined to comment on its financial arrangement with Apple.

The iPhone is less than half an inch thick — thinner than almost any phone on the market today. It comes with a 2-megapixel digital camera built into the back, as well as a slot for headphones and a SIM card.

The phone automatically syncs the user's media — movies, music, photos — through iTunes on computers running Mac OS X or Microsoft Corp.'s Windows. The device also syncs e-mail, Web bookmarks, and nearly any type of digital content stored on a PC.

"It's just like an iPod," Jobs said. "Charge and synch."

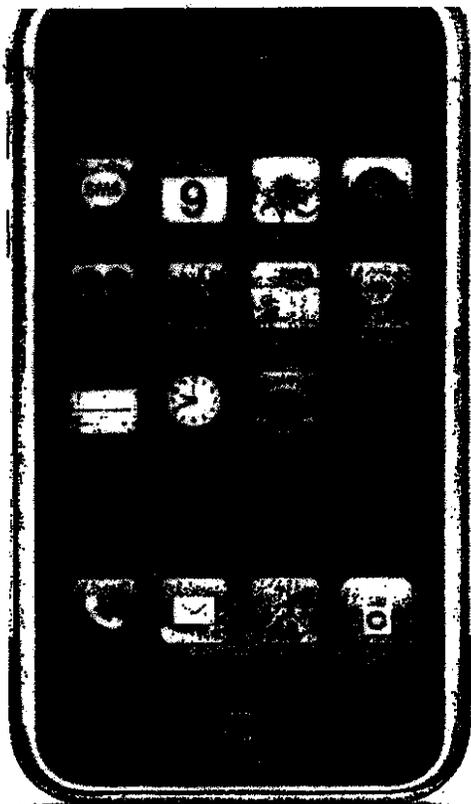
Apple is also introducing what it calls "visual voice mail," so users can jump to the most important messages rather than have to listen to all of them in order.

The phone supports Wi-Fi and Bluetooth wireless technology, and it can detect locations from Global Positioning System satellites. It also can send and display e-mail and text messages. Apple is partnering with Yahoo Inc. on Web-based e-mail and with Google Inc. on maps.

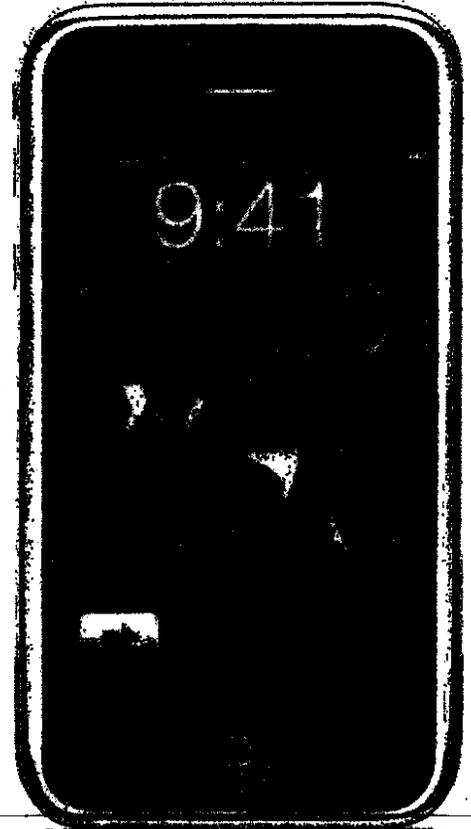
Jobs said Apple would begin taking orders immediately for the \$299 video box called Apple TV. It will ship next month.

The gadget is designed to link computers and television sets so users can more easily watch their downloaded movies on a big screen. Jobs displayed a prototype of the gadget in September, when Apple announced it would sell TV shows and movies through iTunes.

Apple shares jumped \$7.10 to close yesterday at \$92.57 on the Nasdaq Stock Market. The stock has traded in a 52-week range of \$50.16 to \$93.16. Meanwhile, shares of other smart-phone-makers slid: Treo-maker Palm dropped 5.7 percent, BlackBerry's Research In Motion Ltd. lost 7.9 percent, and Motorola Inc. shed 1.8 percent.



Two iPhone screens. The one above holds icons for 15 functions. The iPhone is controlled by touch. It plays music, surfs the Internet, and runs the Macintosh computer operating system. One analyst said the iPhone could revolutionize the way cell phones are designed and sold.





June 27, 2007

The iPhone Matches Most of Its Hype

By **DAVID POGUE**

Talk about hype. In the last six months, Apple's iPhone has been the subject of 11,000 print articles, and it turns up about 69 million hits on Google. Cultists are camping out in front of Apple stores; bloggers call it the "Jesus phone." All of this before a single consumer has even touched the thing.

So how is it?

As it turns out, much of the hype and some of the criticisms are justified. The iPhone is revolutionary; it's flawed. It's substance; it's style. It does things no phone has ever done before; it lacks features found even on the most basic phones.

Unless you've been in a sensory-deprivation tank for six months, you already know what the iPhone is: a tiny, gorgeous hand-held computer whose screen is a slab of touch-sensitive glass.

The \$500 and \$600 models have 4 and 8 gigabytes of storage, respectively — room for about 825 or 1,825 songs. (In each case, 700 megabytes is occupied by the phone's software.) That's a lot of money; then again, the price includes a cellphone, video iPod, e-mail terminal, Web browser, camera, alarm clock, Palm-type organizer and one heck of a status symbol.

The phone is so sleek and thin, it makes Treos and BlackBerrys look obese. The glass gets smudgy — a sleeve wipes it clean — but it doesn't scratch easily. I've walked around with an iPhone in my pocket for two weeks, naked and unprotected (the iPhone, that is, not me), and there's not a mark on it.

But the bigger achievement is the software. It's fast, beautiful, menu-free, and dead simple to operate. You can't get lost, because the solitary physical button below the screen always opens the Home page, arrayed with icons for the iPhone's 16 functions.

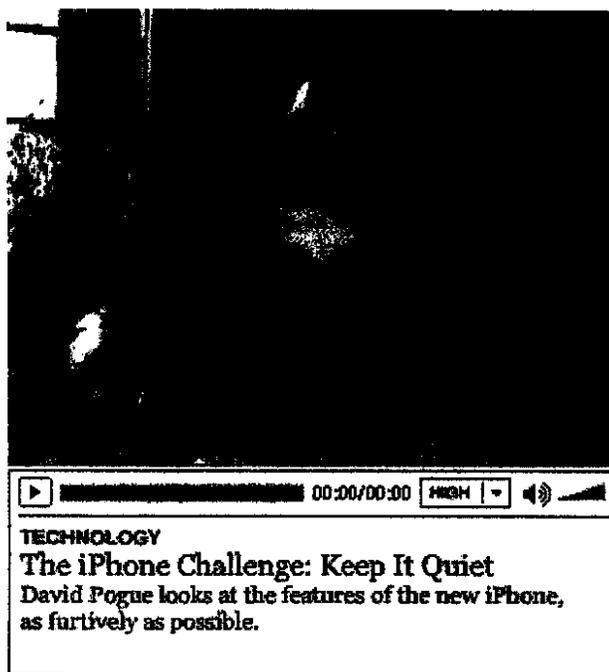
You've probably seen Apple's ads, showing how things on the screen have a physics all their own. Lists scroll with a flick of your finger, CD covers flip over as you flick them, e-mail messages collapse down into a trash can. Sure, it's eye candy. But it makes the phone fun to

use, which is not something you can say about most cellphones.

Apple has chosen AT&T (formerly Cingular) to be the iPhone's exclusive carrier for the next few years, in part because the company gave Apple carte blanche to revise everything people hate about cellphones.

For example, once the phone goes on sale this Friday, you won't sign up for service in a phone store, under pressure from the sales staff. You will be able to peruse and choose a plan at your leisure, in the iTunes software on your computer.

Video



[More Video »](#)

Better yet, unlimited Internet service adds only \$20 a month to AT&T's voice-plan prices, about half what BlackBerry and Treo owners pay. For example, \$60 gets you 450 talk minutes, 200 text messages and unlimited Internet; \$80 doubles that talk time. The iPhone requires one of these voice-and-Internet plans and a two-year commitment.

On the iPhone, you don't check your voice mail; it checks you. One button press reveals your waiting messages, listed like e-mail. There's no dialing in, no password — and no sleepy robot intoning, "You...have...twenty...one...messages."

To answer a call, you can tap Answer on the screen, or pinch the microscopic microphone bulge

on the white earbud cord. Either way, music or video playback pauses until you hang up. (When you're listening to music, that pinch pauses the song. A double-pinch advances to the next song.)

Making a call, though, can take as many as six steps: wake the phone, unlock its buttons, summon the Home screen, open the Phone program, view the Recent Calls or speed-dial list, and select a name. Call quality is only average, and depends on the strength of your AT&T signal.

E-mail is fantastic. Incoming messages are fully formatted, complete with graphics; you can even open (but not edit) Word, Excel and PDF documents.

The Web browser, though, is the real dazzler. This isn't some stripped-down, claustrophobic My First Cellphone Browser; you get full Web layouts, fonts and all, shrunk to fit the screen. You scroll with a fingertip — much faster than scroll bars. You can double-tap to enlarge a block of text for reading, or rotate the screen 90 degrees, which rotates and magnifies the image to fill the wider view.

Finally, you can enlarge a Web page — or an e-mail message, or a photo — by spreading your thumb and forefinger on the glass. The image grows as though it's on a sheet of latex.

The iPhone is also an iPod. When in its U.S.B. charging cradle, the iPhone slurps in music, videos and photos from your Mac or Windows PC. Photos, movies and even YouTube videos look spectacular on the bright 3.5-inch very-high-resolution screen.

The Google Maps module lets you view street maps or aerial photos for any address. It can provide driving directions, too. It's not real G.P.S. — the iPhone doesn't actually know where you are — so you tap the screen when you're ready for the next driving instruction.

But how's this for a consolation prize? Free live traffic reporting, indicated by color-coded roads on the map.

Apple says one battery charge is enough for 8 hours of calls, 7 hours of video or 24 hours of audio. My results weren't quite as impressive: I got 5 hours of video and 23 hours of audio, probably because I didn't turn off the phone, Wi-Fi and other features, as Apple did in its tests. In practice, you'll probably wind up recharging about every other day.

So yes, the iPhone is amazing. But no, it's not perfect.

There's no memory-card slot, no chat program, no voice dialing. You can't install new

programs from anyone but Apple; other companies can create only iPhone-tailored mini-programs on the Web. The browser can't handle Java or Flash, which deprives you of millions of Web videos.

The two-megapixel camera takes great photos, provided the subject is motionless and well lighted . But it can't capture video. And you can't send picture messages (called MMS) to other cellphones.

Apple says that the battery starts to lose capacity after 300 or 400 charges. Eventually, you'll have to send the phone to Apple for battery replacement, much as you do now with an iPod, for a fee.

Then there's the small matter of typing. Tapping the skinny little virtual keys on the screen is frustrating, especially at first.

Two things make the job tolerable. First, some very smart software offers to complete words for you, and, when you tap the wrong letter, figures out what word you intended. In both cases, tapping the Space bar accepts its suggestion.

Second, the instructional leaflet encourages you to "trust" the keyboard (or, as a product manager jokingly put it, to "use the Force"). It sounds like new-age baloney, but it works; once you stop stressing about each individual letter and just plow ahead, speed and accuracy pick up considerably.

Even so, text entry is not the iPhone's strong suit. The BlackBerry won't be going away anytime soon.

The bigger problem is the AT&T network. In a Consumer Reports study, AT&T's signal ranked either last or second to last in 19 out of 20 major cities. My tests in five states bear this out. If Verizon's slogan is, "Can you hear me now?" AT&T's should be, "I'm losing you."

Then there's the Internet problem. When you're in a Wi-Fi hot spot, going online is fast and satisfying.

But otherwise, you have to use AT&T's ancient EDGE cellular network, which is excruciatingly slow. The New York Times's home page takes 55 seconds to appear; Amazon.com, 100 seconds; Yahoo. two minutes. You almost ache for a dial-up modem.

These drawbacks may be deal-killers for some people. On the other hand, both the iPhone and its network will improve. Apple points out that unlike other cellphones, this one can and will be

enhanced with free software updates. That's good, because I encountered a couple of tiny bugs and one freeze. (There's also a tantalizing empty space for a row of new icons on the Home screen.) A future iPhone model will be able to exploit AT&T's newer, much faster data network, which is now available in 160 cities.

But even in version 1.0, the iPhone is still the most sophisticated, outlook-changing piece of electronics to come along in years. It does so many things so well, and so pleasurably, that you tend to forgive its foibles.

In other words, maybe all the iPhone hype isn't hype at all. As the ball player Dizzy Dean once said, "It ain't bragging if you done it."

E-mail: Pogue@nytimes.com. For his regular column tomorrow, David Pogue will answer frequently asked questions about the iPhone.

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Unprecedented Pre-Launch Buzz Sets High Expectations for iPhone Sales and Customers, Nielsen BuzzMetrics Reports

Nielsen BuzzMetrics Webinar to Probe Key CGM Metrics Leading to Launch

NEW YORK, June 25, 2007 – Thanks in part to unprecedented pre-launch blog buzz, anticipation is soaring for Apple’s iPhone as the June 29 launch nears. Apple CEO Steve Jobs’ January 2007 announcement of the new handheld media device – which combines functionality from the iPod, mobile telephony and the Internet via touch screen – resulted in buzz levels higher than any other product announcement this year.

According to Nielsen BuzzMetrics, the global measurement standard in consumer-generated media, the buzz around the forthcoming iPhone was 33% higher the week ending June 23, 2007 versus the average of the prior four weeks.

“Apple’s iPhone is riding an unprecedented wave of pre-launch conversation and expectations are mounting,” said John Latona, Vice President of Client Services, Consumer Technology, at Nielsen BuzzMetrics. “Starting next week, the nature of the conversation will shift to very explicit and descriptive commentary about actual experiences with the product, and this will have a huge impact on ongoing trial, advocacy and sales.”

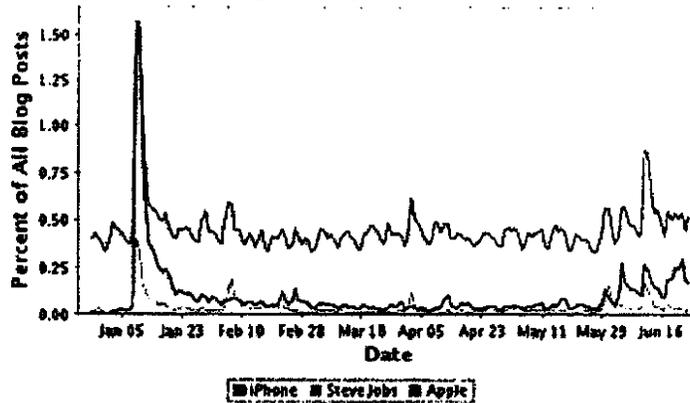
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What's behind iPhone buzz?

- Top appeal drivers include anticipated features, especially visual voicemail and the inclusion of a music library
- Negative issues raised in conversation include high price point, lack of keyboard, and concerns over AT&T's coverage
- Expectations are extremely high and reflect huge levels of confidence in Apple brand; consumers believe the iPhone will have a successful launch
- Several conversations related to the iPhone take place on Gizmodo, The Unofficial Apple Weblog (TUAW) and Engadget

iPhone Web Traffic

Traffic to the official corporate site, apple.com, spiked following the iPhone announcement. According to Nielsen//NetRatings, the iPhone section of the site had 1.79+ million unique visitors in January 2007 and the keyword "iPhone" was searched 870,000 times. Consumers continued to visit the site during February and March frequently, with more than 980,000 unique visitors per month, with a slight decline during April (almost 637,000 unique visitors). Web traffic to the site increased again during May with more than 701,000 unique visitors a month prior to release.

iPhone Webcast

Join industry experts Pete Blackshaw, CMO and John Latona, VP and Consumer Technology practice lead, of Nielsen BuzzMetrics for a thought-provoking Webcast to dissect the buzz on this year's most anticipated consumer electronics product. The Webcast takes place live on June 28, from 12:30-1:30 pm EDT. Sign-up now at <http://nielsenbuzzmetrics.com/webinars>

iPhone Syndicated Product Offering

Nielsen BuzzMetrics is monitoring consumer sentiment around the iPhone launch and will report the findings via a special syndicated report. For information on how to purchase this study, please contact Jay Rampuria at jay.rampuria@buzzmetrics.com or 619.944.3603.

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About Nielsen BuzzMetrics

The Nielsen BuzzMetrics service, marketed by BuzzMetrics, Inc., is the global standard in measuring consumer-generated media and word of mouth. Nielsen BuzzMetrics helps more than 100 leading global companies strategically leverage the buzz surrounding them—clients like Canon, Comcast, General Motors, HBO, Kraft, Microsoft, Nokia, P&G, Target and Toyota, as well as 15 of the top 15 pharmaceutical concerns. Partners include the world's largest marketing-services firms, and innovative new-marketing agencies. The company has also collaborated with distinguished research organizations such as the Pew Internet and American Life Project. BuzzMetrics, Inc. is an affiliate of VNU, owner of such renowned research names as ACNielsen and Nielsen Media Research. For more information, visit www.nielsenbuzzmetrics.com.

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Bloggers dialed in to new iPhone

Staggered announcements help drive traffic to Apple's site

By Alex Woodson

June 30, 2007

NEW YORK – Apple was the recipient of an "unprecedented wave" of online hype leading up to Friday's launch of its iPhone, according to a new research report from Nielsen BuzzMetrics.

The number of blog posts or "buzz" surrounding the iPhone, first announced Jan. 9 by Apple Inc. CEO Steve Jobs, has been higher than conversations about Super Bowl commercials, "The Sopranos" finale on HBO and other tech announcements about Microsoft's Zune and Vista and Nintendo's Wii.

The chatter has led to a 14% increase in links to Apple's Web site in mid-June compared with January, and AT&T – the only cell phone carrier to offer plans with the iPhone – also has seen a 25% increase in links in that period, according to BuzzMetrics.

Traffic to Apple's Web site also has seen a spike with more than 1.8 million visitors logging on to the iPhone page in January, according to Nielsen/NetRatings. Nearly 1 million visitors were on the iPhone page in February and March, dipping to 637,000 visitors in April and back up to more than 700,000 in May in anticipation of the phone's June release.

A big reason for this, according John Latona, vp client services and consumer technology at BuzzMetrics, is Apple's approach in staggering the announcements about different features on the phone and making their Web site user-friendly to the online community craving iPhone updates.

He found one blogger who likened Apple's strategy to "a striptease" and ended his post writing, "I want one, I want one, I want one."



"Apple has done an amazing job building that hype," said Latona, who added that the official iPhone page is the most-linked site within the iPhone discussions. "Blogs are really playing a dominant role in shaping those reactions."

Latona, speaking at a presentation about the study, called tech-minded blog Engadget "the nexus of the buzz in the online space."

Through June 15, the site averaged 1,129 inbound links per week about the iPhone and 4,841 per month.

Gizmodo and the Unofficial Apple Weblog also were popular sites for iPhone conversations.

Wikipedia also was a huge beneficiary of the hype because users are able to constantly update the site. Latona and MuzzMetrics chief marketing officer Pete Blackshaw said that after different iPhone announcements were made, the information would sometimes be up on Wikipedia within the hour.

"It's like a vacuum cleaner that sucks up all the relevant information," Blackshaw said. "And they provide really good links. It's a big reason why Wikipedia has become so trusted."

Not all of the buzz was positive, though. Twenty-one% of online conversations about the iPhone from January-June 15 were negative and reflected concerns about the lack of a keyboard, pricing, battery life and AT&T being the only carrier for the phone.

The majority of buzz, however, was neutral or mixed, meaning Apple and the bloggers can still sway the minds of consumers. "There's a lot of work here to be done," Blackshaw said.

Blackshaw also noted that leading up to Friday's bow, many bloggers were writing about lining up at the store.

"People are talking about bringing their sleeping bag to the Apple Store," Blackshaw said. "That clearly suggests they're going to buy, not wait for a parade."

Similar to the reaction when Nintendo's Wii was released late last year, Blackshaw expects the online conversation about iPhone to continue for long after the product launch and to add to consumers' attitudes toward the gadget.

Nielsen BuzzMetrics and Nielsen//NetRatings are owned by the Nielsen Co., parent company of The Hollywood Reporter.

Apple builds hype for iPhone with less

Wed Jun 20, 2007 3:49PM EDT

By Paul Thomasch

NEW YORK (Reuters) - When it comes to Apple Inc.'s iPhone marketing, less has proven to be so much more.

The company led by Steve Jobs first unveiled the music playing iPhone in January, then ran a mysterious teaser commercial for it during the Academy Awards six weeks later. A scant few other details followed.

Only in the last few weeks, when television commercials started running in earnest, did viewers really learn much about what had become the most talked-about product of the year.

It is a suspense-building marketing approach that appears to have worked, judging from the buzz around the iPhone that is set to hit stores on June 29.

Advertising experts say the minimalist campaign will burnish Apple's reputation as a master at promoting its brand and products.

"One of the intelligent things they've done with their advertising on this is they understood they didn't need to let the advertising get in the way of the product," said Kelly O'Keefe, executive education director of the Virginia Commonwealth University's Adcenter.

"The product itself is innovative enough that demo-ing it on the ads is enough to generate excitement," he added.

Others pointed to the way that Jobs has captivated consumer and technology press, essentially getting them to do his work by writing an endless stream of articles on what may be the successor to the popular iPod music player.

"They want to be as disruptive by their absence as by their presence so they're happy to have this discussion go on ad nauseam in the media," said Yankee Group cell phone analyst John Jackson. "This is all a big part of the branding exercise for these guys. We're pawns in the Apple brand game."

O'Keefe also credited Jobs, describing him as a "masterful showman" when it comes to new products.

"Better now than he's ever been -- and he's always been good," O'Keefe said.

OVERHYPED?

True to form, Jobs unveiled the iPhone at Macworld in January, pulling from his jeans pocket a device that runs only 11.6 millimeters (0.5 inches) thick. His presentation was received with a standing ovation.

The phone has a smooth glass touch screen rather than number keys. It promises up to eight hours of continuous talk time, seven hours of video playback or 24 hours for playing music, and includes a camera.

"What Jobs does is he focuses like a laser on what makes the thing cool," said Rob Enderle, principal analyst with Enderle Group.

Rather than follow-up Macworld with an advertising blitz, however, Apple choose to run a single commercial dubbed "Hello" several times during the Academy Awards show.

Created by TBWA/Chiat/Day, an Omnicom Group Inc. agency, the ad showed dozens of famous actors and actresses answering their phones in scenes from classic TV shows, movies and cartoons.

At the end, the iPhone appeared briefly, followed by the word "Hello" and the line "Coming in June."

The commercial otherwise told consumers nothing about the product and no new spots ran over the coming months. Meanwhile, only a few details were released about the iPhone.

Apple's coy marketing fueled chatter about the iPhone in the media, online and around water coolers. By late March, more than a million e-mails seeking information about the iPhone had been sent to AT&T, the exclusive U.S. carrier for the phone.

"They keep the fervor up," said Enderle. "They are very good at managing demand and keeping people excited."

Only in the last couple of weeks has Apple come out with any new TV spots. The four commercials, also designed by TBWA/Chiat/Day, are more informative than the earlier "Hello" spot, showcasing the iPhone's different functions.

Some experts cautioned against disappointing consumers after building expectations so high.

Apple's famed blunder in technology circles was the Newton handheld device that debuted in 1993 but quickly slipped into oblivion. Even with the iPod, the first generation of devices did not function nearly as well as later models.

"These days you don't overpromise if you are going to underdeliver because consumers are just going to be totally unforgiving," said Brand Keys president Robert Passikoff.

"There's a saying in the business: 'Nothing killed a bad product worse than good advertising.'"

(Additional reporting by Sinead Carew)

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M:Metrics Press Release

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FOR IMMEDIATE RELEASE

M:Metrics: High Awareness, Strong Demand for iPhone Among British and American Mobile Phone Users Measurement firm finds that 56 percent of Britons and 64 percent of Americans are aware of the iPhone

SEATTLE and LONDON—June 15, 2007— M:Metrics, the mobile market authority, today released its findings from its April Benchmark Survey surrounding consumer awareness and intention to purchase an iPhone. The measurement firm found that 56 percent of British and 64 percent of American mobile phone users were aware of the iPhone. In the U.S., where the device will launch first, 14 percent of those who had heard about the iPhone reported they would be highly interested in buying one.

