EXHIBIT 16

App Store

From Wikipedia, the free encyclopedia

The Apple App Store is an Apple app for app download on Apple's app capable Devices (the iPhone, iPod Touch, iPad and Mac) offered by Apple Inc., which allows users to browse and download applications from the iTunes Store that were developed with the iOS SDK or Mac SDK and published through Apple. Depending on the application, they are available either for free or at a cost. The applications can be downloaded directly to a target device, or downloaded onto a PC or Mac via iTunes. 30% of revenues from the store go instantly to Apple, and 70% go to the seller of the app. [1] The App Store opened on July 10, 2008 via an update to iTunes. On July 11, the iPhone 3G was launched and came pre-loaded with iOS 2.0.1 with App Store support; new iOS 2.0.1 firmware for iPhone and iPod Touch was also made available via iTunes. [2] As of October 20, 2010, there are at least 300,000 thirdparty apps officially available on the App Store. [3] As of January 18, 2011, the App Store had over 9.9 billion downloads, which was announced via the company's "10 Billion App Countdown". [4] At 10:26 AM GMT on Saturday, January 22, 2011, [5] the 10 billionth app was downloaded from Apple App Store. The median revenue per application is estimated to be \$700, although on data no more publicly available. [6] The average price of non-free application is estimated between \$3.5 and \$4. [7][8] The distribution of price

Apple App Store Developer(s) Apple Inc. Initial release July 10, 2008 Stable release iOS (Apple) 4.3 Operating system iOS and Mac OS X Platform iPhone, iPod Touch, iPad, iTunes, Mac OS X Type Software update, Digital distribution License Proprietary Website apple.com/itunes/ (http://www.apple.com/itunes/)

follows a power law distribution (the Zipf–Mandelbrot law): "Although prices can be freely chosen, most sellers price their application at multiple of \$5 (minus 1 cent)". [8]

After the success of Apple's App Store, and the launch of similar services by its competitors, the term "app store" has been used to refer to any similar service for mobile devices. [9][10][11][12] However, Apple claims "App Store" as a trademark. The term "app" has become a popular buzzword; in January 2011, "app" was awarded the honor of being 2010's "Word of the Year" by the American Dialect Society. [14]

On October 20, 2010, Apple announced the Mac App Store which was eventually launched on January 7, 2011. It is similar to the one for iOS devices, only it has applications designed for Mac computers. ^[15] The Mac App Store is only accessible by using Mac OS X Snow Leopard or the upcoming Mac OS X Lion.

The App Store is accessible from the iPhone, iPod Touch and iPad via an iOS application by the same name. It is also the only way to directly download native applications onto an iOS device without voiding the warranty. Web applications can be installed on these devices, bypassing the App Store entirely, but they tend to have less functionality. The store is also accessible through iTunes, and then on any operating system for which iTunes is provided (Mac OS X and Windows^[16]).

In February 2011, Apple announced its new subscription based service which will allow publishers to set the length and price of a subscription. Previously, new magazine or news releases would be sold on a per release basis. The new service allows publishers to sell their content through their apps allowing users to receive the new content over specified period of time. More interestingly is that Apple will allow publishers not only to sell from iTunes where revenue will be shared (70% for the publisher, 30% for Apple), but they are also allowing publishers to distribute their subscriptions directly from their websites where no revenue will be shared with Apple. [17]

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iPhone SDK

The Software Development Kit for iPhone OS was announced at the iPhone Software Roadmap event on March 6, 2008. The SDK allows developers running Mac OS X 10.5.4 or higher on an Intel Mac to create applications using Xcode that will natively run on the iPhone, iPod Touch and iPad. A beta version was released after the event and a final version was released in July 2008 alongside the iPhone 3G. [18] This major Roadmap event (coupled with a large distribution program for 3rd-party developers), later became known as the iPhone Developer Program, which currently offers two distribution tracks for 3rd-party developers: Standard, and Enterprise. [19]