"This data confirms that the iPhone has sparked the imaginations of consumers and is not merely a topic of conversation among insiders and technology enthusiasts," observed Mark Donovan, senior vice president and senior analyst, M:Metrics. "19 million Americans reported strong interest in purchasing an iPhone – an impressive figure, when you consider that the installed base of most high-end devices rarely approaches one million and respondents were informed of the price point as well as of the AT&T exclusive."

While AT&T has a five-year exclusive on the device in the United States, 67 percent of those who were most inclined to purchase an iPhone are subscribers on other carrier networks. "This is an early indication that AT&T's strategy to use the device to lure customers from competitors could pay off," commented Donovan.

Among the UK subscribers who were aware of the iPhone, 30 percent, or seven million, reported strong interest in buying one, even though a launch date in Europe has yet to be announced.

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"We expected that mobile users in the UK would be more inclined to buy an expensive device, since smartphones are twice as popular in the UK as in the US. These figures are very impressive, although respondents in the UK were not presented with a launch price or any restriction of mobile phone carrier as in the U.S." said Paul Goode, vice president and senior analyst, from M:Metrics London office. "It's also interesting to note that in both geographies, 64 percent of those with a strong interest in buying an iPhone already own an MP3 player, compared to a market average of 30 percent for other music phones owners, so it will be interesting to see at what rate consumers replace their digital music player with an iPhone."

United Kingdom: Intent to Buy iPhone	Subscribers	Percent of Aware	Percent of Total Subscribers
Low Interest (1-4 on 10 point scale)	12,444,115	50%	28%
Neutral Interest (5-6 on 10 point scale)	5,529,019	22%	12%
Strong Interest (7-10 on 10 point scale)	6,960,113	28%	16%

Source: M:Metrics. Survey of UK mobile subscribers for April 2007. n=5,293 mobile subscribers.

United States: Intent to Buy iPhone	Subscribers	Percent of Aware	Percent of Total Subscribers
Low Interest (1-4 on 10 point scale)	97,252,651	74%	47%
Neutral Interest (5-6 on 10 point scale)	15,780,356	12%	8%
Strong Interest (7-10 on 10 point scale)	19,038,656	14%	9%

Source: M:Metrics. Survey of US mobile subscribers for April 2007. n=11,060 U.S. mobile subscribers.

"While other devices—some of them already on the market—have features equal or better than the iPhone, such as 3G, superior cameras, and the like, the iPhone has been the first mobile device to create widespread consumer excitement around a mobile phone," commented Donovan. "This has the potential to increase consumer demand for more expensive, full-featured phones across the board as OEMs and other operators respond to AT&T/Apple's marketing juggernaut."

M:Metrics applies trusted media measurement methodologies to assess the audience for mobile content and applications. As the world's most authoritative mobile market measurement firm, M:Metrics delivers the most accurate mobile market metrics through the world's largest monthly survey of mobile subscribers as well as automated data collection methodologies. Below are the findings of its April Benchmark Survey.

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France Mobile Subscriber Monthly Consumption of Content and Applications M:Metrics Benchmark Survey: April 2007

Activity	Subscribers (1000s)	Percentage	Percentage Change
Sent Text Message	31,755	71.4%	-1.3%
Used Photo Messaging	9,321	20.9%	-1.0%
Browsed News and Information	3,465	7.8%	3.6%
Used Personal E-Mail	2,674	6.0%	-3.3%
Purchased Ringtone	2,189	4.9%	-5.8%
Used Mobile Instant Messenger	1,345	3.0%	-5.5%
Used Work E-Mail	1,055	2.4%	-5.5%
Purchased Wallpaper or Screensaver	802	1.8%	-12.6%
Downloaded Mobile Game	556	1.2%	-11.8%

Source: M:Metrics, Inc., Copyright © 2006. Survey of French mobile subscribers. Data based on three-month moving average for period ending 30 April, 2007, n= 12,874

Germany Mobile Subscriber Monthly Consumption of Content and Applications M:Metrics Benchmark Survey: April 2007

Activity	Subscribers (1000s)	Percentage	Percentage Change
Sent Text Message	36,859	80.1%	-0.6%
Used Photo Messaging	9,324	20.3%	1.6%
Used Personal E-Mail	2,538	5.5%	-0.7%
Purchased Ringtone	2,099	4.6%	-3.5%
Browsed News and Information	1,636	3.6%	6.9%
Used Mobile Instant Messenger	1,377	3.0%	3.8%
Used Work E-Mail	1,303	2.8%	1.9%
Downloaded Mobile Game	1,143	2.5%	-6.9%
Purchased Wallpaper or Screensaver	887	1.9%	-1.7%

Source: M:Metrics, Inc., Copyright © 2006. Survey of German mobile subscribers. Data based on three-month moving average for period ending 30 April, 2007, n= 15,810

Italy Mobile Subscriber Monthly Consumption of Content and Applications M:Metrics Benchmark Survey: April 2007

Activity	Subscribers (1000s)	Percentage	Percentage Change
Sent Text Message	36,727	83.5%	1.1%
Used Photo Messaging	12,851	29.2%	-0.8%
Used Personal E-Mail	3,602	8.2%	1.5%
Used Mobile Instant Messenger	2,408	5.5%	2.0%
Browsed News and Information	2,359	5.4%	-3.3%
Purchased Ringtone	2,192	5.0%	8.4%
Used Work E-Mail	2,076	4.7%	2.8%
Downloaded Mobile Game	1,429	3.2%	-0.8%
Purchased Wallpaper or Screensaver	1,196	2.7%	4.5%

Source: M:Metrics, Inc., Copyright © 2006. Survey of Italian mobile subscribers. Data based on three-month moving average for period ending 30 April 2007, n= 13,297

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Spain Mobile Subscriber Monthly Consumption of Content and Applications
M:Metrics Benchmark Survey: April 2007

Activity	Subscribers (1000s)	Percentage	Percentage Change
Sent Text Message	26,583	83.1%	-0.3%
Used Photo Messaging	9,705	30.3%	5.3%
Used Personal E-Mail	2,669	8.3%	2.6%
Used Mobile Instant Messenger	2,021	6.3%	-5.7%
Purchased Ringtone	1,992	6.2%	-4.3%
Used Work E-Mail	1,764	5.5%	4.3%
Browsed News and Information	1,761	5.5%	-1.6%
Downloaded Mobile Game	1,529	4.8%	-5.9%
Purchased Wallpaper or Screensaver	752	2.3%	-6.7%

Source: M:Metrics, Inc., Copyright © 2006. Survey of Spanish mobile subscribers. Data based on three-month moving average for period ending 30 April, 2007, n= 13,458

UK Mobile Subscriber Monthly Consumption of Content and Applications
M:Metrics Benchmark Survey: April 2007

Activity	Subscribers (1000s)	Percentage	Percentage Change
Sent Text Message	38,314	86.1%	0.3%
Used Photo Messaging	12,839	28.9%	-1.4%
Browsed News and Information	5,884	13.2%	-0.6%
Used Personal E-Mail	3,140	7.1%	-2.3%
Used Mobile Instant Messenger	2,029	4.6%	3.5%
Downloaded Mobile Game	2,025	4.6%	-7.0%
Purchased Ringtone	1,771	4.0%	-9.2%
Used Work E-Mail	1,564	3.5%	0.9%
Purchased Wallpaper or Screensaver	793	1.8%	-5.5%

Source: M:Metrics, Inc., Copyright © 2006. Survey of U.K. mobile subscribers. Data based on three-month moving average for period ending 30 April, 2007, n= 15,636

U.S. Mobile Subscriber Monthly Consumption of Content and Applications
M:Metrics Benchmark Survey: April 2007

Activity	Subscribers (1000s)	Percentage	Percentage Change
Sent Text Message	83,030	40.1%	1.2%
Used Photo Messaging	33,766	16.3%	6.6%
Browsed News and Information	20,019	9.7%	0.3%
Purchased Ringtone	19,184	9.3%	-0.7%
Used Personal E-Mail	17,793	8.6%	4.9%
Used Mobile Instant Messenger	13,907	6.7%	1.4%
Used Work E-Mail	10,445	5.0%	6.2%
Downloaded Mobile Game	6,788	3.3%	2.9%
Purchased Wallpaper or Screensaver	6,567	3.2%	0.3%

Source: M:Metrics, Inc., Copyright © 2006. Survey of U.S. mobile subscribers. Data based on three-month moving average for period ending 30 April, 2007, n= 33,810

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About M:Metrics

M:Metrics is the mobile market measurement authority. As the only research firm to measure the audience for mobile media, M:Metrics provides the most accurate metrics on actual mobile content consumption by applying trusted media measurement methodologies to the mobile market. M:Metrics' monthly syndicated data service gives clients the critical insights and intelligence required to inform smart business strategies and the competitive benchmarks needed to evaluate the performance of competitors and partners. M:Metrics is a private, venture-funded corporation headquartered in Seattle, with offices in San Francisco and London.

About M:Metrics Data

Based on continually refreshed samples of nationally representative mobile phone consumers, M:Metrics reports summarise market size, device reach, and key demographic and mobile phone usage characteristics.

The data presented here is drawn from an extensive survey questionnaire that collects specific device model and carrier subscription information from each month's sample of mobile phone subscribers, and also drills down into specific details related to current and past usage of various mobile phone applications and content. Data collected from each sample are statistically balanced and projected to the total national population of mobile phone subscribers.

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Apple iPhone Is Top Choice Among Smart-Phone Buyers (Update1)

By Ville Heiskanen

June 22 (Bloomberg) -- Apple Inc.'s iPhone was a top choice in a survey of people who plan to buy an advanced mobile phone in the next three months, a sign the new device may take market share from rivals.

The survey by ChangeWave Research found that 26 percent of likely buyers would choose the iPhone, a combination mobile phone and iPod that will go on sale June 29. It was tied for first place with Research In Motion Ltd.'s BlackBerry. The research firm asked 3,489 U.S. consumers if they planned to buy an advanced mobile phone, and if so, what brand they would choose.

Apple, based in Cupertino, California, is betting the iPhone's features such as a touch screen will lure customers away from the BlackBerry and Palm Inc.'s Treo. The U.S. market for so-called smart phones, which offer e-mail functions, music players and cameras, may grow 43 percent this year to almost \$6 billion, according to research firm Strategy Analytics.

"It appears that the Apple iPhone will have a huge impact on the smart-phone market," ChangeWave said in the report. The device "poses an enormous challenge to the entire industry."

ChangeWave, based in Rockville, Maryland, said 7.8 percent of the consumers surveyed planned to buy an advanced phone within the next 90 days. The study was conducted in April.

In the survey, 10 percent of those planning to buy an advanced mobile phone said they would choose a Palm device, putting the company in third place. Samsung Electronics Co. was fourth with 7 percent, followed by Motorola Inc. with 5 percent and Nokia Oyj with 3 percent.

Shares of Apple fell 90 cents to \$123 at 4 p.m. New York time in Nasdaq Stock Market trading. They have climbed 45 percent this year.

To contact the reporter on this story: Ville Heiskanen in New York at vheiskanen@bloomberg.net

Last Updated: June 22, 2007 16:15 EDT



USA TODAY

Money

Friday, March 9, 2007

Market scoreboard with currencies, 88



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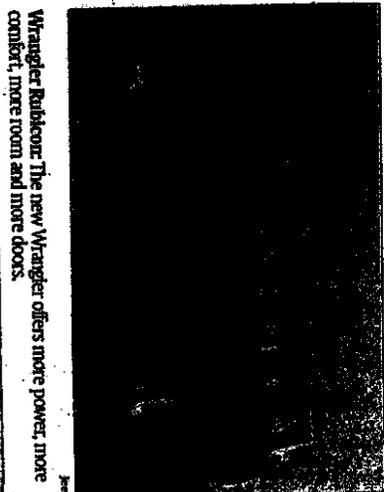
Cates, Buffett are richest of the billionaires
The tally of billionaires around the globe reached a high of 946, their combined wealth growing 35% to \$3.5 trillion, according to *Forbes* magazine's 2007 rankings of the world's richest people. Leading the list are two men who manage to keep getting richer as they give more and more money away. Microsoft founder Bill Gates ranked No. 1 for the 13th consecutive year, beating out friend and fellow philanthropist Warren Buffett, chairman of Berkshire Hathaway. Gates' fortune rose \$6 billion to \$56 billion last year, while Buffett garnered an additional \$10 billion to boost his net worth to \$52 billion. Five Americans ranked in the top 20, though they account for 44% of the overall list.

Households' net worth reaches record

The net worth of U.S. households climbed to a high in the final quarter of last year, boosted mostly by gains on stocks, the Federal Reserve reported Thursday. Net worth — the difference between households' total assets, such as houses and bank accounts, and their total liabilities, such as mortgages and credit card debt, totaled \$55.6 trillion in the October-to-December quarter. That marked 2.5% growth from the third quarter, the previous quarterly record. Stocks' gains helped fuel the increase in net worth; real estate gains played a role, too.

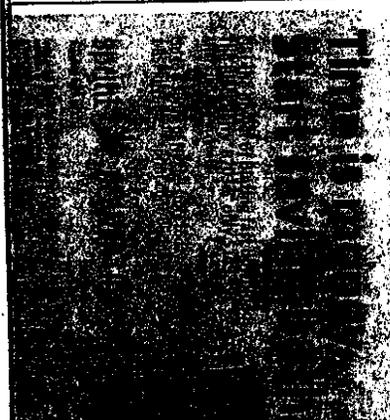
La. state insurer agrees to Rita settlement

Louisiana's state-run insurer has agreed to a mass settlement with more than 150 policyholders whose homes were damaged by Hurricane Rita, an attorney for the homeowners said Thursday. Private insurance companies already have reached individual settlements with hundreds of homeowners in Louisiana who sued in the wake of Katrina and Rita, but the agreement announced Thursday is believed to be the state's first mass settlement of lawsuits. Citizens Property Insurance, Louisiana's insurer of last resort, agreed to pay about \$6.6 million to 167 policyholders.



Wrangler Rubicon: The new Wrangler offers more power, more combat, more room and more doors.

Test Drive
Every Friday
Jeep
wrangles some upgrades
Wrangler goes four-door and gets bigger, among other new features. 5B



See photos of Apple's marketing efforts at money.usatoday.com

Debut: People check out the new iPhone on display Jan. 10 at the Macworld Conference & Expo in San Francisco.

Apple buffs marketing savvy to a high shine

Talent agency Net firm partners with William Morris Narrowstep free online s

By Leslie Cauley
USA TODAY

Hollywood super-agent Ham Morris will announce that it is teaming with video-streaming company Narrowstep to offer a wide range of broadcast programming.

The program will include pay-per-view, other wireless devices, and other services.

The partners expect their new offerings to be available in the next few months.

In addition to reports of Hollywood's biggest names, including Russell Crowe, Lopez, William Morris and others, the program will include pay-per-view, other wireless devices, and other services.

The agency, whose name is a nod to the agency that helped bring back to Charlie Chaplin, is teaming with Narrowstep to offer a wide range of broadcast programming.

The company, which was founded in 2002 and was

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USA TO AY



See photos of Apple's marketing efforts at money.usatoday.com

Debut: People check out the new iPhone on display Jan. 10 at the Macworld Conference & Expo in San Francisco.

By David Paul Morris, Getty Images

Apple buffs marketing savvy to a high shine

Announcement about iPhone generated tons of free publicity

By Jefferson Graham USA TODAY

LOS ANGELES — Apple's marketing machine has done it again.

While the biggest names in tech were in Las Vegas at the Consumer Electronics Show in January showing off new gadgets and gizmos, Apple gambled it could extract attention in San Francisco for a sneak-peek debut of the iPhone, the combination music player/cellphone and Internet device.

Apple CEO Steve Jobs' bet paid off like a gushing Vegas jackpot. The avalanche of headlines and TV news stories about the iPhone — which hits the market in June — already have generated \$400 million in free publicity, says Harvard Business School professor David Yoffie. "No other

company has ever received that kind of attention for a product launch," Yoffie says. "It's unprecedented."

The attention may have been more supersized than usual, but the results were textbook Apple. The company's knack for the spotlight is in part born of necessity — it has just a 3% market share for computers — but it consistently generates buzz and anticipation for new products.

Apple's arsenal of attention-getting tools holds lessons for any company: design cool, innovative products. Have a streamlined product line. Invest in memorable ads. Work your customer base to make customers feel special and create word-of-mouth agents. Most important: keep the world and media surprised, to generate gobs of attention.

The company's masterful buzz machine has helped generate record profits (thanks to the worldwide digital music cultural icon, the iPod), but it's barely nudged Apple's computer market share. Apple executives declined comment

Cover story

Please see COVER STORY next page ▶

Gasoline prices getting pumped up again

Fuel going for more than \$3 a gallon in some areas

By Barbara Hagenbaugh USA TODAY

WASHINGTON — Gasoline prices are climbing across the USA, particularly in California, where they're topping \$3 a gallon in some areas, as strong demand and lower supplies have helped boost prices.

The nationwide retail average price for a gallon of regular gasoline was \$2.507 Thursday. That's up a dime from just a week ago and 33 cents, or 15%, higher than a month earlier, according to motor club AAA. The average price at the pump is 17 cents higher than a year ago.

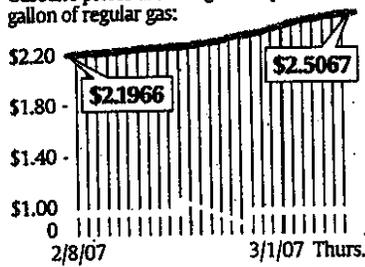
Wholesale gasoline prices have risen 21% in the last month, suggesting retail gasoline prices have higher to climb.

Such a sharp increase this early in the year may not bode well for gasoline prices this summer, Wachovia economist Jason Schenker says.

"The risks clearly are on the upside as we go into the driving season," he says. "Three-dollar gasoline is not dead."

Up at the pump

Gasoline prices are rising. Price per gallon of regular gas:



Source: OIL Price Information Service By Julie Snider, USA TODAY

Californians are being stung especially hard lately. The average price in the state Thursday was \$2.962 a gallon, 39 cents higher than just one month ago.

That's the highest average price ever for a day in March in the state, says Tom Kloza, chief oil analyst at Oil Price Information Service, which compiles the data for AAA.

Prices were highest in San Francisco, where the average was \$3.123 a gallon.

A large number of refineries on the West Coast have been shutting down for

maintenance, leading to lower supplies in the area, Kloza says. And because of special blending requirements in California, it's hard to import fuel into the state.

But there is some good news: Prices in California are likely to stabilize soon as refiners boost production, Kloza says. "We're probably in the seventh or eighth inning of the rally," he says.

Nationwide, the reasons behind the increase in gasoline prices are ripped from an Econ 101 textbook:

► **Supply.** Gasoline inventories fell for the fourth-consecutive week last week and were 4% lower than a year ago, partly because of lower imports and refinery maintenance, according to the Energy Department. The amount of gasoline was enough to meet demand for 23.7 days, the lowest since the week ended Jan. 12.

► **Demand.** Drivers have been pumping more gasoline, despite the higher prices. Average gasoline demand in the four weeks through March 2 was 1.2% higher than the same period a year ago, according to the Energy Department.

Recent gains in oil prices are more likely the result of rising gasoline demand than a major cause for the gas price increase, Schenker says.

ported and free to consu

In addition to repress: of Hollywood's biggest cluding Russell Crowe a Lopez, William Morris n number of corporat weights, including Gene Starbucks and MySpace.

The agency, whose back to Charlie Chapli nering with Narrowstep

The company, which ed in 2002 and wen 2005, competes in the f Internet video distribut with firms including. The FeedRoom and A works. Narrowstep's cli ITV, the U.K.'s largest TV er, which has used it t Internet video streams. so used Narrowstep's technology.

"This is a case of n ogies meeting new t Narrowstep CEO Davi He is also CEO of McCourt, a media inve:

Paul Bricault, a senio dent at William Mor "What consumers act and have wanted for s is to view content that vant to them at the ti most relevant to them.

Each new program v as a separate compa rangement will give ba as talent flexibility on day-to-day manageme

McCourt says the p to create hundreds of could be offered on a p basis. Others could be subscription basis, m mium cable channels s

William Morris, wit 3,000 clients worldw its contacts in movie and other media to the programming. Th will reach out to its c ents to back projects.

Bricault says some ents might want to own shows around s ests. For example, GA to do a show about William Morris, draw facts around the worl put the talent toge make that happen.

Some people ma eyebrows at the idea ble talent agency try the rules of Hollywoo

Bricault says he's "Pioneers are always the arrows in their b: "I'm sure some pec potshots at us, but have to stick your fo point and say the w ing. You have to think

Apple goes a long way by keeping it simple

Continued from 1B

for this story.

Marketing guru Peter Sealey, a professor at Claremont Graduate University, calls the charismatic Jobs "the best marketing CEO in the business." USA TODAY spoke to professors such as Sealey, authors and former Apple marketing executives, asking what other companies could learn from the Apple marketing manual:

► **Make innovative products.** It sounds simple, but Apple's obsession with design and innovation, and history of inventing and designing products in-house (most tech competitors outsource), brings on the spotlight.

Cover story

"People take notice because of Apple's track record," says Mike Evangelist, a former Apple product manager who now is CEO of digital music compression firm Wired. "They know the products will be groundbreaking."

The iPod, which has been the catalyst for Apple's dramatic comeback, wasn't the first MP3 player, but it was the easiest to use and coolest looking. The Mac Mini, a pint-sized Macintosh computer just a little larger than a DVD, and its big brother, the sleek, white iMac, with a built-in monitor, are computer designs that wowed critics.

The company's marketing prowess is so renowned that it prompted a satirical headline in *The Onion* this week: "Apple Unveils New Product—Unveiling Product." The product? The fictional iLaunch, which would "revolutionize the process of unveiling new products throughout the world."

► **Keep it simple.** When Jobs returned to a languishing Apple in 1997 after his 1985 ouster, he slashed the product line to make it easier for consumers to focus. While rivals such as Hewlett-Packard and Dell offer 100 models of desktop computers, often with non-memorable product names, Apple has fewer than 20 options, with simple names such as the Mac Mini, MacBook, iMac and PowerMac.

That's been key to the iPod's success, too. It comes in three basic styles: video iPod, Nano and Shuffle.

"You can have so many options, and so confuse people, that less is truly more in many instances," says Sealey, who often discusses with students how product lines have gone wild, with too many choices. "When I was at Procter & Gamble, Crest (toothpaste) was available in two sizes. Now, there are so many, you can't make a decision," he says.

► **Create truly memorable ads.** Apple regularly receives awards and acclaim for hip and effective advertising created by its longtime agency, TBWA/Chiat/Day. Apple introduced its first ad for the iPhone on the Academy Awards telecast, a 30-second smorgasbord of TV and movie clips, featuring actors from Lucille Ball and Dustin Hoffman to the animated Betty Rubble from *The Flintstones* saying hello into a phone.

Its humorous Mac-vs.-PC spots feature actors John Hodgman and Justin Long debating the merits of Apple vs. Windows computers. Hodgman plays the Windows guy, who pales in comparison to cool Mac guy Long.

But it's the campaign for the iconic iPod, with dancing hipsters set against a silhouette, that put Apple back on the map.

"How many ads have you seen where you say, 'Cool ad,' and you forget what it was for within three minutes," says Michael Markman, a former director of advertising for Apple in the 1990s, who now consults for tech companies. "The iPod advertising has been extraordinary. It's a word-

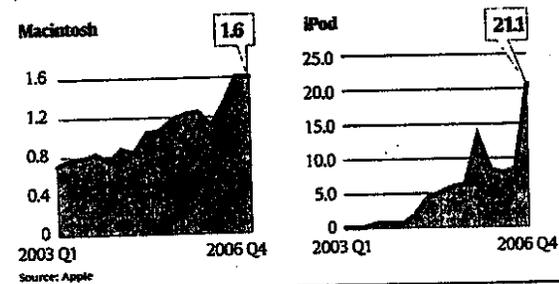


By Paul Sakuma, AP

Introducing: Apple CEO Steve Jobs demonstrates the new iPhone on Jan. 9 at the Macworld Conference & Expo in San Francisco.

Apple's rapid growth

Number of Macintosh computers and iPods shipped per quarter: (in millions)



Source: Apple

By Keith Simons, USA TODAY

less product demo, with a great tag line that doesn't make the viewer work hard. 'One thousand songs in your pocket.'"

Adds Evangelist: "No one really understood what an MP3 player was until that tag line. It made the product really simple to understand for the masses."

Sealey says Apple spends much less on advertising than its rivals do. "The ads just stand out because they're so good," he says.

► **Find an enemy.** Apple has never been shy about blasting the competition, encouraging the world in its advertising to "think different" and use its products.

"Early on, Apple figured out ways to make consumers feel like they were insiders in this secret society," says Jeffrey Cruikshank, a Boston-area marketing consultant and author of *The Apple Way*. "They clearly identified the bad guys who were outside their cult — IBM, Intel and then Microsoft. It was a consistent and far-reaching world view: you and me against the world."

► **Work the taste-makers.** Out of necessity, with a tiny and then declining market share for computers, Apple had to work harder to get its products in front of the public. In the past few years, it has aggressively set up Apple retail stores in metropolitan areas. Apple has also been very PR-centric, says Cruikshank, pushing to get its products reviewed and used as product placement in movies and TV shows.

In *The Apple Way*, Cruikshank writes that Apple com-

puters have appeared on screen more than 1,500 times in the past 20 years on TV shows and movies including *24*, *Sex and the City*, *Seinfeld* and *You've Got Mail*.

"More than half of all computer product placement during this time was from Apple, at a time when its market share was just 3%," Cruikshank says.

► **Offer surprises.** Apple is well known for efforts to keep launches close to the vest, to the point of suing secret-spilling bloggers. The secrecy often pays off with massive news coverage, as with its January introduction of the iPhone at Macworld.

The iPhone had been expected for weeks. What the world didn't know was what it would look like. The sleek design of the phone touched an immediate chord with the Macworld audience when Jobs unveiled it. The media ate it up.

► **Put on a show.** Tech companies such as Microsoft, Intel, Oracle and Adobe stage splashy events to unveil products, be it an operating system or software upgrade. Only Apple consistently succeeds in turning those kinds of events into headlines, because of Jobs' endless devotion to fine-tuning. "Steve works harder than almost any CEO at being the master showman," Yoffie says.

Most CEOs, says Charles Wolf, an analyst for Needham & Co., go on stage with an endless round of platitudes. "Steve leaves all the crap out of his presentation and focuses on what's important," Wolf says.

Says Markman: "What he does that few communicators do is leave things out. He starts with what he wants people to remember and work backward."

Wolf says that Apple's track record at keeping details of new products close to the vest produce "a snowball effect. Steve invites the general public and they flock to these shows. You have this mesmerizing speaker in front of 4,000 people, and it's almost like a religion. The high priest and all his followers, and that adds to the excitement. An the press is a willing accomplice."

Evangelist, who is writing an online book about his career at Apple, worked with Jobs on planning speedies. "The actual setup and rehearsal takes a week, but the planning takes months," he says. "There are constant meetings about it, and they are very intense. Steve is a no-nonsense guy. If you're anything less than 100% prepared, he knows immediately and lets you know in no uncertain terms."

In the past three years, Apple's market capitalization ballooned from \$6 billion in 2003 to over \$75 billion, *W* says. The company is riding high from sales of the iPod which has an 80% market share and now generates 50% Apple's revenue.

But despite a slight uptick in Mac computer shipment Apple is still "stuck at 2% to 3% market share," says Rog Kay, an analyst at Endpoint Technology.

Kay says Apple's free PR hasn't resulted in dramatic higher computer sales, but it has translated into enthusiasm on Wall Street, which has pushed up its stock price.

Indeed, Wolf has upped the target price of Apple stock to \$130 by year's end, up from about \$90 today, based on the June launch of the iPhone. Jobs predicts Apple will sell 10 million iPhones in the first year, which, at an average price of \$500, equals an additional \$5 billion in revenue.

Yoffie says the publicity from the iPhone announcement will "drive people into the stores to test the products. It will help sell a lot more iPods and iPhones. Think of all that publicity as a substitute for marketing costs and an opportunity for Apple to dramatically increase its market share."

www.usatoday.com

USA TODAY

Money

SECTION 5

USA TODAY

NO. 1 IN THE USA



Hunt for cool begins

Getting an iPhone — hyped or not — may be half the battle. Cover story, 1B

Wednesday, June 20, 2007

2B WEDNESDAY, JUNE 20, 2007 • USA TODAY

LOS ANGELES — Christopher Parr won't go so far as to bring his sleeping bag to his local AT&T store to be first in line for Apple's coveted iPhone when it goes on sale next week.

But he will be there opening his tent to sleep down \$200 for the revolutionary iPod, cellphone and internet device within days of its debut.

"Cellphones have under-delivered," says Parr, 40, of Madison, Pa. "This fills a real void. Most smart over the phone is a terrible user experience. I love the on of having the real internet in my pocket."

June 29 is the day many analysts have marked on their calendars as the release of the most anticipated gadget since the iPod. Doherty calls "the most eagerly awaited consumer technology device of the last 20 years."

Since January when it was first announced, the iPhone has captivated consumers. Wall Street watchers and the media at the get product at the right time.

Apple CEO Steve Jobs has promised it as the most advanced meeting of the internet and wireless technology with an iPod screen in a far more compact, sleek and usable form factor. For Apple, the release of the iPhone promises to

2006 revenue	\$24 billion
Home computer market share	May 2004: 3.2% May 2007: 7.8%
iPod shipments in 2006 (in millions)	4.5
Songs sold to date	2.9 billion
iPods sold to date	160 million

Source: Apple, IDC, NPD Research, Wall Street Journal

effectively double the company's revenue within just a few years based on the worldwide thirst for cellphones. For consumers, the trick is going to be nabbing one of the early iPhones on opening day before stock sells out.

The iPhone is being sold only at Apple's 200 retail stores, Apple's website and nearly 1,000 AT&T (Rumsey Chapter) stores beginning at 8 p.m. local time across the country. AT&T says it will close its stores at 4:30 p.m. and reopen at 6 p.m. Apple would not comment on its plans.

No pre-orders are being accepted. Fans are expected to camp out in front of stores for days.

Jobs has projected sales of 10 million iPhones within the first 18 months — worth more than \$3 billion retail. Neither AT&T nor Apple will say how many phones they will be shipping to stores. Doherty expects 1 million units to be available in the first wave. He predicts stores will be sold out by the time they close on June 29.

Canine discussion boards debate shopping strategies: Should you stand in line with mobs at a big urban store, only to discover they have only a handful of phones? Or go out to the suburbs and try your luck with a smaller, less-busy store?

Busiest stores are best bet for buying an iPhone

Continued from 1B

Doherty says that big urban outlets generally receive bigger supplies of must-have products, such as the Nintendo Wii and Sony PlayStation 3. He recommends going to the busiest stores that do the most volume.

"In New York, that would be the stores that attract the most people, like Times Square, Carnegie Hall and Fifth Avenue," he says.

Since there are so many more AT&T stores than Apple outlets, he recommends calling ahead to AT&T locations and asking whether they will have a supply of phones. "There's no reason a manager can't be straight with you. If they won't have stock, ask which store will," he says.

AT&T spokesman Michael Coe says not to bother: "We will have the phone at every one of our stores." He declined to disclose how many phones each store will receive.

Harvard University business professor David Yoffie predicts "a lot of frustrated consumers" as stores open at regular hours in the morning but withhold iPhone sales until 6 p.m.

The iPhone is not cheap. Phones are \$499 with 4-gigabytes of storage or \$599 with 8 GB. And they must be purchased with a two-year AT&T contract. AT&T is not subsidizing the cost as it does with most phones. If you already have a contract, you have to agree to extend it for another two years.

Additionally, a basic starter voice plan isn't going to be of much use to iPhone customers, who will no doubt want to access the cool, colorful internet features of the device. That will also require a data plan.

AT&T won't say how much its data plan for the iPhone will cost. A current "unlimited" data plan — which makes sense if you're going to be surfing the Web from the phone — is \$20 monthly. Couple that with a 900-minute \$59.99 monthly voice plan and yearly usage costs could approach \$1,000.

"This isn't for the faint of heart," says Doherty.

Why the hype?

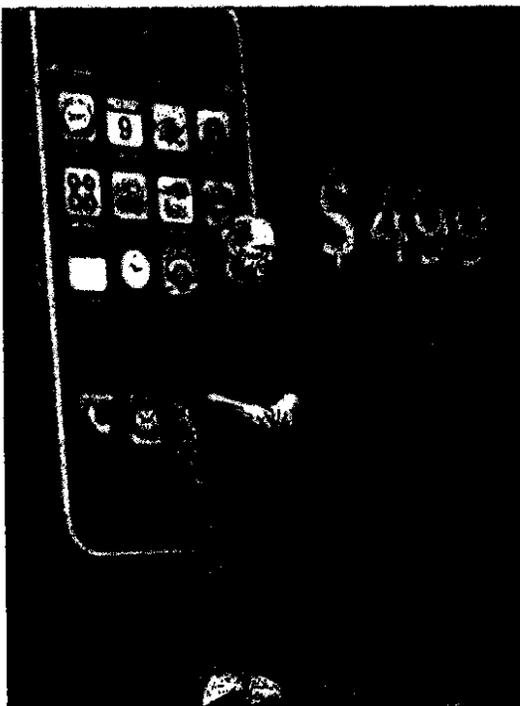
Jobs first introduced the iPhone at the Macworld Conference in January, eliciting oohs and aahs from the audience and wowing the media in the process.

"The largest and most beautiful screen I've ever seen on a cellphone," enthused *The Wall Street Journal*. "Even more impressive than it appeared during Steve Jobs' keynote," *Crain's* in PC Magazine after getting 10 minutes to play with the iPhone at Macworld.

Most of the praise concerned the iPhone's large, 3.5-inch screen and the elegant integration of phone, internet, iPod and other tools such as calendars.

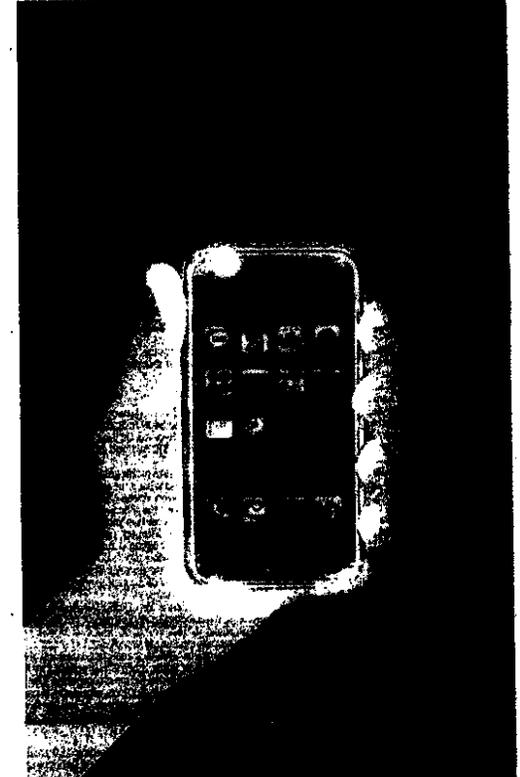
Unlike traditional phones, there is no keypad. Consumers will have to get used to surfing the Web by touching icons on the screen and typing in Web addresses on a virtual keypad. This week, Apple announced an upgrade to the screen before its release. The company says it will be optical glass, less prone to scratching than the plastic one it originally planned.

As with the iPod, dozens of companies are working feverishly to introduce add-ons for the iPhone. Beidix, which makes cases for the iPod, already has three iPhone cases on the shelves. Several headsets and car chargers have already popped up for sale on Amazon.com. A search at Amazon also finds 10 books about the iPhone already in the works.



Here it is: Apple CEO Steve Jobs demonstrates the iPhone at the Macworld Conference in January in San Francisco. The highly anticipated phone hits shelves on June 29.

Edward C. Bailey and Jefferson Graham discuss strategies for buying an iPhone at pck.usatoday.com.



But is the iPhone really such a sure thing? Not if you ask Roger Entner.

"It's a product of mystical proportions," says Entner, senior vice president of IAG Research. "They're not saying the iPhone will cure cancer and bring world peace, but that it will do everything else. It's impossible to live up to these expectations."

The high cost of the phone, and the expense of switching carriers to AT&T, could leave some customers away, says research firm IDC. An IDC survey of consumers found that 60% were interested in the iPhone, but only 10% said they would be willing to pay full price for it.

Also, AT&T has chosen to run the iPhone on its Edge network, which is faster than a regular cell network but not as fast as so-called 3G networks in use by AT&T and other firms.

Battery life could be a potential pitfall, as well. Apple says its battery will offer eight hours of talk time, six hours of internet use or 24 hours of iPod use.

But with internet use, iPod use and talk time all competing for the same battery, Entner doesn't think consumers will get more than four hours on a charge. Many bloggers have estimated battery time at low as 45 minutes.

In San Francisco, consumer David Lau has heard it all, and he doesn't care. He wants his iPhone.

"I have the gear just that many people experience when the newest, coolest thing comes out," says Lau, 26, who works in real estate. "I work in an office by myself, and this device gives me freedom. It could be my entire office anywhere I choose."

His girlfriend, Tina Berg, just wants him to stop talking about it.

"For the past four weeks, I've heard nothing but iPhone talk from David, his friends, my brother and, basically, any male between the ages of 13 and 40

within earshot. It's insane. I'd pay 500 bucks and sleep outside in line to just shut these guys up."

Apple's future

The avalanche of post-Macworld news stories generated an estimated \$400 million in free publicity according to Yoffie at Harvard. On June 7, Apple shares hit an all-time high of \$127.61 and now trade at about \$124.

Such analysts are downright giddy about the potential of the iPhone and what it means to Apple.

Gene Munster, who covers Apple for investment firm Piper Jaffray, says the iPhone could nearly double the size of Apple within two years. Apple revenue is now at \$24 billion. Munster projects iPhone sales could push that to \$42 billion — including \$15 billion in iPhone sales — by 2009.

It's simple math, Munster says: The wireless industry is 12 times the size of the digital music player market that Apple dominates.

"The total audience for cellphones is so huge, it's shocking what it does to Apple's numbers," he says.

According to IAG Research, about 1 billion cellphones are shipped yearly worldwide.

Apple began in 1976 as a computer company. It hit hard times in the 1990s when it was eclipsed by Microsoft, which dominates personal computing. The introduction of the iPod in 2001 transformed the company, and now Apple sells more non-computer items than it does Macintosh computers. About 100 million iPods have been sold to date, and Apple no longer has "computer" in its name.

"Within 10 years, I see Apple selling 100 million phones a year," says Charles Wolf, an independent analyst who has covered Apple for 22 years. "Apple will have 7% of the phone market."

AT&T girds for iPhone launch on June 29

Stores add to staff; techies test network

By Leslie Cauley
USA TODAY

For consumers eager to get their hands on an Apple iPhone, here's the good news: It will be available in all 1,800 AT&T phone stores at 6 p.m. sharp on June 29.

The bad news? "We fully expect one or more of our stores to run out of stock on the first or second day — my guess is the first day," says Larry Carter, senior vice president of sales for AT&T, the iPhone's exclusive U.S. distributor.

To help accommodate as much foot traffic as possible, AT&T phone stores will stay open an extra hour — until 10 p.m. — on the first day.

To get "ready" for the big day, Carter says, AT&T added 2,000 extra salespeople to stores. Half will be there just to help handle the expected early crush of buyers. The other half, he says, will stay long term to help with extra customers the iPhone is expected to draw to AT&T's stores.

Crowd control on launch day is a concern. In some markets — Carter declined to name them — AT&T is working with local law enforcement on crowd-control plans. It also has alerted landlords at shopping malls and other phone store locations to make sure nobody is caught off guard.

Not all stores are equal

Carter would not say which stores will have the biggest iPhone stockpiles, but allowed that iPod users are a "natural market" for the smartphone. As such, he says, stores in areas with big numbers of iPod users — such as New York City, Chicago and much of California — will be well stocked.

Does that mean those stores will have more iPhones than stores in, say, Richmond, Va., or Florida? "Yes," he says. "It's just common sense."

If your local store sells out, Carter says, salespeople will take mail orders, and iPhones will be shipped in three to five days, inventory permitting. "Ultimately, we will meet every customer's desire to have one," Carter says.

To discourage scalpers, AT&T plans to limit how many phones each customer can buy. Carter declined to cite the number, saying only that AT&T would try to prevent "hoarding and reselling."

New service plans for iPhone

There are other surprises in the works for June 29. In addition to launching the iPhone that day, Carter says AT&T also will announce new service plans for it.

He declined to be specific, but says plans will be customized for the iPhone. Translation: The iPhone may offer cool features such as unlimited Web browsing, but you'll have to pay for them.

Carter says the additional fees shouldn't be a surprise. "Regardless of which device you're using today, you'd pay us a certain amount for (voice) minutes, and you also pay us for data usage," he says. "That is also true on the iPhone."

No amount of planning will help, however, if Apple is unable to supply enough phones. "That's what we stay awake at night thinking about," Carter says.

It's also out of AT&T's control. Manufacturing is being overseen



On your mark ... A poster promotes the arrival of Apple's iPhone at an AT&T store in Orem, Utah. The iPhone is to go on sale June 29.

Many new AT&T CUSTOMERS

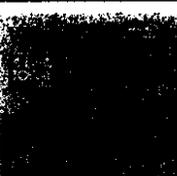
AT&T thinks iPod owners are a natural market for sales of the iPhone, a smartphone with advanced voice, data and video capability. It will work exclusively on AT&T wireless service for five years. Apple CEO Steve Jobs has predicted sales of 10 million iPhones by 2008.

New AT&T wireless customers	2002	2.3 million
2003	3.1 million	
2004	3.1 million	
2005	5.0 million	
2006	6.9 million	

... may be iPod fans

iPods sold by year, in millions	2002	0.5
2003	1.5	
2004	8.3	
2005	32.0	
2006	42.2	

Source: AT&T, Intellicast research



by Apple, which maintains control of design, customer care (for the device, not monthly service), advertising and more.

Apple, famously secretive about its products, has been mum about its iPhone sales plans. So far, it has not allowed AT&T sales staff access to iPhones so they can get comfortable using them before the big day. "Apple wanted to launch it that way," Carter says.

Only as good as network

One thing AT&T does control, however, is the network on which the iPhone will depend. While network reliability might not have the sex appeal of an iPhone, it could spell the difference between

Users take iPhones out in top-secret tests

By Leslie Cauley
USA TODAY

Most people lucky enough to snag an Apple iPhone probably will be quick to show it off to friends.

Not Balu Thandu. He got an iPhone more than two months ago and has been hiding it from prying eyes ever since.

Thandu is one of about 200 field technicians who have been secretly testing the iPhone and looking for technical glitches for more than 10 weeks and counting. AT&T routinely tests new devices, but the iPhone has been different, Thandu says. The technicians have logged more than 10,000 hours on the phone, including more than 5,000 hours of voice calls and near 5 gigabytes of data usage. Most phones, he says, get about half that much test time.

AT&T's scrutiny is understandable. The iPhone is shaping up to be the must-have cellphone of the year, maybe the decade if it follows in iPod's footsteps. AT&T has exclusive U.S. distribution rights for five years and hopes to use the device to lure new customers.

To win at that, however, the iPhone must live up to its hype. That's where Thandu and his crew come into play. "My job is to make sure the devices we sell meet the high bars we set for them, in terms of technical requirements and test specifications," he says.

Doing dry runs with the world's most anticipated cellphone has been challenging. Tests had to be done in places frequented by wireless users.

Under strict orders to keep the phone under wraps, technicians had to hide or disguise the phone when in public, Thandu says.

The disguises took many forms: an iPod "sock" was sometimes slipped over the iPhone. Other times, he says, testers kept the device inside a newspaper or pants pocket and used a wireless headset.

For the actual testing, technicians frequented all the places where consumers go: office buildings, subway platforms, stairwells, elevators, crowded bars, sprawling suburban malls and congested city streets. They also showed up incognito at Apple and AT&T stores.

To test iPhone's durability, Thandu says, they doused it with water, dropped it on concrete and bounced it off sidewalks.

Thandu says he took the iPhone with him on long runs, sweating all over it. "We wanted to test the limits of it."

Techies also did a lot of walking. "Many people don't realize it, but walking gives you the worst channel conditions," Thandu says. Cell signals tend to bounce off buildings, causing interference, and background noise is a constant problem in cities.

Feedback from the field was relayed to Apple, sometimes hourly, Thandu says. Early on, he says, technicians discovered that the iPhone's audio was "not loud or clear enough." Apple designers quickly fixed the problem, he says.

Though "testing" will continue on an ongoing basis, Thandu says he is comfortable that the device is good to go. "For the launch, I think we are there."

the device becoming a runaway success — or a flop.

Nobody knows that better, perhaps, than Richard Burns, president of network services for AT&T's wireless business. As the top network executive, he's responsible for making sure iPhone users get an optimal experience.

With that goal in mind, Burns says, his team has been spending a lot of time on "interface testing" — making sure the iPhone and the AT&T wireless network work together seamlessly.

In the past few months, he says, dozens of AT&T technicians have been secretly testing iPhones — in bars, subway stops, office buildings, rural areas and elsewhere — looking for technical glitches.

"We want to make sure that it works in the best possible way

with the way that we are configured," Burns says. He says feedback from the field is relayed to Apple, which makes adjustments.

One example: "visual voice mail," a unique iPhone feature that lets users select which message they listen to first. With most wireless voice mail systems, users have to take messages in order. With the iPhone, they show up like e-mail in an inbox; users touch the one they want to hear first.

Beefing up the network

Burns says AT&T has spent \$50 million so far adding new components in anticipation of the additional data traffic that iPhone users will generate. "We wanted to be ready for the initial onslaught

of people."

That's a pittance of the several billion spent this year alone to install network capacity gear. Still, it reflects AT&T's determination to stay ahead of the iCurve as more data users pile on. Burns says he expects to add more gear as data usage rises in the months ahead.

Hard to believe, but one thing you won't catch AT&T executives with anytime soon is the very device they're trying so hard to bring to the masses. Burns says he was issued an iPhone during the test stages but had to give it back.

Sounding a bit dejected, Burns says it was for the best: "Because there was such demand, we decided executives should forgo the opportunity to have a personal one until consumers have a shot at one first."

Buzz is big as Apple

iPhone is the new iPhone

Apple's iPhone is the new iPhone. Two newswriters who plan to be among the first to buy the new Apple iPhone when it goes on sale today were David Clayman (left) and Anthony Cardozo.

By Miriam Hill
INQUIRER STAFF WRITER

They're on MySpace, seeking the fastest route to an Apple or AT&T store tomorrow. They're offering hundreds of dollars for someone — anyone — to wait in line for them. They're lusty in their hearts, their wallets gaping for what is — face it, people — a cell phone that plays music.

Unlike Batman's utility belt, this new creation doesn't come with shark repellent. Nor can you tickle it — at least not quite like Elmo.

But, for gotta-have-it gadget lovers, when the product is the iPhone, the latest from Apple Inc., a company that turned ear buds into a fashion statement,

Gadget lovers and their surrogates line up for the phone that plays music — and more.

hype trumps reason.

"This phone is going to be a status symbol. If you're walking down the street with an iPhone, people will be looking at you," said Joel Schwartz, gadget director (really) for online auctioneer eBay Inc.

EBay expects to see iPhones for sale moments after they become available in stores at 6 p.m.

tomorrow.

The iPhone's all-in-one nature is part of its appeal. It combines a cell phone, iPod, music player, and camera, and it can play videos and access e-mail and the Internet.

It is not the only so-called smart phone to do all that. The hype comes from its reported ease of use. Instead of buttons, it has a touch screen. Its Internet browser allows for smooth Web surfing, unlike the clunky experience on other phones.

"Everything is so intuitive and so fluid," said Dan Steinberg, 24, a Bryn Mawr student who describes himself as "a big fan of Apple, and a big fan of gadgets in general."

SEE IPHONE ON A8

Select for FOCUS™ or Delivery



Want one Friday? It calls for a plan Los Angeles Times June 26, 2007 Tuesday

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June 26, 2007 Tuesday
Home Edition

SECTION: BUSINESS; Business Desk; Part C; Pg. 1

LENGTH: 927 words

HEADLINE: Want one Friday? It calls for a plan

BYLINE: David Colker, Times Staff Writer

BODY:

Let's say there's a product so new, you've never had a chance to try it.

Its features haven't been fully disclosed. And the full cost of ownership hasn't been revealed.

Would anyone buy such a thing on the very first day it went on sale?

You bet, if it's the **iPhone** -- the hottest product almost no one has ever actually seen (outside the 24/7 **hype** fest).

Across America, people are planning to line up for hours and even camp out overnight to be among the first to lay down \$500 or \$600 for the long-awaited cellphone-on-steroids from Apple Inc. That price doesn't include the commitment for a monthly usage plan that has to be bought -- otherwise the **iPhone** is just an expensive drink coaster.

The target day and time: Friday, 6 p.m.

The place: any of the 162 Apple stores or the approximately 1,800 company-owned-and-operated AT&T stores.

Want to join the expected crowds? Or maybe avoid the crowds and still get an **iPhone** that day?

Some of the early adopters planning to be out there Friday were willing to share their strategies for iDay.

"I am a little fanatical about phones," said Josh Cain, co-owner of a Web development company.

Cain, who lives in Eagle Rock, estimated that he had owned 25 cellphones in his lifetime. And he's only 19 years old.

For much of that young life, he's been waiting for something like the **iPhone**, which has been hyped as a multipurpose communications and media device, designed by engineers who held ease of use as sacred.

"I've never had a phone I've been all that satisfied with," said Cain, who sometimes tries a phone for a few days and then sells it on EBay. "In some cases the interface has been terrible -- it takes much too long to get to the features.

"Some don't even make calls all that well."

He plans to line up to get an **iPhone** the first day because he fears there will be a shortage after an initial rush.

"Remember what happened to the **Wii**?" he said, referring to Nintendo Co.'s game machine that made a splashy debut in December. "They're still not all that easy to get."

Where will he go to buy an **iPhone**?

"I think the best way to do it is to go to an Apple store inside an enclosed mall," Cain said. "People are not going to be able to wait overnight in those places."

He paused.

"Now, people will read this and have the same idea."

Buying online Friday may be an option -- or maybe not. AT&T said it would not offer the device online on iDay, but Apple, which sometimes operates with an air of secrecy the CIA would envy, would not say.

Strategies have been continuously discussed over the last few weeks on Web forums. Travel site Gridskipper.com has put together guides to motels, restaurants and free restrooms near popular Apple and AT&T shops.

For example, the Century City guide is at gridskipper.com/travel/los-angeles/ultimate-iphone-campout-guide-la-century-city-270207.php.

One way to avoid the lines is to pay someone to do it for you. Ads have been cropping up on Craigslist looking for stand-ins, including one in Los Angeles that said, "You need to be reliable and focused on the success bonus."

You also have to be an early riser. "The gig starts at 5 a.m."

Robert Rinaldi, 15, of Shamong, N.J., will be on a long-ago planned trip to Europe when the **iPhone** comes out. He persuaded his mom to stand in line for him.

That's OK: She'll have her iPod for entertainment "and a cooler with drinks to keep her cool," Rinaldi wrote in an e-mail.

There has been a particularly active group of **iPhone** hopefuls from New Jersey on the Web.

Coast Guard Petty Officer 2nd Class Peter Seybold, stationed in Atlantic City, plans to take a military mission approach.

"There are five of us, each will be in a different area on Friday morning," he said. "We will keep communicating, comparing the lines."

Seybold, who bought every version of the standard iPod as it came out, has been assigned to check out the Apple store in the Caesars Atlantic City Hotel.

Seybold, 25, sees it as his duty to buy the latest from the company he loves.

"They put out the most amazing products you've ever seen," he said. "You can get into the fanboy-esque mentality with them."

Matthew Klein, a film editor living in Beverly Hills, has wanted an **iPhone** since the product was announced in January.

"I immediately offered up the idea and my wife paused just long enough," Klein, 36, said. "I considered that a green light."

He believes that future developments in the **iPhone** will be, to a large extent, applicable to the first model.

"It's just a device with a screen," he said. "The big improvements will be in software.

"I'd rather get it now and grow with it."

On Friday, Klein plans to scope out AT&T stores in West L.A. If the lines are too long, he will head to less-moneyed areas.

"I'll call South L.A.," he said.

Chris Moore of Glassell Park also isn't afraid of being an **iPhone** pioneer.

"Whatever you buy in technology, there's always something better coming around the corner," Moore, 32, said. "I don't think you can ever win that game."

Moore, who works as a video editor for Pie Town Productions, which specializes in home and garden TV shows, plans to go to an AT&T store Friday.

"I think the lines will be longer at the Apple stores," Moore said.

But that's one of the reasons Richard Green, 27, plans to hit an Apple store near his home in Iselin, N.J.

"It will be fun to be around all those people," said Green, who is a graphics designer, an Apple computer fan and single.

"You don't know who you will meet."

Is Green hoping that in addition to an **iPhone**, he might find a significant other?

"Well," he said, "it has crossed my mind."

david.colker@latimes.com

GRAPHIC: PHOTO: NO TECHNOPHOBE: Josh Cain, 19, of Eagle Rock with the three devices he carries: a BlackBerry for e-mail, a Motorola Krazr for talk and a Motorola Sliver as a spare. He says he has owned about 25 cellphones and plans to get an **iPhone** when it hits stores Friday. **PHOTOGRAPHER:** Courtney Hergesheimer Los Angeles Times

LOAD-DATE: June 26, 2007

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Terms: "iphone" and "wii" and "hype" ([Edit Search](#) | [Suggest Terms for My Search](#))

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Apple iPhone marketing: a work of genius?

By Tom Krazit, CNET News.com

June 26, 2007

URL: <http://www.zdnet.com.au/news/hardware/soa/Apple-iPhone-marketing-a-work-of-genius-10,130061702,339279073,00.htm>

analysis As iPhone Week dawns, one thing is clear: marketing is a lot easier – and cheaper – if you let other people do it for you.

Some day business students will look back at the first half of 2007 to learn about Apple's best marketing campaign ever, and maybe one of the best ever in American business. The iPhone will finally arrive on Friday after six months of up-to-the-second coverage from even local television types who think the EDGE network is the channel next to VH1.

What did Apple do to mount that campaign? Not much. It simply introduced the iPhone in January with one of CEO Steve Jobs' patented dog-and-pony shows, bought ad space during the Academy Awards to say "hello," and only within the last few weeks started a broader ad campaign.

Say what you want about Apple, its products, its leader, and its fans, but the company has figured out how to appeal to consumers like no other company in technology – and with a smaller marketing budget than companies like Intel, Microsoft or Hewlett-Packard. Apple has perfected the art of buzz during the Internet's second act, Web 2.0.

"They simply do a masterful job of capturing the imagination of just about everyone," wrote Jim Lattin, a professor of marketing at Stanford University's graduate business school, in an e-mail interview.

Traditional ways of reaching potential customers are changing rapidly, as any newspaper employee will tell you. Some companies have plunged headlong into a new media frenzy, setting up shop inside virtual worlds such as Second Life or trying to create "grassroots" viral video campaigns.

But a passionate, almost evangelical base of supporters makes any marketing campaign easier. Apple's reliance on a horde of loyal fans thirsty for information is the catalyst for its marketing.

Usually, Apple likes to announce its products and start the marketing effort very close to the actual date those products are available, if not the same day, said Ross Rubin, an analyst with The NPD Group. That wasn't an option this time around, since the Federal Communications Commission posts information on its Web site about phones that it approves for sale, denying Apple the opportunity to control the way people first learned about the iPhone, he said.

Instead, Apple launched the product with a minimum of information, and since January loyalists have flooded Apple-oriented blogs such as AppleInsider, The Unofficial Apple Weblog or MacRumors.com, searching for any scrap of information related to Apple and the iPhone.

Gadget blogs such as Engadget and Gizmodo stoke the fire further with their acerbic takes on the Apple universe. Engadget actually caused a brief plunge in Apple's stock in May when it reported, and then retracted, a story that Apple was planning to delay the iPhone until October.

That was a sure sign that any information related to Apple, and especially the iPhone, is being scrutinized by fanboys and Wall Street investors alike like perhaps no other product launch. Larger Web sites and media outlets see intense demand for iPhone-related traffic heading to other sites, and are compelled to follow suit.

Apple is launching the iPhone at a time when content aggregation sites like Digg, Techmeme, and even Google News can put a potential customer before hundreds, if not thousands, of possibly interesting stories about the product. All Apple has to do is trickle out information every now and then, as it has done in the weeks leading up to Friday's launch, and watch the frenzy take hold.

Traditional marketing isn't dead yet, however. Apple has been running several television commercials of late on major broadcast and cable networks showing off the user interface of the iPhone, and influential reviewers for dead-tree repackaging outlets such as The Wall Street Journal's Walt Mossberg and The New York Times' David Pogue are likely to devote their Thursday columns to the iPhone.

A two-phase approach

That's because there are two phases to Apple's marketing. It has to satisfy its loyal audience that loves Apple's design aesthetic with ads showing off those capabilities. But to really "revolutionise" the mobile phone industry it also has to win over the broader market, those folks who may own an iPod but are still using an inexpensive phone that came along with their carrier contract because they aren't e-mail addicts dependent on a BlackBerry or Treo.

Apple isn't going after the current smartphone market of business users. It's focusing on regular people who probably don't own a smartphone by emphasising that the iPhone is a music player, a pocket-size Internet access device, and a phone -- with e-mail as just another add-in, Rubin said.

Those people aren't likely to be wowed by speeds and feeds, which Apple has judiciously avoided including in its marketing messages in favor of slick videos that highlight the way an iPhone user checks voice mail, watches videos or browses the Internet.

"It's easy to get the tech enthusiasts to line up, but the mass market consumer, that's another story," Jupiter Research analyst Michael Gartenberg wrote on his blog last week. The last time he could recall consumers -- not gamers revved up over new consoles -- but regular people lined up for a technology launch, was Microsoft's launch of Windows 95 more than a decade ago.

But Apple appears to have succeeded in attracting the interest of those folks, as lines are forecast to appear at Apple stores around the country. Competitors and those in other industries are attempting to figure out exactly how Apple managed to accomplish that, but in Rubin's mind, it's very simple: when people want what you're selling, it's easier to sell it to them.

"For years, before the announcement of the iPhone, there had been a tremendous amount of speculation and expressed interest from Apple's customer base for a phone by the company," he said.

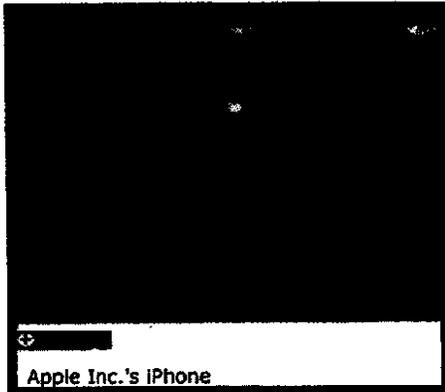
Now Apple has to make sure that buzz doesn't backfire once people get their hands on the device, and a full accounting of its capabilities and limitations can be compiled. After all, some very successful marketing campaigns haven't translated into successful products. A separate set of business students could one day be studying how to manage consumer expectations for a first-generation product if the iPhone fails to deliver.

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Apple's iPhone Generates Buzz That May Top Mustang (Update2)

By Ville Heiskanen



June 28 (Bloomberg) -- Apple Inc.'s campaign to build excitement about its iPhone may be the most successful marketing effort ever, surpassing the drive to promote Ford Motor Co.'s 1964 Mustang and Microsoft Corp.'s Windows 95.

The combination mobile phone and music player has generated more pre-sale media coverage than any other product, says Al Ries, chairman of Ries & Ries, an Atlanta marketing strategy firm. Michael Gartenberg, an analyst at JupiterResearch in New York, estimates Apple will spend about \$100 million on the introduction, roughly half what Microsoft spent for Windows 95.

"Apple is one of those rare brands that can create mystique around a product," says Matt Williams, a partner at Richmond,

Virginia-based advertising firm Martin Agency. "They created a buzz that has taken on a life of its own."

Apple released details little by little, teasing consumers to keep interest high, and followed with its first television spot with the simple tagline "hello" during the Academy Awards. That meant much of the hype came from word of mouth, which Apple has mastered since its 1984 introduction of the Macintosh computer. And it made the campaign less expensive.

The appeal may propel sales to 200,000 in the first two days and 3 million in the second half of 2007, according to the highest analyst estimates. Early acceptance may be a key part of Cupertino, California-based Apple's strategy to crack the mobile-phone market, which is almost four times bigger than the PC market.

On Sale Tomorrow

Apple and AT&T Inc., the largest U.S. wireless service provider, will begin selling the iPhone tomorrow at 6 p.m. in each U.S. time zone. Two versions will be available: a \$499 unit capable of holding 1,000 songs and a \$599 model with twice that capacity. Both require a two-year service plan with AT&T that will cost about \$60 to \$220 a month.

Apple shares fell \$1.33 to \$120.56 at 4 p.m. New York time in Nasdaq Stock Market trading. AT&T advanced 34 cents to \$40.32 in New York Stock Exchange composite trading.

"From an advertising and marketing point of view, Apple is head and shoulders above everybody else," says Ries, who has been writing books on marketing for more than 25 years, including "The Origin of Brands." "It just boggles the mind."

Ford's campaign for the Mustang included folk concerts to appeal to the budding counterculture and a national television broadcast featuring Motown music star Martha Reeves dancing along at a Mustang assembly line in Dearborn, Michigan.

Ford unveiled the Mustang at the 1964 New York World's Fair, just as 77 million baby boomers started driving. The car appeared early and often in movies, including the James Bond film "Goldfinger," and

graced the covers of Time and Newsweek. The Mustang sold 416,812 units during the first year.

Steve Jobs

Apple emulated the way Microsoft released information about the Windows 95 operating system a bit at a time.

Chief Executive Officer Steve Jobs, 52, unveiled the product to fanfare at the Macworld Expo in San Francisco in January, stealing the limelight from rivals such as Motorola Inc. that were touting their own handsets at the Consumer Electronics Show in Las Vegas the same week.

Then came advertisements and video clips on the Internet. The ``hello" spot consists of about 30 movie clips, with stars such as Marilyn Monroe and Robert De Niro saying ``hello" on the phone. It ends with a shot of the iPhone and a text ``Hello" followed by ``Coming in June."

With San Antonio-based AT&T also marketing the device, it's not clear how much Apple will spend, Ries says.

``They've spent some money on advertising, but certainly not a lot," he says. ``The PR, the hype, the publicity, it makes the advertising more visible."

'Experiencing the Product'

The newer iPhone ads show what people can do, with emphasis on how it is done. A consumer recently told Gartenberg he wished his handset had the same Google Inc. map function as the iPhone. In fact, that application is available for the phone the consumer had, he just hadn't realized it, Gartenberg says.

The TV ads consist of a close-up of the iPhone playing a movie or displaying a Web site. A hand moves around the screen, showing consumers what to press to answer a call, type an e-mail or search an address using the map function.

``It gave me the sense that I was actually experiencing the product," says Williams, whose agency created the caveman ads for the Geico unit of Warren Buffett's Berkshire Hathaway Inc.

Williams says the campaign worked so well he is planning to get an iPhone even though it will cost twice as much as he has ever shelled out for a phone, his Palm Inc. Treo.

Apple ads have a history of impact. Its 1984 Super Bowl commercial introducing the Mac, shown only once, is still remembered. In the spot, a woman athlete hurls a sledgehammer through a giant video screen, signaling Apple's intention to smash International Business Machines Corp.'s hold on personal computing.

``If you're not on the market for an iPhone, you don't really want to find yourself anywhere near an Apple or AT&T store at 6 p.m. on Friday," Gartenberg said.

To contact the reporter on this story: Ville Heiskanen in New York at vheiskanen@bloomberg.net

Last Updated: June 28, 2007 16:24 EDT



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Matching the Ballyhoo, Mostly

The iPhone, Despite a Few Foibles, Does Things No Phone Has Ever Done

Talk about hype. In the last six months, Apple's iPhone has been the subject of 11,000 print articles, and it turns up about 69 million hits on Google. Cultists are camping out in front of Apple stores; bloggers call it the "Jesus phone." All of this before a single consumer has even touched the thing.

DAVID
POGUE

STATE
OF THE ART

So how is it?

As it turns out, much of the hype and some of the criticisms are justified. The iPhone is revolutionary; it's flawed. It's substance; it's style. It does things no phone has ever done before; it lacks features found even on the most basic phones.

Unless you've been in a sensory-deprivation tank for six months, you already know what the iPhone is: a tiny, gorgeous hand-held computer whose screen is a slab of touch-sensitive glass.

The \$500 and \$600 models have 4 and 8 gigabytes of storage respectively — room for about 825 or 1,825 songs. (In each case, 700 megabytes is occupied by the phone's software.) That's a lot of money; then again, the price includes a cellphone, video iPod, e-mail terminal, Web browser, camera, alarm clock, Palm-type organizer and one heck of a status symbol.

The phone is so sleek and thin, it makes Treos and Blackberrys obsolete. The glass gets smudgy — a sleeve wipes it off, but it doesn't scratch easily. I've walked around with it in my pocket for two weeks, naked and unprotected (that is, not me), and there's not a mark on it.

But the bigger achievement is the software. It's fast, beautiful, menu-free, and dead simple to operate. You can

Continued on Page 10

Waiting for the Latest in Wizardry



June 27, 2007

The iPhone Matches Most of Its Hype

By **DAVID POGUE**

Talk about hype. In the last six months, Apple's iPhone has been the subject of 11,000 print articles, and it turns up about 69 million hits on Google. Cultists are camping out in front of Apple stores; bloggers call it the "Jesus phone." All of this before a single consumer has even touched the thing.

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The \$500 and \$600 models have 4 and 8 gigabytes of storage, respectively — room for about 825 or 1,825 songs. (In each case, 700 megabytes is occupied by the phone's software.) That's a lot of money; then again, the price includes a cellphone, video iPod, e-mail terminal, Web browser, camera, alarm clock, Palm-type organizer and one heck of a status symbol.

The phone is so sleek and thin, it makes Treos and BlackBerrys look obese. The glass gets smudgy — a sleeve wipes it clean — but it doesn't scratch easily. I've walked around with an iPhone in my pocket for two weeks, naked and unprotected (the iPhone, that is, not me), and there's not a mark on it.

But the bigger achievement is the software. It's fast, beautiful, menu-free, and dead simple to operate. You can't get lost, because the solitary physical button below the screen always opens the Home page, arrayed with icons for the iPhone's 16 functions.

You've probably seen Apple's ads, showing how things on the screen have a physics all their own. Lists scroll with a flick of your finger, CD covers flip over as you flick them, e-mail messages collapse down into a trash can. Sure, it's eye candy. But it makes the phone fun to

use, which is not something you can say about most cellphones.

Apple has chosen AT&T (formerly Cingular) to be the iPhone's exclusive carrier for the next few years, in part because the company gave Apple carte blanche to revise everything people hate about cellphones.

For example, once the phone goes on sale this Friday, you won't sign up for service in a phone store, under pressure from the sales staff. You will be able to peruse and choose a plan at your leisure, in the iTunes software on your computer.

Video



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Better yet, unlimited Internet service adds only \$20 a month to AT&T's voice-plan prices, about half what BlackBerry and Treo owners pay. For example, \$60 gets you 450 talk minutes, 200 text messages and unlimited Internet; \$80 doubles that talk time. The iPhone requires one of these voice-and-Internet plans and a two-year commitment.

On the iPhone, you don't check your voice mail; it checks you. One button press reveals your waiting messages, listed like e-mail. There's no dialing in, no password — and no sleepy robot intoning, "You...have...twenty...one...messages."

To answer a call, you can tap Answer on the screen, or pinch the microscopic microphone bulge

on the white earbud cord. Either way, music or video playback pauses until you hang up. (When you're listening to music, that pinch pauses the song. A double-pinch advances to the next song.)

Making a call, though, can take as many as six steps: wake the phone, unlock its buttons, summon the Home screen, open the Phone program, view the Recent Calls or speed-dial list, and select a name. Call quality is only average, and depends on the strength of your AT&T signal.

E-mail is fantastic. Incoming messages are fully formatted, complete with graphics; you can even open (but not edit) Word, Excel and PDF documents.

The Web browser, though, is the real dazzler. This isn't some stripped-down, claustrophobic My First Cellphone Browser; you get full Web layouts, fonts and all, shrunk to fit the screen. You scroll with a fingertip — much faster than scroll bars. You can double-tap to enlarge a block of text for reading, or rotate the screen 90 degrees, which rotates and magnifies the image to fill the wider view.

Finally, you can enlarge a Web page — or an e-mail message, or a photo — by spreading your thumb and forefinger on the glass. The image grows as though it's on a sheet of latex.

The iPhone is also an iPod. When in its U.S.B. charging cradle, the iPhone slurps in music, videos and photos from your Mac or Windows PC. Photos, movies and even YouTube videos look spectacular on the bright 3.5-inch very-high-resolution screen.

The Google Maps module lets you view street maps or aerial photos for any address. It can provide driving directions, too. It's not real G.P.S. — the iPhone doesn't actually know where you are — so you tap the screen when you're ready for the next driving instruction.

But how's this for a consolation prize? Free live traffic reporting, indicated by color-coded roads on the map.

Apple says one battery charge is enough for 8 hours of calls, 7 hours of video or 24 hours of audio. My results weren't quite as impressive: I got 5 hours of video and 23 hours of audio, probably because I didn't turn off the phone, Wi-Fi and other features, as Apple did in its tests. In practice, you'll probably wind up recharging about every other day.

So yes, the iPhone is amazing. But no, it's not perfect.

~~There's no memory-card slot, no chat program, no voice dialing. You can't install new~~

programs from anyone but Apple; other companies can create only iPhone-tailored mini-programs on the Web. The browser can't handle Java or Flash, which deprives you of millions of Web videos.

The two-megapixel camera takes great photos, provided the subject is motionless and well lighted . But it can't capture video. And you can't send picture messages (called MMS) to other cellphones.

Apple says that the battery starts to lose capacity after 300 or 400 charges. Eventually, you'll have to send the phone to Apple for battery replacement, much as you do now with an iPod, for a fee.

Then there's the small matter of typing. Tapping the skinny little virtual keys on the screen is frustrating, especially at first.

Two things make the job tolerable. First, some very smart software offers to complete words for you, and, when you tap the wrong letter, figures out what word you intended. In both cases, tapping the Space bar accepts its suggestion.

Second, the instructional leaflet encourages you to "trust" the keyboard (or, as a product manager jokingly put it, to "use the Force"). It sounds like new-age baloney, but it works; once you stop stressing about each individual letter and just plow ahead, speed and accuracy pick up considerably.

Even so, text entry is not the iPhone's strong suit. The BlackBerry won't be going away anytime soon.

The bigger problem is the AT&T network. In a Consumer Reports study, AT&T's signal ranked either last or second to last in 19 out of 20 major cities. My tests in five states bear this out. If Verizon's slogan is, "Can you hear me now?" AT&T's should be, "I'm losing you."

Then there's the Internet problem. When you're in a Wi-Fi hot spot, going online is fast and satisfying.

But otherwise, you have to use AT&T's ancient EDGE cellular network, which is excruciatingly slow. The New York Times's home page takes 55 seconds to appear; Amazon.com, 100 seconds; Yahoo, two minutes. You almost ache for a dial-up modem.

These drawbacks may be deal-killers for some people. On the other hand, both the iPhone and its network will improve. Apple points out that unlike other cellphones, this one can and will be

enhanced with free software updates. That's good, because I encountered a couple of tiny bugs and one freeze. (There's also a tantalizing empty space for a row of new icons on the Home screen.) A future iPhone model will be able to exploit AT&T's newer, much faster data network, which is now available in 160 cities.

But even in version 1.0, the iPhone is still the most sophisticated, outlook-changing piece of electronics to come along in years. It does so many things so well, and so pleurably, that you tend to forgive its foibles.

In other words, maybe all the iPhone hype isn't hype at all. As the ball player Dizzy Dean once said, "It ain't bragging if you done it."

E-mail: Pogue@nytimes.com. For his regular column tomorrow, David Pogue will answer frequently asked questions about the iPhone.

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Testing Out the iPhone

We Spend Two Weeks Using Apple's Much-Anticipated Device To See if It Lives Up to the Hype; In Search of the Comma Key

ONE OF THE MOST important trends in personal technology over the past few years has been the evolution of the humble cellphone into a true handheld computer, a device able to replicate many of the key functions of a laptop. But most of these "smart phones" have had lousy software, confusing user interfaces and clumsy music, video and photo playback. And their designers have struggled to balance screen size, keyboard usability and battery life.

Now, Apple Inc., whose digital products are hailed for their design and innovation, is jumping into this smart-phone market with the iPhone, which goes on sale in a few days after months of the most frenzied hype and speculation we have ever seen for a single technology product. Even though the phone's minimum price is a hefty \$499, people are already lining up outside Apple stores to be among the first to snag one when they go on sale Friday evening.

We have been testing the iPhone for two weeks, in multiple usage scenarios, in cities across the country. Our verdict is that, despite some flaws and feature omissions, the iPhone

is, on balance, a beautiful and breakthrough handheld computer. Its software, especially, sets a new bar for the smart-phone industry, and its clever finger-touch interface, which dispenses with a stylus and most buttons, works well, though it sometimes adds steps to common functions.



By Walter S. Mossberg and Katherine Boehret

The Apple phone combines intelligent voice calling, and a full-blown iPod, with a beautiful new interface for music and video playback. It offers the best Web browser we have seen on a smart phone, and robust email software. And it synchronizes easily and well with both Windows and Macintosh computers using Apple's iTunes software.

It has the largest and highest-resolution screen of any smart phone we've seen, and the most internal memory by far. Yet it is one of the thinnest smart phones available and offers impressive battery life, better than its key competitors claim.

It feels solid and comfortable in the hand

and the way it displays photos, videos and Web pages on its gorgeous screen makes other smart phones look primitive.

The iPhone's most controversial feature, the omission of a physical keyboard in favor of a virtual keyboard on the screen, turned out in our tests to be a nonissue, despite our deep initial skepticism. After five days of use, Walt—who did most of the testing for this review—was able to type on it as quickly and accurately as he could on the Palm Treo he has used for years. This was partly because of smart software that corrects typing errors on the fly.

But the iPhone has a major drawback: the cellphone network it uses. It only works with AT&T (formerly Cingular), won't come in models that use Verizon or Sprint and can't use the digital cards (called SIM cards) that would allow it to run on T-Mobile's network. So, the phone can be a poor choice unless you are in areas where AT&T's coverage is good. It does work overseas, but only via an AT&T roaming plan.

In addition, even when you have great AT&T coverage, the iPhone can't run on AT&T's fastest cellular data network. Instead

Please turn to page D6



Apple via AP
Hello! Apple's long-anticipated iPhone goes on sale Friday.

Apple's iPhone sets the tone

By Mike Snider
USA TODAY

Shoppers are expected to snap up 1 million or more iPhones when the sophisticated cell goes on sale Friday. But Hollywood and other entertainment providers will be looking for more than sales: They'll be watching for signs of the next mobile revolution.

Video on cellphones is not new. But the new iPhone (\$499 for the 4GB model, \$599 for 8GB) is far more advanced than predecessors.

Its 3.5-inch widescreen display is larger than current phones, and its Web-surfing, video and music playback capabilities — it works seamlessly with Apple's iTunes software — make it the best-equipped handheld entertainment-communications device so far.

"It is a paradigm shifter," says John Latona of Nielsen BuzzMetrics, which has monitored online chatter about the iPhone. "The launch itself has transcended whether this is a business or entertainment device."

At a digital entertainment conference last week, "everyone in Hollywood we talked to was upset about (the iPhone). The year before, everyone was taking shots at iTunes," says Richard Doherty of The Envisioning Group. "They want to see how this goes."

Out of the box, the iPhone is expected to change the way consumers use entertainment and phones. Purchasers activate the device via the PC and iTunes rather than at the AT&T or Apple store where purchased.

That could mean new customers for the iTunes store, which stocks more than 5 million songs, 350 TV shows and 500 movies. iPhone users interested solely in music can load 800 or more songs onto the device.

"You might see a moderate uptick (in iTunes video sales) from people who weren't buying video before because maybe they had a (non-video capable) Nano," says Charles Golvin of Forrester Research. He expects Apple to meet its goal of selling 10 million iPhones worldwide over the next 18 months.

Traditionally, cellphone carriers have made deals with content creators for specially prepared media to play on their phones. In the case of the iPhone, Apple has already arranged for 10,000 YouTube videos; consumers can connect directly with entertainment websites, too. (The device will play Web videos in Apple's QuickTime format, but not Windows Media or Adobe Flash, both popular Web formats.)

The first iPhone relies on AT&T's data network, generally considered one of the slowest. But the device also connects with local WiFi networks, and, as it moves to other carriers, will likely hook into upgraded "3G" cell networks that more easily transmit video.

The iPhone could stimulate competition among providers and help drive the overall growth of mobile entertainment, analysts say. Mobile TV revenues are expected to increase from \$400 million in the USA this year to \$1.6 billion in 2010, according to market research firm Parks Associates.

"The studios and content people are very enthusiastic about this new model," says Parks analyst Yuanzhe Cai. "It brings them closer to the consumer. What they want is more ad revenue and direct sales revenue."

Initially, consumers are expected to move video content from their iTunes library to the iPhone to watch, then swap that out to make room for new video. The iTunes store currently has episodes of popular TV series (\$1.99 each) and films at \$9.99 to \$14.99.

"The video content they are looking to drive is via the iTunes store," says Michael Bonner of NBC Universal's digital distribution division, which offers *The Office*, *Heroes* and *The Starter Wife* among other programs on iTunes. But, he says, "we are going to keep our eye on what (the iPhone) means to the actual video-store business and the consumption of content."

Like many studios, NBC Universal also has deals with major carriers, including AT&T, Sprint and Verizon. Sall Dally, general manager of NBC Universal's wireless division, hopes the iPhone signals an opportunity to offer a broader range of content through the phones ... not just subject to the way carriers say.

► Buy now or wait? 38

USA TODAY
June 28, 2007

Markets

iPhone powers up Apple's shares

Investors wonder if increase is hype

By Matt Krantz
USA TODAY

Geeks started lining up this week at Apple Stores to buy shiny new iPhones. But the queue for Apple's stock started long ago as investors bet on a successful launch of the new product.

Since Apple's smartphone doesn't go on sale until Friday, investors can only wonder if the run-up in the stock is legitimate or the result of hype.

It's a reasonable thing to question given how much Apple's stock has risen. Shares of Apple shot up 44% this year, including 2% Tuesday alone, as investors bet the iPhone will be the next best thing since the iPod music player. That run-up makes the 6% gain in the Standard & Poor's 500 this year look paltry.

"If you look at the move in Apple's stock, it's all about the iPhone," says Piper Jaffray analyst Gene Munster. John Lynch at Needham agrees: "The iPhone has been a major driver in the run-up in the stock."

The debate about Apple's stock revolves around how the iPhone will affect the company, including:

► **Future growth.** Earnings estimates raise questions about how much of the iPhone excitement will make it to the bottom line. Despite the pending launch of iPhone, analysts expect the company's earnings to grow 33% and 32% in the next two quarters before slowing to 15% growth next fiscal year, says Thomson Financial. That's quite a deceleration from Apple's average 140% growth the past three years, says S&P's Capital IQ.

The quarterly estimates reflect how revenue from the iPhone will be booked over time, not when the handsets are sold, says Andy Hargreaves of Pacific Crest.

Investors also underestimate how many iPhones will be sold, Munster says. iPhone sales will hit \$19 billion by 2009, he says, a sum equal to Apple's total revenue last year.

► **Valuation.** Shares of Apple are trading for 38 times the value of the company's earnings over the past four quarters. That's 2.5 times its expected growth.

That's reasonable, too, Munster says, adding that the stock can easily gain another 30% once investors realize how popular the iPhone is.

► **Trading patterns.** It's not unheard of for a tech stock to run up prior to the launch of a new product and then fade. Microsoft shares outperformed the market by 14% in the six months prior to the Vista operating system launch, says Ned Davis Research. But 63 days after Vista's launch, Microsoft stock was underperform-

ing by 4%.

That could happen with Apple, but it's unlikely, says Christopher McHugh at Turner Investment Partners, who owns the stock.

Wall Street is betting a correction isn't in the making, says Stacey Gilbert, options strategist at Susquehanna Financial Group. Investors are paying 25% more for options that let them bet Apple's stock will rise 10% by July than they're paying for options that protect them from a 10% correction, she says.

Whether the hype is met will determine investors' reactions at first. "If there are lines in New York, Boston and Los Angeles, but nowhere else, the stock could go down," Hargreaves says.



Apple

► iPhone sets the tone, 4D

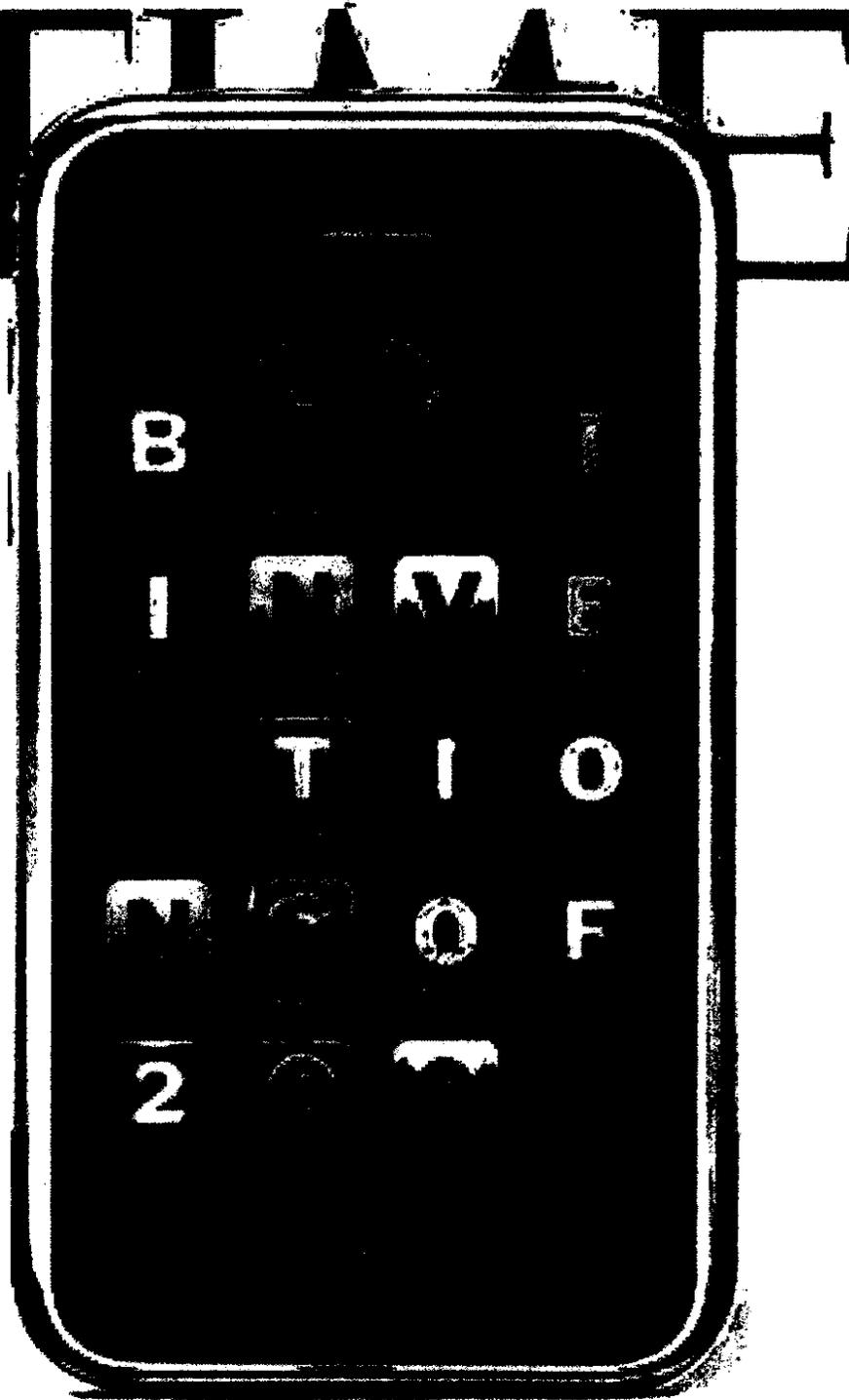
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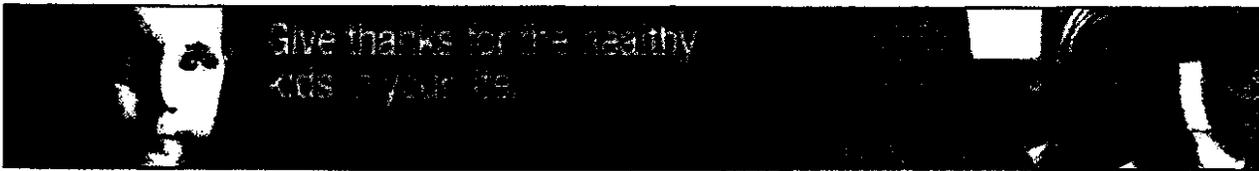
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How to
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that has changed
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Tuesday, Oct. 30, 2007

Invention Of the Year: The iPhone

By Lev Grossman

Stop. I mean, don't stop reading this, but stop thinking what you're about to think. Or, O.K., I'll think it for you:

The thing is hard to type on. It's too slow. It's too big. It doesn't have instant messaging. It's too expensive. (Or, no, wait, it's too cheap!) It doesn't support my work e-mail. It's locked to AT&T. Steve Jobs secretly hates puppies. And—all together now—we're sick of hearing about it! Yes, there's been a lot of hype written about the iPhone, and a lot of guff too. So much so that it seems weird to add more, after Danny Fanboy and Bobby McBlogger have had their day. But when that day is over, Apple's iPhone is still the best thing invented this year. Why? Five reasons:

1. The iPhone is pretty

Most high-tech companies don't take design seriously. They treat it as an afterthought. Window-dressing. But one of Jobs' basic insights about technology is that good design is actually as important as good technology. All the cool features in the world won't do you any good unless you can figure out how to use said features, and feel smart and attractive while doing it.

An example: look at what happens when you put the iPhone into "airplane" mode (i.e., no cell service, WiFi, etc.). A tiny little orange airplane zooms into the menu bar! Cute, you might say. But cute little touches like that are part of what makes the iPhone usable in a world of useless gadgets. It speaks your language. In the world of technology, surface really is depth.

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2. It's touchy-feely

Apple didn't invent the touchscreen. Apple didn't even reinvent it (Apple probably acquired its much hyped multitouch technology when it snapped up a company called Fingerworks in 2005). But Apple knew what to do with it. Apple's engineers used the touchscreen to innovate past the graphical user interface (which Apple helped pioneer with the Macintosh in the 1980s) to create a whole new kind of interface, a tactile one that gives users the illusion of actually physically manipulating data with their hands—flipping through album covers, clicking links, stretching and shrinking photographs with their fingers.

This is, as engineers say, nontrivial. It's part of a new way of relating to computers. Look at the success of the Nintendo Wii. Look at Microsoft's new Surface Computing division. Look at how Apple has propagated its touchscreen interface to the iPod line with the iPod Touch. Can it be long before we get an iMac Touch? A TouchBook? Touching is the new seeing.

3. It will make other phones better

Jobs didn't write the code inside the iPhone. These days he doesn't dirty his fingers with 1's and 0's, if he ever really did. But he did negotiate the deal with AT&T to carry the iPhone. That's important: one reason so many cell phones are lame is that cell-phone-service providers hobble developers with lame rules about what they can and can't do. AT&T gave Apple unprecedented freedom to build the iPhone to its own specifications. Now other phone makers are jealous. They're demanding the same freedoms. That means better, more innovative phones for all.

4. It's not a phone, it's a platform

When Apple made the iPhone, it didn't throw together some cheap-o bare-bones firmware. It took OS X, its full-featured desktop operating system, and somehow squished it down to fit inside the iPhone's elegant glass-and-stainless-steel case. That makes the iPhone more than just a gadget. It's a genuine handheld, walk-around computer, the first device that really deserves the name. One of the big trends of 2007 was the idea that computing doesn't belong just in cyberspace, it needs to happen here, in the real world, where actual stuff happens. The iPhone gets applications like Google Maps out onto the street, where we really need them.

And this is just the beginning. Platforms are for building on. Last month, after a lot of throat-clearing, Apple decided to open up the iPhone, so that you—meaning people other than Apple employees—will be able to develop software for it too. Ever notice all that black blank space on the iPhone's desktop?

It's about to fill up with lots of tiny, pretty, useful icons.

5. It is but the ghost of iPhones yet to come

the iPhone has sold enough units—more than 1.4 million at press time—that it'll be around for a while, and with all that room to develop and its infinitely updatable, all-software interface, the iPhone is built to evolve. Look at the iPod of six years ago. That monochrome interface! That clunky touchwheel! It looks like something a caveman whittled from a piece of flint using another piece of flint. Now imagine something that's going to make the iPhone look that primitive. You'll have one in few years. It'll be very cool. And it'll be even cheaper. □

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Invention of the Year

Invention Of the Year: The iPhone

By LEV GROSSMAN



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Stop. I mean, don't stop reading this, but stop thinking what you're about to think. Or, O.K., I'll think it for you:

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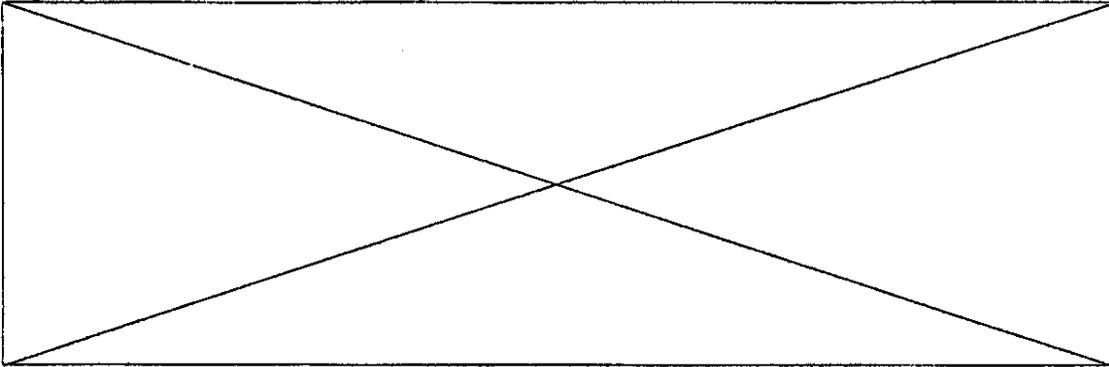
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III. INVENTION OF THE YEAR

IV. The iPhone

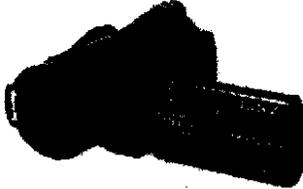
The iPhone is more than just a gadget. It's a genuine handheld computer, the first device that really deserves the name



V. VIDEO

VI. How We Chose The List

Lev Grossman discusses the process of choosing the Best Inventions of the Year



VII. SHOPPING

VIII. Tech Buyer's Guide

All the details on the newest products to help you decide how to spend your money wisely



IX. PHOTO ESSAY

X. Emotive Clothing

A research team at Philips has developed clothes that look good and let others know how you feel



XI. PHOTO ESSAY

XII. The X-48B

NASA, Boeing and the U.S. Air Force are teaming up to develop a Blended-Wing Body aircraft for the military

THE YEAR THAT WAS

This year pop culture went on a white-knuckle ride. Harry Potter closed a billion-dollar chapter in publishing history, while threequels stormed the box office with record-breaking results (we can't remember their names at the moment). Meanwhile, artists like Madonna and Radiohead turned the music business on its head, and Hollywood writers shut their laptops down because they were sick of being treated like...writers. Young stars, meanwhile, traded head shots for mug shots, much to the delight of the blogarazzi. Join us now for a magical and ridiculous trip through time. First stop, the grand old Oprah.

BY ADAM MARKOVITZ, TANNER STRANSKY, AND KATE WARD





HOME ANIMATION OF THE YEAR GRAND AWARDS AWARDS

WELLS FARGO



GADGETS APPLE IPHONE

CELLPHONE 2.0

While other phone makers piled on half-baked features, Apple rethought the way we interact with mobile devices. The iPhone puts an end to confusing menus, whether you're flipping through album covers by swiping a finger or turning the phone sideways to get a wider view of a Web page.

It starts with the 3.5-inch capacitive touchscreen, the first on a cellphone that can recognize simultaneous touches, for tricks like zooming in on a photo by spreading your fingers apart. A grid of sensors behind the glass detects—with great accuracy—where your finger disrupts the electrical field above it, so you can tap the correct link even on a Web page that's littered with them.

The iPhone is also the best iPod ever, with a built-in YouTube interface, movie player and iTunes downloads. For anything else you want it to do, it runs third-party Web applications, and—as long as hackers stay ahead of Apple—unofficial programs like games and instant messaging. The competition looks downright primitive. \$400; apple.com



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TECH



XM XPRESSRC
A MULTITASKING
SATELLITE RADIO



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JAWBONE
CLEAR CALLS



RED ONE 4K
DIGITAL
CINEMA
CAMERA
SPIELBERG-GRADE
GEAR ON AN INDIE
BUDGET



VERIZON
WIRELESS V
CAST MOBILE
TV
REAL TV ON YOUR
CELLPHONE



DIRECTV SAT-
GO
CARRY-ON
SATELLITE TV



ETYMOTIC
RESEARCH
ETY8
BLUETOOTH
EARPHONES
IN-EAR 'PHONES
GO WIRELESS



HITACHI BLU-
RAY DZ-BD7HA
BLU-RAY COMES
TO CAMCORDERS



CANON EOS-1D
MARK III
THE FASTEST
CAMERA
CAPTURES EVERY
MOMENT

Best new green technology: Nanosolar PowerSheet

This solar panel without the panel is actually just a thin coating of ink that takes light and converts it into electricity - cheaply and effectively. In the words of editor-in-chief Mark Jannot, this innovation of the year is "the game-changer the solar industry has been seeking for decades."

Best new recreation technology: The Ride by Ellsworth, \$3,000

Inspired by a 1490s sketch by Leonardo da Vinci, this cyclist's dream machine offers a smooth, almost silent ride free of those chain-yanking gear shifts.

Best new space technology: CNES COROT telescope

A French-made space telescope designed specifically to hunt for planets, it is the first telescope of any kind that will enable scientists to spot planets as small as Earth.

Best new health innovation: Aquea Scientific Wash-On

Perfect for those who tend to forget sunscreen, this is the first body cleanser that delivers SPF-15 protection every time you wash.

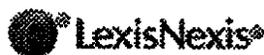
rschapiro@nydailynews.com

GRAPHIC: Audi's 2008 R8, with a 420-horsepower V8 engine, won Popular Science mag's (inset) nod for best new car. The snazzy wheels will set you back a cool \$109,000. Best new gadgets include Apple's **iPhone** (l.), The Ride by Ellsworth (above) and Nanosolar PowerSheet.

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MEN.STYLE.COM Presents the Year in Gear: The Best Gadgets of 2007, and What's on the Radar for 2008 PR Newswire December 21, 2007 Friday 9:00 PM GMT

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December 21, 2007 Friday 9:00 PM GMT

LENGTH: 274 words

HEADLINE: MEN.STYLE.COM Presents the Year in Gear: The Best Gadgets of 2007, and What's on the Radar for 2008

DATELINE: NEW YORK Dec. 21

BODY:

NEW YORK, Dec. 21 /PRNewswire/ -- Heard of this amazing new device called the iPhone? Okay, so you won't be too surprised to find that it makes MEN.STYLE.COM's annual list of the year's coolest new gadgets. Combining a signature sense of style with a discerning focus, the editors of MEN.STYLE.COM have compiled a list of the iPhone and 13 other must-have gadgets of 2007, plus a preview of five devices to camp out all night for in 2008. Highlights include:

The Best of 2007

- iPhone
- Sony Vaio TZ laptop
- Shure SE530 headphones
- The Nikon D3 camera
- Audi R8 sport coupe

On our list for 2008 ...

- Sony Ericsson K850i camera phone
- Piaggio's new hybrid scooters
- The Dash GPS unit
- Ricavision VAVE100 universal remote
- The return of 3-D cinema

For the complete list, please visit men.style.com

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MEN.STYLE.COM is the first Web site to offer hip and authoritative fashion and style coverage to men. Featuring trend reporting, news on style and entertainment, buying guides for the latest gadgets and gear, and comprehensive runway coverage of the Milan, Paris, and New York shows, MEN.STYLE.COM offers readers a complete fashion experience. MEN.STYLE.COM continues the legacy of its successful sister site, STYLE.COM, and is the online home of GQ and Details. Based in New York, MEN.STYLE.COM is a property of CondeNet, the leading creator and developer of upscale lifestyle brands online.

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Apple Introduces the New iPhone 3G

Twice as Fast at Half the Price

SAN FRANCISCO—June 9, 2008—Apple® today introduced the new iPhone™ 3G, combining all the revolutionary features of iPhone with 3G networking that is twice as fast* as the first generation iPhone, built-in GPS for expanded location based mobile services, and iPhone 2.0 software which includes support for Microsoft Exchange ActiveSync and runs the hundreds of third party applications already built with the recently released iPhone SDK. In the US the new iPhone 3G is priced at a stunning \$199 for the 8GB model, and just \$299 for the 16GB model.** iPhone 3G will be available in more than 70 countries later this year, beginning with customer availability in 22 countries—Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Mexico, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, UK and the US—on July 11.

“Just one year after launching the iPhone, we’re launching the new iPhone 3G that is twice as fast at half the price,” said Steve Jobs, Apple’s CEO. “iPhone 3G supports Microsoft Exchange ActiveSync right out of the box, runs the incredible third party apps created with the iPhone SDK, and will be available in more than 70 countries around the world this year.”

iPhone 3G gives users ever faster access to the Internet and email over their cellular network with quad-band GSM and tri-band HSDPA for voice and data connectivity around the world. iPhone 3G supports Wi-Fi, 3G and EDGE networks and automatically switches between them to ensure the fastest possible download speeds. The new iPhone 3G also makes it easier to multi-task with simultaneous voice and data communications, so with iPhone 3G you can browse the web, get map directions, or check your email while you are on a call.

iPhone 3G includes the new iPhone 2.0 software with both the iPhone SDK and key enterprise features such as support for Microsoft Exchange ActiveSync to provide over-the-air push email, contact and calendar syncing as well as remote wipe and Cisco IPsec VPN for encrypted access to corporate networks. The iPhone SDK allows developers to create amazing applications that leverage the iPhone’s groundbreaking Multi-Touch™ user interface, animation technology, accelerometer and GPS technology on the world’s most advanced mobile platform.

iPhone 3G includes the new App Store, providing iPhone users with native applications in a variety of categories including games, business, news, sports, health, reference and travel. The App Store on iPhone works over cellular networks and Wi-Fi, which means it is accessible from just about anywhere, so you can purchase and download applications wirelessly and start using them instantly. Some applications are even free and the App Store notifies you when application updates are available. The App Store will be available in 62 countries at launch.

Additional features available with the iPhone 2.0 software include the ability to do real-time mapping and track your progress with GPS technology, mass move and delete multiple email messages, search for contacts, access a new scientific calculator, turn on parental control restrictions for specified content, save images directly from a web page or email them to your iPhone and easily transfer them back to your photo library on your Mac® or PC. iPhone 3G delivers an amazing 10 hours of talk time on 2G networks and 5 hours using 3G, with up to 5 to 6 hours of web browsing, up to 7 hours for video playback and up to 24 hours for

audio playback.

iPhone 3G takes advantage of MobileMe™, a new Internet service that pushes email, contacts, and calendars from an online “cloud” to native applications on iPhone, iPod® touch, Macs and PCs. With MobileMe email, messages are pushed instantly to iPhone, removing the need to manually check email and wait for downloads, and push keeps contacts and calendars continuously up-to-date so changes made on one device are automatically updated on other devices. With iPhone, you can even snap a photo and post it directly to a MobileMe Gallery to share with friends and family.

iPhone 3G will be available in the US on July 11 for a suggested retail price of \$199 (US) for the 8GB model and \$299 (US) for the 16GB model in both Apple and AT&T's retail stores and requires a new two year contract with AT&T for qualifying customers. iPhone 2.0 software will be available on July 11 as a free software update via iTunes® 7.7 or later for all iPhone customers. For further information about iPhone 3G pricing and availability in the US and internationally, visit www.apple.com/iphone.

*Based on 3G and EDGE testing. Actual speeds vary by site conditions.

**Based on iPhone 3G (8GB) and first generation iPhone (8GB) purchases. Requires new two year AT&T rate plan, sold separately.

Apple ignited the personal computer revolution in the 1970s with the Apple II and reinvented the personal computer in the 1980s with the Macintosh. Today, Apple continues to lead the industry in innovation with its award-winning computers, OS X operating system and iLife and professional applications. Apple is also spearheading the digital media revolution with its iPod portable music and video players and iTunes online store, and has entered the mobile phone market with its revolutionary iPhone.

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NOTE TO EDITORS: For additional information visit Apple's PR website, or call Apple's Media Helpline at (408) 974-2042.

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Tuesday, June 10, 2008



Close to Home

Miami market not hot

The Miami area has seen home sales and prices plunge, in part due to speculation and overbuilding. 2B

Miami prices: Levy Schechter is selling this seven-bedroom home with a French Country kitchen for \$32 million.



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Moneyline

Monday markets

Table with market data including indices like Nasdaq composite, Standard & Poor's 500, Treasury bond, etc.

Live market headlines on your cellphone. Breaking news delivered 2-3 times daily.

National gas average hits \$4.03. The weekly national average for regular gasoline hit \$4.03 per gallon, up 6.3 cents from a week ago.

Buffett bets on S&P 500. Warren Buffett has wagered roughly \$320,000 of his own money that the S&P 500 will outperform a collection of hedge funds.

Amazon suffers periodic outages. Amazon.com's website suffered sporadic outages Monday, just days after unspecified system issues knocked the online retailer offline for more than two hours.

Pier 1 makes unsolicited bid for Cost Plus. Home decor retailer Pier 1 Imports Monday said it offered to buy fellow furnishings retailer Cost Plus for \$68.4 million in stock.

Stock market questions? Ask Matt. Stock market reporter Matt Koza's column, Ask Matt, appears every weekday at moneyline.today.com

Let the iPhone hype begin again

New version's faster, only \$199, and arrives July 11

By Jefferson Graham USA TODAY. SAN FRANCISCO — Get ready for iPhone-mania 2.0. On July 11, Apple will launch a zippier version of the iPhone starting at \$199 with a two-year AT&T contract, down from \$399.

er four years. One significant change: With the 3G version, AT&T said Apple will no longer receive a portion of monthly service revenue. Instead, AT&T will fork out a substantial subsidy to help keep the price low.



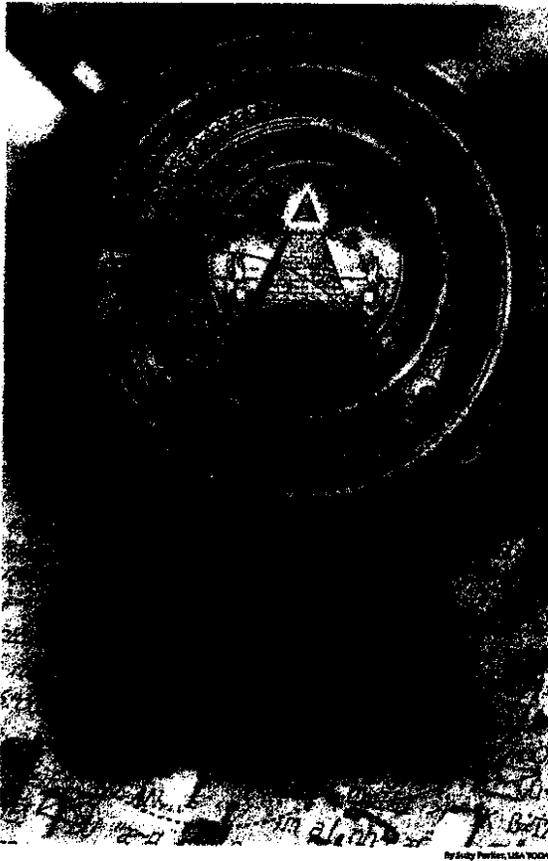
Faster: 3G model is speedy.

Apple said it has sold 6 million iPhones. Tech analysts think it meet its goal of 10 million by the of the year. Over the past six months, Apple will roll out of sales in 70 countries, up from six in July, the company will launch the iPhone App Store on iPhones.

Gadget's good news on many levels, 3B

automatically updates e-mails, contacts and other personal data across a computer and iPhone.

Contributing: Leslie Cauley in New York



Cover story

Are Google, Yahoo the next dinosaurs?

Many on the hunt for a way to cash in on wireless search

By Leslie Cauley USA TODAY. Charles Darwin famously declared that "natural selection" was Mother Nature's way of improving a species so it could advance. Internet search engines are locked in their own Darwinian drama.

Please see COVER STORY next page >

Bernanke: Energy prices increase risk of inflation

Fed stops short of saying economy's woes are over

By Sue Kirchhoff USA TODAY. Federal Reserve Chairman Ben Bernanke on Monday said the danger of the economy entering a "substantial depression"

with oil prices over \$150 a barrel and gas averaging more than \$4 a gallon. Crude oil had its biggest one-day rise on Friday, topping \$139 before settling back in Monday trading.

to inflation and inflation expectations, Bernanke said. The Fed will "strongly resist" an erosion of longer-term inflation expectations.

However, say the nation's economy woes were over. The deep housing downturn and rising energy prices which also hurt growth, mean the economy isn't out of the woods yet.

PERSONAL TECHNOLOGY

Newer, Faster, Cheaper, Easier to Use

Software and Online Store Will Welcome the Newcomer, But There Are Hidden Costs

A smartphone is now the most popular mobile device, with more than 1 billion units sold worldwide in 2012. The market is expected to reach 2 billion units by 2015, according to a report from research firm Strategy Analytics. The growth is driven by the popularity of apps and the ease of use of these devices. However, there are hidden costs associated with these devices, such as the cost of the device itself, the cost of the software, and the cost of the data plan.

The cost of the device itself is a significant factor. While some smartphones are available for as little as \$100, others can cost over \$1,000. The cost of the software is also a consideration. Many apps are free, but some are not. The cost of the data plan is another hidden cost. Many smartphones require a data plan, which can be quite expensive.

By Walter S. Mossberg

The concept of a smartphone is simple: a mobile device that can do everything a desktop computer can do. However, the reality is more complex. Smartphones are designed to be used on the go, which means they have to be able to handle a wide range of tasks. This includes everything from checking the weather to downloading apps. The challenge for manufacturers is to create a device that is both powerful and easy to use.

One of the biggest challenges is the issue of battery life. Smartphones are designed to be used for hours at a time, which means they need to have a long battery life. However, the more features a smartphone has, the more power it consumes. This means that manufacturers have to find ways to optimize their devices to use as little power as possible.

Another challenge is the issue of security. Smartphones contain a lot of personal information, such as photos, videos, and text messages. This information is often stored on the device, which means it is vulnerable to theft. Manufacturers need to find ways to protect this information, such as by using encryption or secure boot.

Finally, there is the issue of compatibility. Smartphones are designed to work with a wide range of software and services. However, not all devices are created equal. Some devices may not be able to run certain apps or services. This can be a problem for users who want to use the latest and greatest software.

Health Plans, Too

Health Plans, Too

Health plans are also being affected by the smartphone revolution. Many health plans are now offering mobile apps that allow users to track their health and manage their care. This is a significant step forward in the way that health care is delivered. However, there are also concerns about the security of this information.

Health plans are also being affected by the issue of interoperability. Many health plans are not able to share information with each other, which can be a problem for users who have multiple health plans. This is a challenge that needs to be addressed.

Finally, there is the issue of cost. Many health plans are quite expensive, and this is a barrier to access for many people. This is a challenge that needs to be addressed.

Health plans are also being affected by the issue of data privacy. Many health plans collect a lot of data, and this data is often shared with third parties. This is a concern for many users, and it needs to be addressed.

Health plans are also being affected by the issue of user experience. Many health plans have complex websites and processes, which can be frustrating for users. This is a challenge that needs to be addressed.

Health plans are also being affected by the issue of customer support. Many health plans have poor customer support, which can be a problem for users who need help. This is a challenge that needs to be addressed.

Health plans are also being affected by the issue of transparency. Many health plans do not provide clear information about their services and costs. This is a challenge that needs to be addressed.

Health plans are also being affected by the issue of innovation. Many health plans are slow to adopt new technologies and services. This is a challenge that needs to be addressed.

Health plans are also being affected by the issue of regulation. Many health plans are subject to a complex set of regulations, which can be a burden. This is a challenge that needs to be addressed.

Health plans are also being affected by the issue of competition. Many health plans are competing for users, and this is leading to a race to the bottom. This is a challenge that needs to be addressed.

IRS Takes Hand For Mail Audits

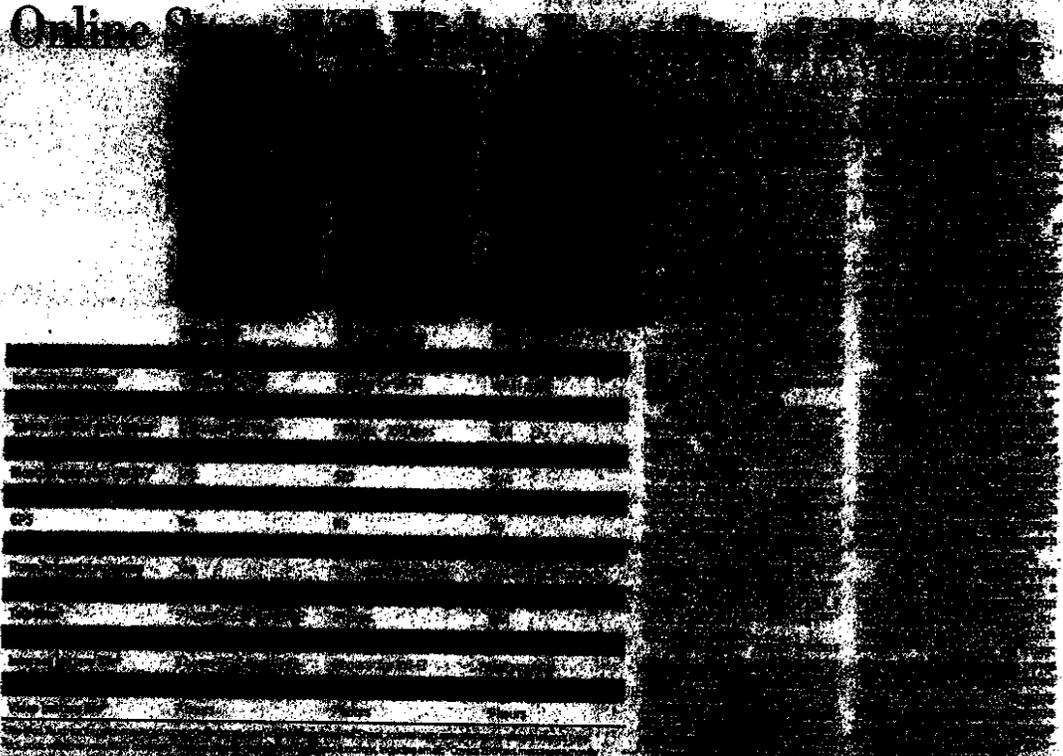
By [Name]

APPLE

Software, Online

Apple's new iPhone 3G is a significant upgrade from the original iPhone. It features a faster processor, a larger screen, and a new operating system. The iPhone 3G is available in two models: 16GB and 32GB. The 16GB model is priced at \$199, and the 32GB model is priced at \$299. Both models are available in black and white. The iPhone 3G is a significant upgrade from the original iPhone. It features a faster processor, a larger screen, and a new operating system. The iPhone 3G is available in two models: 16GB and 32GB. The 16GB model is priced at \$199, and the 32GB model is priced at \$299. Both models are available in black and white.

The iPhone 3G still has a couple of features that made the original iPhone so popular: a multi-touch interface and a full QWERTY keyboard. The iPhone 3G is a significant upgrade from the original iPhone. It features a faster processor, a larger screen, and a new operating system. The iPhone 3G is available in two models: 16GB and 32GB. The 16GB model is priced at \$199, and the 32GB model is priced at \$299. Both models are available in black and white.



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WEATHER



City	High	Low	City	High	Low	City	High	Low
Atlanta	85	65	Chicago	75	55	Denver	70	50
Boston	75	55	Dallas	85	65	Houston	80	60
Charlotte	80	60	Los Angeles	75	55	Las Vegas	85	65
Columbus	75	55	Memphis	75	55	Minneapolis	70	50
Dallas	85	65	Montgomery	75	55	New York	75	55
Denver	70	50	Nashville	75	55	Philadelphia	75	55
Detroit	70	50	Portland	70	50	Pittsburgh	75	55
Fort Worth	85	65	Raleigh	75	55	San Antonio	80	60
Houston	80	60	San Diego	75	55	San Jose	75	55
Los Angeles	75	55	Seattle	70	50	St. Louis	75	55
Las Vegas	85	65	St. Paul	70	50	Tampa	80	60
Memphis	75	55	Washington	75	55	Wichita	75	55
Minneapolis	70	50	Phoenix	85	65	Yonkers	75	55
New York	75	55	Portland	70	50			
Philadelphia	75	55						
Pittsburgh	75	55						
San Antonio	80	60						
San Diego	75	55						
San Jose	75	55						
Seattle	70	50						
St. Louis	75	55						
Tampa	80	60						
Wichita	75	55						

City	High	Low	City	High	Low	City	High	Low
Chicago	75	55	Los Angeles	75	55	New York	75	55
Denver	70	50	Portland	70	50	San Antonio	80	60
Houston	80	60	San Diego	75	55	Seattle	70	50
Las Vegas	85	65	St. Louis	75	55	Tampa	80	60
Memphis	75	55	Washington	75	55	Wichita	75	55
Minneapolis	70	50	Phoenix	85	65			
New York	75	55	Portland	70	50			
Philadelphia	75	55						
Pittsburgh	75	55						
San Antonio	80	60						
San Diego	75	55						
San Jose	75	55						
Seattle	70	50						
St. Louis	75	55						
Tampa	80	60						
Wichita	75	55						

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New iPhone's speed thrills; Faster connections boost applications Chicago Tribune July 15, 2008 Tuesday

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July 15, 2008 Tuesday
 Chicagoland Final Edition

SECTION: BUSINESS ; ZONE C; TECH BUZZ ; Pg. 2

LENGTH: 288 words

HEADLINE: New iPhone's speed thrills;
 Faster connections boost applications

BYLINE: Eric Benderoff

BODY:

I would have posted this sooner, but I just can't put down the new iPhone 3G.

Blame the 3G speed. The faster network connection is such an improvement over the first iPhone that you'll be hard-pressed to stop using the new iPhone because it truly has become a mini-Mac in the palm of your hand.

With the faster network speeds, there are several functions that benefit but none more valuable than the new **App Store**. This is the reason for getting an iPhone. There are already more than 800 third-party applications available for the iPhone, and more than 200 are free. And thousands more are coming.

The applications range from innovative games to software for budgeting your finances. There's a photo-capture program built into the Facebook app that adds an on-the-spot shot to your profile page. An expense-reporting tool can take a picture of your receipts to streamline office accounting. You want fuel-saving tips? The **App Store** has plenty of advice.

And there are so many radio programs offered that one could argue that the iPod aspect of the iPhone is now obsolete. Well, at least it makes buying the 8 gigabyte iPhone (\$199) a more acceptable option than spending another \$100 for the 16 gb model.

The applications are a big hit already, with Apple saying Monday that more than **10 million** were downloaded over the weekend. Apple also said it sold more than 1 million iPhones

worldwide over the weekend.

Existing iPhone owners can download the new software for the iPhone, but not at the faster speeds.

Got a favorite app? Is the new iPhone making you happy, or are you experiencing any frustrations? Share your stories by visiting Eric Benderoff's blog at chicago.tribune.com/eric.

Page compiled from Tribune staff, wire reports

NOTES: The Ticker: BEST BET ON THE WEB

GRAPHIC: Photo (color): Kimmy Bradsher sees her new iPhone at the Tempe, Ariz., Marketplace AT&T store Friday. Apple said it sold more than 1 million iPhones worldwide over the weekend. Arizona Republic photo by Mark Henle
Photo(s)

LOAD-DATE: July 15, 2008

Source: [News & Business > Combined Sources > Mega News, All \(English, Full Text\)](#) 

Terms: "10 million" and "app store" and date geq (04/13/2008) ([Edit Search](#) | [Suggest Terms for My Search](#))

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PERSONAL JOURNAL.

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THE WALL STREET JOURNAL.

Wednesday, July 23, 2008

A Shopping Trip To the App Store For Your iPhone

BY WALTER S. MOSSBERG AND KATYERIK BOKHEIT

THE SINGLE BEST feature in Apple's second-generation iPhone 3G isn't the increased speed or the GPS location-finding feature. It is something called the "App Store," a clever distribution mechanism for third-party programs that can run on the iPhone and on its close cousin, the iPod Touch. And you don't even need a new iPhone to get the App Store. It is also part of a free software upgrade for older iPhones and a \$10 upgrade for the Touch.

In just the first 10 days since the new iPhone and the App Store launched on July 11, more than 900 programs—applications, or "apps," in tech-jargon—have been introduced by numerous developers. Over 90% cost less than \$10 or are free.

THE MOSSBERG SOLUTION

Even more noteworthy: iPhone and Touch users have downloaded 25 million copies of these programs, ranging from silly sound effects to challenging games; from news readers to restaurant locators; from social-networking programs to business applications.

We have been furiously downloading and trying out scores of these programs, using a new iPhone 3G, an original iPhone and an iPod Touch, and in general, we are very impressed. We found the process of choosing and downloading apps to be easy and quick, and most of the programs to be useful or entertaining. The vast majority are nicely designed, with great graphics and effective, simple user interfaces.

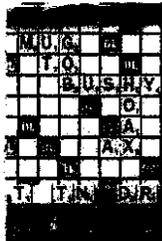
The easy availability of so many programs written by developers beyond Apple itself makes the iPhone a true computing platform, like a pocket-sized Windows or Macintosh PC. With so many programs already available, and many more in the pipeline, iPhone and Touch owners can have a device with fresh, different capabilities every day.

But the process isn't perfect. For one thing, it is controlled by Apple, which can theoretically bar a program from distribution or take its time making one available.

There are also some glitches. If you download a lot of apps in a short period, it can slow the phone's next synchronization with iTunes to a crawl, while iTunes tries to back up all the new programs, each of which can contain numerous hidden files. And there's a bug in the new iPhone operating system that causes apps to crash, and can even force the iPhone or Touch to reboot, if you use a large number of the new apps in quick succession. Apple says it is working on fixing the latter problem.

Also, Apple's claim of over 900 programs is somewhat misleading, because more than 100 of those are individual books you can read on the phone. Apple's baby isn't the first smart phone that has

Please turn to the back page



Scrabble is just one of the many 'apps' available for the iPhone and iPod Touch.



War of the Roses: Beetle vs. Nematode

BY STEVE STROBLER

I remember it when they also owned the best of my childhood plant tree. I remember when they inserted the new business. But when they...

...the most widespread...



...the most widespread... Then there's the...

Wiping Out Your Tax Debt Gets Tougher

IRS Tightens Rules, as F That Acts as Middleman Settles Cases With 18 States

BY TOM HERMAN

IT'S GETTING HARDER for taxpayers with the IRS to negotiate a deal to pay a fraction of what they owe. But turning to a tax-resolution company for help may backfire: The largest tax-resolution company recently with 18 states over allegations that it mismanages and failed to produce results.

The resolution firms advertise their as getting tax collectors off your back, will include a compromise deal with the Internal Revenue Service and taking care of state-tax issues. Such pitches may sound particularly appealing these days, with the housing market in a slump and stock prices in a deep slump. But can you find themselves out thousands of dollars and still not have a deal.

While the IRS does negotiate with financially strapped taxpayers each year, its "offer in compromise" process is typically very time-consuming and cumbersome—and the agency rejects most taxpayer offers. It accepted only about 12,000 compromise offers in fiscal 2007, down from 20,000 as recently as 2004. The number of offers received fell to 46,000 in 2007 from 106,000 in 2004.

IRS officials say the trend reflects several factors, including rule and procedure changes that have led to fewer frivolous or incomplete offers. Other factors include a user fee in July 2005 and a law effective in July 2006 that requires most applicants to make an upfront, non-refundable partial payment when they apply. Officials also discourage people from making unrealistic offers aimed mainly at stalling tax collectors.

Critics say the program needs to be overhauled in a recent report to Congress. IRS National Taxpayer Advocate Nina Olson emphasized how "rules and procedures that limit accessibility and use" of the compromise program.

Many people hire private companies to negotiate with the IRS for them, but that isn't always the best solution. Besides having to pay upfront fees that can run into the thousands of dollars, some people find companies don't deliver what they promise.

After receiving numerous such complaint letters, the IRS in 2004 sued JK Harris & Co., which called itself the nation's largest tax resolution company. Recently, officials announced the compromise program with 18 states—including Arizona, California, Illinois, Massachusetts, North Carolina, Ohio and Pennsylvania—that include

An Offer The Can Refuse

Trying to cut a deal with the IRS to pay off a debt can be tough. Here are some options:

- Arrange to pay your debt to the IRS through an installment agreement.
- Ask the IRS to set up a "short-term" loan for less than the amount you owe through an "offer in compromise," the fewest accepted.

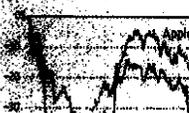
COMMON SENSE

Staying Power: The Case For Two Resilient Tech Stocks

Attention, bargain hunters: Two technology darlings are earnings announcement Thursday. The stock market moves on ex-

Summer Bargains

Year-to-date share performance



pected in the most recent earnings. Strong growth in Macintosh computer sales is more than just a "babe" effect. Apple is creating a network of desktop, laptop and hand-held devices that provide a seamless computer and communications network for families and individuals. If the crowds at the Apple stores are any indication, the Apple generation has arrived.

Ask Personal Journal.

How can I address the issue of...? -D. Stryker

GADGETS

Choosing Among the Many Apps for Your iPhone

Continued from the front page attracted developers. Thousands of third-party programs already exist for Nokia phones, BlackBerry, and phones running the Palm and Windows Mobile operating systems. But, compared with the graphically rich, snappy iPhone apps—many of which fetch data from the Internet at high speed—the typical program on these older platforms looks positively primitive.

The App Store can be accessed either from the device itself or from Apple's iTunes software on a Windows or Mac computer, which then transfers the app to the iPhone or Touch. The programs cover a wide range.

Some fill in obvious holes in Apple's original complement of iPhone software, things the iPhone has lacked that other phones have. These include AOL Instant Messenger, a variety of task and to-do lists, sophisticated notes takers and a voice dialer. There are numerous versions of popular board, card and word games, like solitaire, mahjong, Scrabble and Sudoku. There are also eye-popping iPhone versions of popular video games, some controlled by the phone's motion detectors, which allow you to move cars and characters by just tilting the phone.

Numerous programs let you perform Internet functions without using the Web browser on the iPhone or iPod Touch. These include news readers, Internet radio players, sports-information apps, and programs that let you blog or use Google or Facebook or MySpace.

There are business programs from Oracle, Salesforce.com and Bloomberg. And there's a clutch of Bible programs.

Some are simply goofy, like a virtual Star Wars-like lightsaber, a rotary-phone dialer and a virtual "stapler." And several programs turn the phone into a flashlight for emergencies.

There are way too many interesting apps to review here, but these are some we liked, in no particular order.

■ AIM: free

This version of AOL's popular instant-messaging program does a competent job with text chat, though it can't yet do video



Apps for the iPhone and iPod Touch include (top row) AOL's AIM program; AOL Radio; the Texas Hold'em poker game; Where, which helps you find nearby businesses and people; Travelocity Travel; (bottom row) Touch Tarot; Motorola Poker; and Shakespeare, which lets you read all of Shakespeare's works.

or audio chats, or transfer files. Because Apple isn't allowing third-party programs to run constantly in the background, you can't receive new messages in AIM while doing other things. This will supposedly be fixed by new Apple technology due later this year.

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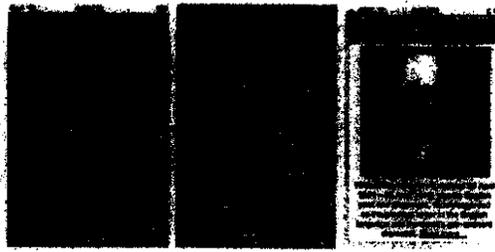
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■ Evernote: free

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■ Instapaper: free

A handy way to store Web pages on your iPhone or Touch for reading when you're offline. While on your computer, an Instapaper button added to the Web browser can snag Web pages for your personal Instapaper database. Then, when your iPhone or iPod Touch is online, it synchronizes with the Web-based Instapaper database. Later, when you're offline, the pages are still there on the de-



vice, ready to read.

■ Travelocity Travel: free

You can use this to check flight schedules, give assignments and security waiting times. While you can't book flights through this app, there's a button that automatically calls Travelocity's toll-free booking line.

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This is inspired by the Christopher Walken/Will Ferrell Saturday Night Live skit, which made the lowly cowbell a cult musical instrument. Whenever you tap the on-screen cowbell, it makes the recognizable, hollow sound heard in songs like "Down on the Corner," by Creedence Clearwater Revival. You can play along with any song you choose on the iPod Touch or iPhone.

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stead of at a table inside an incense-scented tent at the county fair. Phrasing above each card tells its general category, and below each card is a brief explanation of its meaning. For example, we turned over the Wheel of Fortune card in one card reading, and it said, "Advancement for good or ill. The unexpected may occur. Good fortune."

■ iWant: free

The iWant app displays 12 black-and-white icons on your device's screen, each representing a different category of something you might be looking for—including restaurants, bars, cafés, hotels, drugstores, banks, car rentals and movies, among others. The device identifies your location, and each category can be tweaked to search by distance or highest rankings from Yelp, a user-written rating service.

■ Urnspace: free

Urnspace resembles a slot

machine: From left to right, columns show the location, cuisine and cost of nearby restaurants. Instead of pulling a lever to start the slot machine, you simply shake your iPhone or iPod Touch whenever you want to find a restaurant. When it stops, you see the name of a restaurant near you and its classification in each category. (You can also specify what location, cuisine or cost you're looking for.)

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Email Walter Mossberg at katherine.boehret@wsj.com

Holograms on Base

See an exclusive online story about Major League Baseball's army of authenticators, with a slide show of one day's work at Yankee Stadium.

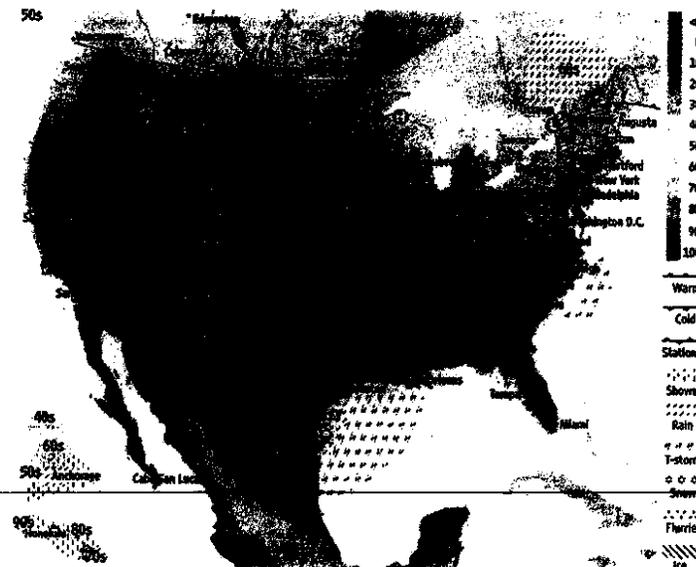
Go to WSJ.com/sports



Joseph Gaglia authenticates at a recent New York Yankees

WEATHER WATCH

AccuWeather



International Forecasts

Europe	Today	Tomorrow
City	H L W	H L W
Amsterdam	70 55 61	73 61 67
Athens	88 65 84	86 63 81
Bangkok	75 65 81	74 65 81
Beijing	69 52 58	72 57 63
Berlin	74 59 67	77 63 69
Buenos Aires	73 55 64	70 59 65
Bucharest	71 57 64	81 59 65
Buhotov	64 57 72	63 57 69
Copenhagen	73 59 67	79 62 63
Dublin	70 55 64	72 57 63
Edinburgh	71 59 67	71 55 61
Frankfurt	76 59 67	81 62 63
Geneva	77 48 59	76 54 61
Helsinki	73 54 61	75 59 64
Istanbul	65 70 84	67 69
Kiev	82 65 68	86 67 63
Lisbon	82 68 81	84 68 74
London	77 59 67	79 63 69
Madrid	89 68 81	87 64 81
Milan	80 57 64	80 62 68
Moscow	82 59 67	79 59 65
Munich	67 52 58	74 54 61
Nice	77 64 81	78 64 81
Oulu	75 60 67	81 64 69
Paris	81 59 67	85 62 68
Prague	73 54 61	79 59 65
Rome	77 57 64	79 63 69
St. Petersburg	77 56 64	77 54 61
Stockholm	76 52 61	73 58 64
Vienna	66 53 61	70 62 68
Warsaw	72 57 64	78 61 67
Zagreb	69 55 62	73 64 69
Zurich	71 49 56	74 54 61



U.S. Forecasts

High-low forecasts and general weather conditions. S: Sunny; P: Partly cloudy; R: Rain; T: Thunderstorms; W: Wind; H: High; L: Low.

City	Today	Tomorrow	City	Today	Tomorrow	City	Today	Tomorrow
	H L W	H L W		H L W	H L W		H L W	H L W
Albuquerque	67 60 71	68 61	Phoenix	77 58 61	76 58	Portland, Ore.	66 54 61	67 54
Anchorage	66 54 61	67 54	Portland, Me.	66 54 61	67 54	Portland, N.H.	66 54 61	67 54
Atlanta	82 65 81	81 64	Portland, N.J.	66 54 61	67 54	Portland, Vt.	66 54 61	67 54
Baltimore	73 54 61	79 59	Portland, Wis.	66 54 61	67 54	Portland, Conn.	66 54 61	67 54
Boston	73 54 61	79 59	Portland, Ind.	66 54 61	67 54	Portland, Mo.	66 54 61	67 54
Buffalo	66 54 61	67 54	Portland, Ky.	66 54 61	67 54	Portland, Pa.	66 54 61	67 54
Chicago	66 54 61	67 54	Portland, Va.	66 54 61	67 54	Portland, N.C.	66 54 61	67 54
Dallas	82 65 81	81 64	Portland, W.Va.	66 54 61	67 54	Portland, Md.	66 54 61	67 54
Denver	66 54 61	67 54	Portland, N.C.	66 54 61	67 54	Portland, Del.	66 54 61	67 54
Detroit	66 54 61	67 54	Portland, N.C.	66 54 61	67 54	Portland, Pa.	66 54 61	67 54
Houston	82 65 81	81 64	Portland, N.C.	66 54 61	67 54	Portland, Va.	66 54 61	67 54
Los Angeles	82 65 81	81 64	Portland, N.C.	66 54 61	67 54	Portland, W.Va.	66 54 61	67 54
London	77 59 67	79 63	Portland, N.C.	66 54 61	67 54	Portland, Md.	66 54 61	67 54
Madison	66 54 61	67 54	Portland, N.C.	66 54 61	67 54	Portland, Del.	66 54 61	67 54
Miami	82 65 81	81 64	Portland, N.C.	66 54 61	67 54	Portland, Pa.	66 54 61	67 54
Minneapolis	66 54 61	67 54	Portland, N.C.	66 54 61	67 54	Portland, Va.	66 54 61	67 54
Moscow	82 59 67	79 59	Portland, N.C.	66 54 61	67 54	Portland, W.Va.	66 54 61	67 54
Munich	67 52 58	74 54	Portland, N.C.	66 54 61	67 54	Portland, Md.	66 54 61	67 54
Nice	77 64 81	78 64	Portland, N.C.	66 54 61	67 54	Portland, Del.	66 54 61	67 54
Oulu	75 60 67	81 64	Portland, N.C.	66 54 61	67 54	Portland, Pa.	66 54 61	67 54
Paris	81 59 67	85 62	Portland, N.C.	66 54 61	67 54	Portland, Va.	66 54 61	67 54
Prague	73 54 61	79 59	Portland, N.C.	66 54 61	67 54	Portland, W.Va.	66 54 61	67 54
Rome	77 57 64	79 63	Portland, N.C.	66 54 61	67 54	Portland, Md.	66 54 61	67 54
St. Petersburg	77 56 64	77 54	Portland, N.C.	66 54 61	67 54	Portland, Del.	66 54 61	67 54
Stockholm	76 52 61	73 58	Portland, N.C.	66 54 61	67 54	Portland, Pa.	66 54 61	67 54
Vienna	66 53 61	70 62	Portland, N.C.	66 54 61	67 54	Portland, Va.	66 54 61	67 54
Warsaw	72 57 64	78 61	Portland, N.C.	66 54 61	67 54	Portland, W.Va.	66 54 61	67 54
Zagreb	69 55 62	73 64	Portland, N.C.	66 54 61	67 54	Portland, Md.	66 54 61	67 54
Zurich	71 49 56	74 54	Portland, N.C.	66 54 61	67 54	Portland, Del.	66 54 61	67 54

Canada

City	Today	Tomorrow
	H L W	H L W
Calgary	65 50 70	70 60

Caribbean

City	Today	Tomorrow
	H L W	H L W
Barbados	86 77 84	86 77 84

GADGETS

Using Among the Many Apps for Your iPhone



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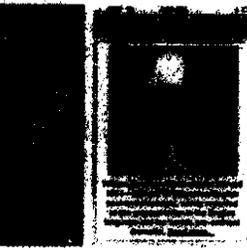


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machine; From left to right, columns show the location, cuisine and cost of nearby restaurants. Instead of pulling a lever to start the slot machine, you simply shake your iPhone or iPod Touch whenever you want to find a restaurant. When it stops, you see the name of a restaurant near you and its classification in each category. (You can also specify what location, cuisine or cost you're looking for.)

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Air Hockey works like the game you used to play in your best friend's basement. You play against the computer, using a fingertip to push red or blue mallets that move a puck around the screen-turned-table and trying to smack the puck past your computer opponent to score a goal.

■ MotionX Poker \$4.99
This is an addictive poker

game, played with realistic, beautifully rendered dice instead of cards. The cool thing is that you roll the dice by simply shaking the iPhone or iPod Touch; convincing sound effects accompany each roll of the dice.

■ MLB.com At Bat \$4.99
There are lots of cell-phone apps and services that can give you live updates on baseball games. What's special about this one is that it adds video clips of key plays that you can view while the games are still in progress, using the full power of the gorgeous screen and video player on the iPhone and the Touch.

■ Crash Bandicoot Nitro Kart 3D \$9.99
This is a rollicking, fun iPhone and iPod Touch rendition of the classic video racing game, where you control your car by tilting the phone. The graphics are good, and the game-play is responsive.

■ Truphone free
This is the first app for the iPhone that allows you to make cheap phone calls over the Internet instead of using the built-in cellphone capability, which can be much costlier, especially for international calls. In our tests, we had some trouble at first, but after we removed and re-installed the program, it worked fine. Calls to 40 countries are six cents a minute to landlines and 30 cents a minute to cellphones. The iPod Touch lacks a microphone, so this app works only on the iPhone.

Email Walter Mossberg and Katherine Boehret at mossberg@wsj.com.

Holograms on Base

See an exclusive online story about Major League Baseball's army of authenticators, with a slide show of one day's work at Yankee Stadium. Go to WSJ.com/sports



Joseph Gaglia authenticates baseballs at a recent New York Yankees game.

WEATHER WATCH

AccuWeather.com

Europe			
City	Hi	Lo	W
Amsterdam	78	56	pc
Athens	88	68	sc
Barcelona	75	65	sc
Belgrade	69	52	sh
Berlin	74	59	pc
Brisbane	73	59	pc
Budapest	73	57	sh
Buenos Aires	64	57	pc
Copenhagen	75	54	pc
Dublin	70	55	pc
Edinburgh	71	59	pc
Frankfurt	76	59	pc
Geneva	77	49	pc
Helsinki	73	54	pc
Istanbul	85	70	pc
Kiev	82	65	pc
Lisbon	82	63	pc
London	77	59	pc
Moscow	69	45	pc
Milan	83	57	pc
Moscow	82	59	pc
Munich	67	53	pc
Nice	77	64	pc
Oso	75	60	pc
Paris	81	59	pc
Prague	75	56	pc
Rome	77	57	pc
St. Petersburg	77	56	pc
Stockholm	76	63	pc
Vladivostok	66	53	pc
Warsaw	72	57	pc
Zagreb	69	55	pc
Zurich	72	49	pc

Asia/Pacific			
City	Hi	Lo	W
Auckland	57	50	pc
Bangkok	89	79	pc

Canada			
City	Hi	Lo	W
Calgary	85	54	pc

Caribbean			
City	Hi	Lo	W
Bartolomeo	98	77	pc

Apple Sells One Million iPhone 3Gs in First Weekend

CUPERTINO, California—July 14, 2008—Apple® today announced it sold its one millionth iPhone™ 3G on Sunday, just three days after its launch on Friday, July 11. iPhone 3G is now available in 21 countries—Australia, Austria, Belgium, Canada, Denmark, Finland, Germany, Hong Kong, Ireland, Italy, Japan, Mexico, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, UK and the US—and will go on sale in France on July 17.

"iPhone 3G had a stunning opening weekend," said Steve Jobs, Apple's CEO. "It took 74 days to sell the first one million original iPhones, so the new iPhone 3G is clearly off to a great start around the world."

The new iPhone 3G combines all the revolutionary features of iPhone plus 3G networking that is twice as fast*, built-in GPS for expanded location-based mobile services, and iPhone 2.0 software which includes support for Microsoft Exchange ActiveSync and runs over 800 third party applications available through the new App Store. In the US, the new iPhone 3G is priced at just \$199 for the 8GB model, and \$299 for the 16GB model**.

*Based on 3G and EDGE testing. Actual speeds vary by site conditions.

**Requires new two-year AT&T rate plan for qualified customers, sold separately.

Apple ignited the personal computer revolution in the 1970s with the Apple II and reinvented the personal computer in the 1980s with the Macintosh. Today, Apple continues to lead the industry in innovation with its award-winning computers, OS X operating system and iLife and professional applications. Apple is also spearheading the digital media revolution with its iPod portable music and video players and iTunes online store, and has entered the mobile phone market with its revolutionary iPhone.

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NOTE TO EDITORS: For additional information visit Apple's PR website, or call Apple's Media Helpline at (408) 974-2042.

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Source: News & Business > Combined Sources > Mega News, All (English, Full Text)
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App Store makes you feel like a kid in a toy store USA TODAY July 17, 2008 Thursday

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USA TODAY

July 17, 2008 Thursday
FINAL EDITION

SECTION: MONEY; Pg. 1B

LENGTH: 512 words

HEADLINE: App Store makes you feel like a kid in a toy store

BYLINE: Edward C. Baig

BODY:

Apple's App Store is truly appetizing, despite a few early growing pains.

Apple launched this online emporium a week ago. You access it by pressing an icon on the iPhone or iPod Touch home screen or through iTunes software on your computer. Inside are 800 applications and counting; more than 200 are free. They cover everything from games to productivity tools.

More than 10 million apps were fetched during the first three days they became available. That includes downloads to the new iPhone 3G, older iPhones loaded with the new 2.0 software upgrade and iPod Touch devices.

The latest iPhones are still difficult to come by. AT&T was sold out on Wednesday afternoon; the company says it's replenishing supplies as fast as possible. Apple says it is restocking its own stores daily; you can check availability at your local store at www.apple.com/retail/iphone/availability.html.

Searching for programs in the App Store is like trolling through the aisles of a toy store. Three games are the most popular of the paid apps so far: Sega's \$9.99 Super Monkey Ball, Apple's own \$4.99 Texas Hold 'Em poker and Vivendi's \$9.99 Crash Bandicoot Nitro Kart 3D. The top three freebie programs are Apple's Remote remote control for iTunes and Apple TV, the Tapulous Tap Tap Revenge music game and Pandora Internet radio.

Though you've previously been able to access Pandora on some mobile devices, the iPhone

version is especially appealing, at least when you have decent network coverage for streaming music. Pandora says it's playing more than 1 million tracks a day on the iPhone, 6 million in all since launch. A custom radio station is created on the service every second; the average daily listening time per user is 50 minutes.

The process of downloading or transferring apps to an iPhone is usually painless and relatively fast. Programs less than 10 megabytes in size can be downloaded directly to the iPhone through AT&T's 3G cellular network. Larger apps require Wi-Fi or make you sync up through iTunes on a computer.

Of course, some customers, including me, ran into initial hitches getting the free 2.0 software for an older iPhone. It's required to run apps and visit the store. The issues have been addressed.

Apple also had to fix problems associated with the launch of MobileMe, a \$99-a-year service that is the latest iteration of what used to be known as .Mac. In a MobileMea culpa sent to subscribers by e-mail Wednesday, Apple admitted the launch "was a lot rockier than we had hoped."

Apple says core MobileMe services, including its online photo gallery, worked just fine. But there were snags associated with Web applications and the "push" syncing services the company has been, well, pushing.

Syncing e-mail, contacts and calendar changes on the iPhone happened immediately, Apple said, but took up to 15 minutes on a PC or Mac. So "We are going to stop using the word 'push' until it is near-instant on PCs and Macs, too." Apple is issuing subscribers a free 30-day extension.

USA TODAY columnist Edward C. Baig reviews tech products, trends and services each week.

GRAPHIC: PHOTO, Color

LOAD-DATE: July 17, 2008

Source: [News & Business](#) > [Combined Sources](#) > [Mega News, All \(English, Full Text\)](#) 

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Date/Time: Monday, October 13, 2008 - 6:08 PM EDT

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*iPhone Software Sales Take Off: Apple's Jobs The Wall Street Journal August 11, 2008
Monday Correction Appended*

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THE WALL STREET JOURNAL

The Wall Street Journal

August 11, 2008 Monday
Correction Appended

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HEADLINE: iPhone Software Sales Take Off: Apple's Jobs

BYLINE: By Nick Wingfield

BODY:

Cupertino, Calif. -- [Apple Inc.](#)'s bet on cellphone software appears to be paying off.

In the month since Apple opened an online software clearinghouse called the App Store, users have downloaded more than 60 million programs for the iPhone, Chief Executive Steve Jobs said in an interview at Apple's headquarters. While most of those applications were free, Apple sold an average of \$1 million a day in applications for a total of about \$30 million in sales over the month, Mr. Jobs said.

If sales stay at the current pace, Apple stands to reap at least \$360 million a year in new revenue from the App Store, Mr. Jobs said. "This thing's going to crest a half a billion, soon," he added. "Who knows, maybe it will be a \$1 billion marketplace at some point in time."

"I've never seen anything like this in my career for software," he said.

Apple has hit a few speed bumps along the way, in part because it has set itself up as a powerful intermediary for the distribution of software to iPhones. For instance, it has frustrated some software developers by removing their programs from its App Store without

explanation. Some iPhone users also have complained of technical problems with various iPhone applications, which software makers have attempted to correct with frequent patches.

Apple isn't likely to derive much in the way of direct profit from the business, Mr. Jobs acknowledged. It is keeping only 30% of the proceeds from application sales -- about enough to cover expenses from credit-card transactions and other costs of running the online store -- while the programs' creators keep 70%.

Instead, Mr. Jobs is betting applications will sell more iPhones and wireless-enabled iPod touch devices, enhancing the appeal of the products in the same way music sold through Apple's iTunes has made iPods more desirable.

"Phone differentiation used to be about radios and antennas and things like that," Mr. Jobs said. "We think, going forward, the phone of the future will be differentiated by software."

That view is shared by rivals, including Microsoft Corp. and Google Inc., which are working to popularize their own software platforms for cellphones. Richard Doherty, an analyst with market research firm Envisioneering Group, says Apple has caught competitors off guard. "They've lost developers to Apple," he says.

Software developers also say they've been surprised by the popularity of their iPhone applications. Videogame specialist Sega Corp. says it sold more than 300,000 copies in 20 days of its \$9.99 Super Monkeyball game, in which players guide an orb around mazes by tilting their iPhones. "That's a substantial business," says Simon Jeffery, president of Sega's U.S. division. "It gives iPhone a justifiable claim to being a viable gaming platform."

Another hit comes from Epocrates Inc., a maker of electronic reference guides for physicians that has developed a free drug encyclopedia for the iPhone. More than 125,000 people have downloaded the software, including 25,000 doctors, says Michelle Snyder, the San Mateo, Calif., company's vice president of marketing. That compares to the some 500,000 Epocrates users the company has previously said it has on other mobile devices.

Mr. Jobs said developers' share of iPhone application sales in the first month was about \$21 million, of which the top 10 developers earned roughly \$9 million.

Some developers, however, have run afoul of Apple's limits on software it will distribute through the App Store. The company recently removed an application called I Am Rich that did nothing but display a glowing red gem, for the eye-popping sum of \$999.99. The programmer who created it, Armin Heinrich, says he thought he was abiding by Apple's rules for its developers. An Apple spokeswoman said Apple made a "judgment call" to remove I Am Rich.

Apple raised hackles in computer-privacy and security circles when an independent engineer discovered code inside the iPhone that suggested iPhones routinely check an Apple Web site that could, in theory trigger the removal of the undesirable software from the devices.

Mr. Jobs confirmed such a capability exists, but argued that Apple needs it in case it inadvertently allows a malicious program -- one that stole users' personal data, for example - to be distributed to iPhones through the App Store. "Hopefully we never have to pull that lever, but we would be irresponsible not to have a lever like that to pull," he says.

Mr. Jobs declined to give an updated sales tally for iPhone 3Gs, the new model of the phone introduced last month at half the up-front price of the previous \$399 model.

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NOTES:

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CORRECTION:

Corrections & Amplifications

Apple Inc. recognizes as revenue 30% of the value of iPhone software sales through its App Store. A Marketplace article Monday incorrectly implied that Apple recognizes the total value of iPhone software sales before sharing 70% with developers of the software.

(WSJ Aug. 12, 2008)

(END)

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App Store Downloads Top 100 Million Worldwide

SAN FRANCISCO—September 9, 2008—Apple® today announced that iPhone™ and iPod® touch users have downloaded more than 100 million applications from its groundbreaking new App Store since its launch on July 11, 2008. More than 3,000 applications are currently available on the App Store, with over 90 percent priced at less than \$10 and more than 600 offered for free. Applications can take advantage of iPhone's large display, innovative Multi-Touch™ user interface, fast hardware-accelerated 3D graphics, built-in accelerometer and location-based technology to create mobile applications unlike any seen before.

"iPhone's unique capabilities, easy SDK and the ability to reach an audience of millions via the App Store made this an easy development choice for us," said John Pollard, Jott CEO. "To date, we've had hundreds of thousands of downloads of Jott for iPhone, which has been a major win for our company."

"Because I already had a full-time job I used the iPhone SDK to create Trism in my spare time and in my wildest dreams I never expected this kind of result," said Steve Demeter, founder of Demiforce. "Selling over 27,000 downloads in the first three weeks means I now have a significant new income stream and some exciting career choices that I didn't have a couple of months ago."

"As an 18 year old iPhone Developer Program member I won an Apple WWDC student scholarship and used the opportunity to complete my app over the summer," said Bryan Henry, developer of Equivalence. "It was a lot of fun to pull it together and certainly the most lucrative summer job I've ever had as I made over \$8,000 in my first month of App Store sales."

"Our new account registrations on the App Store are 300 percent better than all our other registration avenues combined," said Chris MacAskill, SmugMug's co-founder. "We've been able to do things with our iPhone app that we just couldn't have dreamed of doing on any other mobile platform, so these are revolutionary times for us and for iPhone and iPod touch users."

The App Store on iPhone works over cellular networks and Wi-Fi, so users can wirelessly download applications directly onto their iPhone or iPod touch and start using them immediately. Applications are free or charged to the user's iTunes® account and the App Store notifies the user when updates are available for their apps. The App Store is also available on iTunes (www.itunes.com) for Mac® or PC, which syncs applications to the iPhone or iPod touch using a USB cable.

Apple ignited the personal computer revolution in the 1970s with the Apple II and reinvented the personal computer in the 1980s with the Macintosh. Today, Apple continues to lead the industry in innovation with its award-winning computers, OS X operating system and iLife and professional applications. Apple is also spearheading the digital media revolution with its iPod portable music and video players and iTunes online store, and has entered the mobile phone market with its revolutionary iPhone.

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Apple Reports Fourth Quarter Results

6.9 Million iPhones Sold Mac Sales Reach All-Time High

CUPERTINO, California—October 21, 2008—Apple® today announced financial results for its fiscal 2008 fourth quarter ended September 27, 2008. The Company posted revenue of \$7.9 billion and net quarterly profit of \$1.14 billion, or \$1.26 per diluted share. These results compare to revenue of \$6.22 billion and net quarterly profit of \$904 million, or \$1.01 per diluted share, in the year-ago quarter. Gross margin was 34.7 percent, up from 33.6 percent in the year-ago quarter. International sales accounted for 41 percent of the quarter's revenue.

In accordance with the subscription accounting treatment required by GAAP, the Company recognizes revenue and cost of goods sold for iPhone™ and Apple TV® over their economic lives. Adjusting GAAP sales and product costs to eliminate the impact of subscription accounting, the corresponding non-GAAP measures* for the quarter are \$11.68 billion of "Adjusted Sales" and \$2.44 billion of "Adjusted Net Income."

Apple shipped 2,611,000 Macintosh® computers during the quarter, representing 21 percent unit growth and 17 percent revenue growth over the year-ago quarter. The Company sold 11,052,000 iPods during the quarter, representing eight percent unit growth and three percent revenue growth over the year-ago quarter. Quarterly iPhone units sold were 6,892,000 compared to 1,119,000 in the year-ago-quarter.

"Apple just reported one of the best quarters in its history, with a spectacular performance by the iPhone—we sold more phones than RIM," said Steve Jobs, Apple's CEO. "We don't yet know how this economic downturn will affect Apple. But we're armed with the strongest product line in our history, the most talented employees and the best customers in our industry. And \$25 billion of cash safely in the bank with zero debt."

"We're very pleased to have grown revenue 35 percent and to have generated \$9.1 billion in cash in fiscal 2008," said Peter Oppenheimer, Apple's CFO. "Looking ahead, visibility is low and forecasting is challenging, and as a result we are going to be prudent in predicting the December quarter. We are providing a wide range for our guidance, targeting revenue of \$9.0 to \$10.0 billion and earnings per diluted share between \$1.06 and \$1.35."

Apple will provide live streaming of its Q4 2008 financial results conference call utilizing QuickTime®, Apple's standards-based technology for live and on-demand audio and video streaming. The live webcast will begin at 2:00 p.m. PDT on Tuesday, October 21, 2008 at www.apple.com/quicktime/qtv/earningsq408/ and will also be available for replay for approximately two weeks thereafter.

*Non-GAAP Financial Measures

During fiscal 2007, the Company began selling the iPhone and Apple TV. Because the Company may provide unspecified features and additional software products to iPhone and Apple TV customers in the future free of charge, in accordance with GAAP the Company recognizes revenue and cost of goods sold for these products on a straight-line basis over their economic lives, with any loss recognized at the time of sale. Currently, the economic lives of these products are estimated to be 24 months. This accounting treatment, referred to as

subscription accounting, results in the deferral of almost all of the revenue and cost of goods during the quarter in which the products are sold to the customer. Other costs related to these products, including costs for engineering, sales, marketing and warranty, are expensed as incurred. Further, the costs to develop any future unspecified features and additional software products that may eventually be provided to customers also are expensed as incurred. In contrast, the Company generally recognizes revenue and cost of goods sold for its other products, such as Macs and iPods, at the time of sale, as the Company does not provide future unspecified features or additional software products to those customers free of charge.

In July 2008, the Company began selling iPhone 3G, the second-generation iPhone, and significantly expanded distribution by establishing carrier relationships in over 70 countries. Unit sales of iPhone 3G have been significantly greater than sales of the first-generation iPhone. During the first quarter of iPhone 3G availability ended September 27, 2008, 6.9 million units were sold, exceeding the 6.1 million first-generation iPhone units sold in the prior five quarters combined. As a result of this growth in unit sales, the amount of iPhone revenue and product cost that the Company deferred for recognition in future periods under subscription accounting increased materially in the quarter ended September 27, 2008.

While the GAAP results provide significant insight into the Company's operations and financial position, management supplements its analysis of the business using financial measures that look at the total sales, related product costs and resulting income for iPhones and Apple TVs sold to customers during the period. The presentation at the end of this press release includes the following non-GAAP measures: "Adjusted Sales," "Adjusted Cost of Sales," "Adjusted Gross Margin," "Adjusted Operating Margin," "Adjusted Income before Provision for Income Taxes," "Adjusted Provision for Income Taxes," "Adjusted Net Income" and "Adjusted Diluted Earnings per Share." These financial measures are not consistent with GAAP because they do not reflect the deferral of revenue and product costs for recognition in later periods. The Company uses these financial measures, along with other measures discussed below, to provide additional insight into current operating and business trends not readily apparent from the GAAP results.

Management uses Adjusted Sales to evaluate the Company's growth rate, revenue mix and performance relative to competitors. Given the significant increase in iPhone unit sales during the quarter ended September 27, 2008, Adjusted Sales provides a meaningful measurement of the Company's growth by reflecting amounts generally due to Apple at the time of sale related to products sold within the period. Further, eliminating the effects of deferred revenue (current sales deferred to future periods and prior sales being recognized currently) provides more transparency into the Company's underlying sales trends. Management uses the non-GAAP measures of "Adjusted Cost of Sales," "Adjusted Gross Margin" and "Adjusted Operating Margin" to measure the Company's operating performance based on current period iPhone and Apple TV sales and to facilitate on-going operating decisions. Additionally, because the Company recognizes engineering, sales, and marketing expenses as incurred, including expenses related to iPhone and Apple TV, management uses Adjusted Sales to evaluate returns on those costs, to manage year-over-year operating expense growth, and to budget future expenses. Furthermore, because they are considered meaningful indicators of current business performance, the non-GAAP measures "Adjusted Sales" and "Adjusted Operating Margin" are metrics that will factor into the determination of management compensation beginning in fiscal year 2009. Finally, management uses the non-GAAP measures of "Adjusted Income before Provision for Income Taxes," "Adjusted Provision for Income Taxes," "Adjusted Net Income" and "Adjusted Diluted Earnings per Share" to measure the Company's operating performance based on current period iPhone and Apple TV sales, to facilitate on-going operating decisions, and compare performance relative to competitors.

Management believes that these non-GAAP financial measures, when taken together with the corresponding consolidated GAAP measures and related segment information, provide incremental insight into the

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THE NPD GROUP: ONE IN THREE IPHONE 3G BUYERS SWITCHED FROM OTHER CARRIERS TO JOIN AT&T

Apple iPhone 3G now the second best-selling mobile phone handset among U.S. consumers, after Motorola's RAZR V3

PORT WASHINGTON, NEW YORK, OCTOBER 6, 2008 – According to a new report from The NPD Group, the leader in market research for the wireless industry, 30 percent of U.S. consumers who purchased Apple's new iPhone 3G from June through August 2008 switched from other mobile carriers to join AT&T, the exclusive mobile carrier for the iPhone in the U.S. By way of comparison just 23 percent of consumers, on average, switched carriers between June and August 2008. Nearly half (47 percent) of new AT&T iPhone customers that switched carriers switched from Verizon Wireless, another 24 percent switched from T-Mobile, and 19 percent switched from Sprint.

"The launch of the lower-priced iPhone 3G was a boon to overall consumer smartphone sales," according to Ross Rubin, director of industry analysis for The NPD Group. "While the original iPhone also helped win customers for AT&T, the faster network speeds of the iPhone 3G has proven more appealing to customers that already had access to a 3G network."

According to NPD's "iPhone 3G Report," before the launch of the iPhone 3G, iPhone sales represented 11 percent of the consumer market for smartphones (January through May 2008); however, after the launch of iPhone 3G, Apple commanded 17 percent of the smartphone market (January through August 2008).

The average price of a smartphone sold between June and August 2008 was \$174, down 26 percent from \$236 during the same period last year. During June through August 2008, the top four best-selling smartphones based on unit-sales to consumers were as follows:

1. Apple iPhone 3G
2. RIM Blackberry Curve
3. RIM Blackberry Pearl
4. Palm Centro

Methodology: The NPD Group compiles and analyzes mobile device sales data based on more than 150,000 completed online consumer research surveys each month. Surveys are based on a nationally balanced and demographically-representative sample, and results are projected to represent the entire population of U.S. consumers. Note: Sales figures do not include corporate/enterprise mobile phone sales. For more information about NPD's offerings in this business sector, visit wireless.npd.com.

About The NPD Group, Inc.

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The NPD Group: iPhone 3G Leads U.S. Consumer Mobile Phone Purchases in the Third Quarter of 2008

Overall consumer mobile phone purchases declined 15 percent year-over-year

PORT WASHINGTON, NEW YORK, NOVEMBER 10, 2008 – According to The NPD Group, the leader in market research for the wireless industry, Apple's iPhone 3G surpassed the Motorola RAZR as the leading handset purchased by adult consumers* in the U.S. in the third quarter (Q3) of 2008. RAZR had been ranked by NPD as the top-selling consumer handset for the past 12 quarters.

Even with stronger consumer sales of iPhone, and the mobile phone market's normal seasonal uplift after Q2, domestic handset purchases by adult consumers declined 15 percent year over year in Q3 to 32 million units. Consumer handset sales revenue fell 10 percent to \$2.9 billion, even as the average selling price (ASP) rose 6 percent to \$88.

Top-selling handsets and mobile phone brands

"The displacement of the RAZR by the iPhone 3G represents a watershed shift in handset design from fashion to fashionable functionality," said Ross Rubin, director of industry analysis for NPD. "Four of the five best-selling handsets in the third quarter were optimized for messaging and other advanced Internet features."

The top handset models in rank order, based on unit sales in Q3, were as follows:

1. Apple iPhone 3G
2. Motorola RAZR V3 (all models)
3. RIM Blackberry Curve (all models)
4. LG Rumor
5. LG enV2

Popular features

When it comes to the specific features that motivated U.S. consumers to purchase their handsets, 43 percent of handset buyers cited the need for a camera and 36 percent noted the ability to send and receive text messages. Mobile phones with a QWERTY keyboard experienced the greatest year-over-year rise in sales; 30 percent of handsets were sold with this feature in Q3 2008, versus just 11 percent the year prior. Also this quarter 83 percent of phones purchased were Bluetooth enabled (versus 72 percent last year), and 68 percent of phones purchased in Q3 were music enabled (versus 49 percent last year).

"A growing data divide continues in cellular handsets," Rubin said. "Those who see the value in wireless Internet access are justifying the investment, whereas voice-centric users have little

iPhone 3GS images

Apple Sells Over One Million iPhone 3GS Models

iPhone 3.0 Software Downloads Reach Six Million

CUPERTINO, California—June 22, 2009—Apple® today announced that it has sold over one million iPhone™ 3GS models through Sunday, June 21, the third day after its launch. In addition, six million customers have downloaded the new iPhone 3.0 software in the first five days since its release.

“Customers are voting and the iPhone is winning,” said Steve Jobs, Apple’s CEO. “With over 50,000 applications available from Apple’s revolutionary App Store, iPhone momentum is stronger than ever.”

The new iPhone 3GS is the fastest, most powerful iPhone yet, packed with incredible new features including improved speed and performance—up to twice as fast as iPhone 3G—with longer battery life, a high-quality 3 megapixel autofocus camera, easy to use video recording and hands free voice control. iPhone 3GS includes the new iPhone OS 3.0, the world’s most advanced mobile operating system with over 100 new features such as Cut, Copy and Paste, MMS*, Spotlight™ Search, landscape keyboard and more. iPhone 3GS customers get access to more than 50,000 applications from Apple’s revolutionary App Store, the largest application store in the world where customers have already downloaded over one billion apps. iPhone 3GS offers twice the capacity for the same price with a 16GB model for just \$199 and a new 32GB model for just \$299.** And iPhone 3G is available at the breakthrough price of just \$99 for the 8GB model—a huge milestone for the high end smartphone market.

*MMS messaging is available only on iPhone 3G or iPhone 3GS; fees may apply. MMS may not be available in all areas. MMS support from AT&T will be available in late summer.

**Qualified customers only. Requires a new two year AT&T rate plan, sold separately.

Apple ignited the personal computer revolution in the 1970s with the Apple II and reinvented the personal computer in the 1980s with the Macintosh. Today, Apple continues to lead the industry in innovation with its award-winning computers, OS X operating system and iLife and professional applications. Apple is also spearheading the digital media revolution with its iPod portable music and video players and iTunes online store, and has entered the mobile phone market with its revolutionary iPhone.

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Apple's Revolutionary App Store Downloads Top One Billion in Just Nine Months

CUPERTINO, California—April 24, 2009—Apple® today announced that customers have downloaded one billion applications from its revolutionary App Store, the largest applications store in the world. The one billionth app, Bump created by Bump Technologies, was downloaded by Connor Mulcahey, age 13, of Weston, CT. As the grand prize winner of Apple's one billion app countdown contest, Connor will receive a \$10,000 iTunes® gift card, an iPod® touch, a Time Capsule® and a MacBook® Pro.

"The revolutionary App Store has been a phenomenal hit with iPhone and iPod touch users around the world, and we'd like to thank our customers and developers for helping us achieve the astonishing milestone of one billion apps downloaded," said Philip Schiller, Apple's senior vice president of Worldwide Product Marketing. "In nine months, the App Store has completely revolutionized the mobile industry and this is only the beginning."

Today, the groundbreaking App Store has more than 35,000 applications available to consumers in 77 countries, allowing developers to reach tens of millions of iPhone™ and iPod touch users around the world. This summer the iPhone OS 3.0 software update will provide developers with over 1,000 new developer APIs enabling In-App Purchases, Peer-to-Peer connections, App control of accessories, and Push Notifications. The iPhone OS 3.0 release will also add over 100 customer features including cut, copy and paste; Spotlight™ search; landscape keyboard and view for all key iPhone apps; MMS* support; and expanded parental controls for apps, TV shows, and movies from the App Store.

*MMS messaging is available only on iPhone 3G; fees may apply. MMS may not be available in all areas.

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Apple's App Store Downloads Top 1.5 Billion in First Year

More Than 65,000 Apps; Over 100,000 Developers

CUPERTINO, California—July 14, 2009—Apple® today announced that customers have downloaded more than 1.5 billion applications in just one year from its revolutionary App Store, the largest applications store in the world. The App Store is also growing at an incredible pace with more than 65,000 apps and more than 100,000 developers in the iPhone™ Developer Program.

"The App Store is like nothing the industry has ever seen before in both scale and quality," said Steve Jobs, Apple's CEO. "With 1.5 billion apps downloaded, it is going to be very hard for others to catch up."

The revolutionary App Store has more than 65,000 apps available to consumers in 77 countries, allowing developers to reach tens of millions of iPhone and iPod® touch users around the world. The App Store works with both iPod touch and iPhone including the new iPhone 3GS, the fastest, most powerful iPhone yet. Apple has shipped over 40 million of these devices that run apps from the App Store.

Apple ignited the personal computer revolution in the 1970s with the Apple II and reinvented the personal computer in the 1980s with the Macintosh. Today, Apple continues to lead the industry in innovation with its award-winning computers, OS X operating system and iLife and professional applications. Apple is also spearheading the digital media revolution with its iPod portable music and video players and iTunes online store, and has entered the mobile phone market with its revolutionary iPhone.

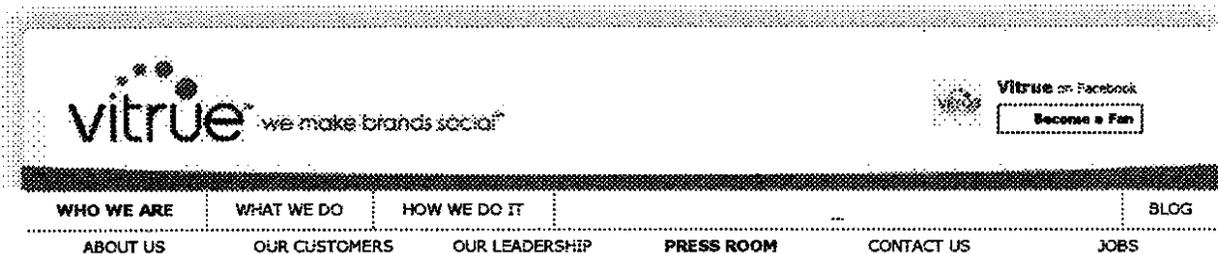
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Announcing The Vitruve 100

First Annual Ranking Of The Top Social Brands

Atlanta, GA. (January 29, 2009)

Social media marketing innovator, Vitruve, announces the inaugural ranking of the top social brands for 2008, The Vitruve 100. The list is a provocative mix of blue chip brands that are commanding attention and engagement within social communities online.

From Disney to IKEA to Cadillac, some of the most powerful social brands may surprise you.

Quickly emerging as the leading end-to-end social media marketing company built exclusively for brands, Vitruve has applied its technology and data capturing capabilities to measure what is being most talked about on the social web. Each day, Vitruve analyzes online conversations on a variety of social networking, blogging, micro-blogging, photo and video sharing sites. In turn, brands earn a composite score that enables Vitruve to rank terms. Vitruve is dedicated to moving social media marketing forward and why The Vitruve 100 focuses exclusively on corporate and product brands.

iPhone reigns as the #1 most social brand, outscoring its innovator and parent, Apple, which ranks #3. Overall, Apple dominates by also securing iPod at #7 and the Mac legacy brand at #16.

Finishing out the top 10 most social brands are: #2 CNN, #4 Disney, #5 Xbox, #6 Starbucks, #8 MTV, #9 Sony and #10 Dell. Microsoft has an impressive two brands in the top 15 with #5 Xbox and #11 Microsoft while Sony retains #9 and its PlayStation #15.

"The Vitruve 100 has been an interesting initiative for us, one where we are able to leverage our platform of technology and data to deliver insights," explains Reggie Bradford, CEO of Vitruve. "A ranking like this begins to bring clarity and credibility to this emerging space. We know marketers need a way to measure success and create benchmarks to track their efforts over time, while our industry needs directional trends to help define who is doing well and who can do better engaging their consumers online."

Media and entertainment brands lead the top 20 with spots including #2 CNN, #4 Disney, #5 Xbox, #8 MTV, #9 Sony, #13 Nintendo, #15 PlayStation, #17 Turner and #19 Fox News. Surprisingly, only one specialty brand, #6 Starbucks, only one retail brand, #14 Target, and only one auto manufacturer, #12 Ford, broke the top 20.

Some powerhouse technology brands were omitted from the list as they provide the backbone of many social networks. While Google, Facebook and others are top brands, The Vitruve 100 is measuring companies that are using social technology, not those who are the technology.

For more information, visit vitruve.com/100.

The Vitruve 100 Top Social Brands of 2008

1. iPhone
2. CNN
3. Apple
4. Disney
5. Xbox
6. Starbucks
7. iPod
8. MTV
9. Sony
10. Dell
11. Microsoft
12. Ford
13. Nintendo
14. Target
15. PlayStation
16. Mac
17. Turner
18. Hewlett-Packard
19. Fox News
20. BlackBerry
21. ABC
22. Coke
23. LG
24. Best Buy
25. Honda
26. eBay
27. Sharp
28. Lincoln
29. NBA
30. Pepsi
31. General Motors
32. McDonald's

33. General Electric
34. Walmart
35. NFL
36. Mercedes
37. BMW
38. Samsung
39. Nike
40. Subway
41. Dodge
42. Pandora
43. CBS
44. Mercury
45. NBC
46. Disneyland
47. last.fm
48. Toyota
49. Cadillac
50. Chevy
51. Jeep
52. Netflix
53. NASCAR
54. Suzuki
55. Red Bull
56. Wendy's
57. Burger King
58. Volkswagen
59. REI
60. Nissan
61. T-Mobile
62. Verizon
63. Macy's
64. AT&T
65. Guess
66. Victoria's Secret
67. Walt Disney World
68. Audi
69. TBS
70. Cartoon Network
71. IKEA
72. SEGA
73. Kia
74. Porsche
75. Fox
76. Intel
77. IBM
78. VH1
79. MLB
80. Cisco
81. Oracle
82. Saturn
83. Sprite
84. Subaru
85. Adidas
86. BP
87. AMC
88. Chili's
89. The Gap
90. Capital One
91. Hyatt
92. Costco
93. KFC
94. Adult Swim
95. Jet Blue
96. Taco Bell
97. Converse
98. Sirius
99. Puma
100. Sears

About Vitruvian, Inc.

Vitruvian, Inc. delivers world-class advertising solutions for marketers to connect with consumers in social ways. Vitruvian turns traditional advertising into direct, personal relationships by harnessing the authenticity, depth and viral nature of social media, which enables consumers to help build brands through their online actions. Through their industry expertise, technology platform and integrated marketing approach, Vitruvian offers the most comprehensive social media marketing solutions built exclusively for Fortune 1000 brands and agencies including P&G, Unilever and Pepsi. Vitruvian is based in New York City and Atlanta. For more company information, please visit <http://vitruvian.com>.

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