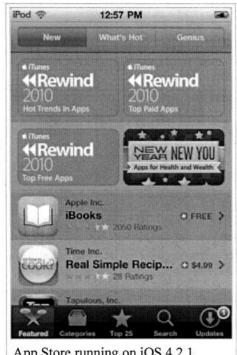
Applications distributed through the standard program can be sold exclusively through the iTunes Store on Mac and Windows, or on the App Store on the iPhone, iPod Touch, and iPad. [19] Developers who publish their applications on the App Store will receive 70% of sales revenue, and will not have to pay any distribution costs for the application. However, an annual fee is required to use the iPhone SDK and upload applications to the store. [18]

Applications developed through the enterprise program, officially the "iOS Enterprise Developer Program" (iDEP), are exclusively for institutional use and do not get published on the App Store. This allows corporations, non-profits and government agencies to develop proprietary "in-house" applications not for public release. [19] The enterprise program was updated September 14, 2010, to allow any organization with a DUNS number to join. Prior to this date, only organizations with 500 or more employees could join the enterprise program.

To run an application on the iPhone, the application needs to be signed. This signed certificate is only granted by Apple after the developer has first developed the software through either the US\$99/year Standard package or the US\$299/year Enterprise package with the iPhone SDK.[18]

Number of launched applications

On July 10, 2008, Apple CEO Steve Jobs told USA Today that the App Store contained 500 third-party applications for the iPhone and the iPod Touch, and of these 25% were free. [20]



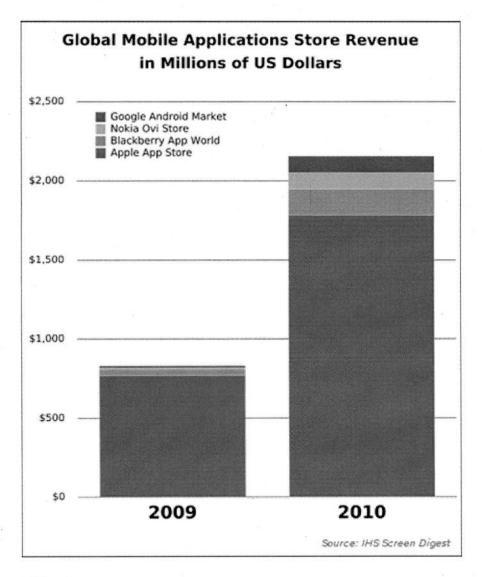
App Store running on iOS 4.2.1

These third party applications range from business to game applications, entertainment to educational applications, and many more applications available for free or for sale. On July 11, 2008 the store opened, allowing users to buy applications and transfer them to an iPhone or iPod Touch with the iPhone 2.0 software update, which became available through iTunes on the same day. Ten million applications were downloaded the first weekend. [21]

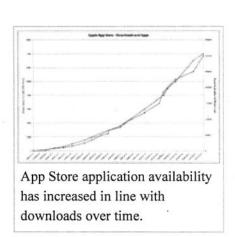
On January 16, 2009, Apple announced on its website that 500 million applications had been downloaded. [22] The billionth application was downloaded on April 23, 2009. [23]

Unlike the apps that come standard on the iPhone (such as the YouTube app, which Apple added through an iOS software upgrade months before the launch of the App Store), apps downloaded from the App Store can be removed by the user at a future date.

Revenue Share



Milestones



Date	Available apps	Downloads to date	
July 11, 2008 ^[24]	500	0	
July 14, 2008 ^[21]	800	10,000,000	
September 9, 2008 ^[25]	3,000	55,000,000	
October 22, 2008 ^[26]	7,500	200,000,000	
January 16, 2009 ^[22]	15,000	500,000,000	
March 17, 2009 [27]	25,000	800,000,000	
April 23, 2009 ^[23]	35,000	1,000,000,000	
June 8, 2009 ^[28]	50,000	1,000,000,000+	
July 11, 2009 ^[citation needed]	55,000	1,000,000,000+	
July 14, 2009 ^[29]	65,000	1,500,000,000	
September 9, 2009	75,000	1,800,000,000	
September 28, 2009 ^{[30][31]}	85,000	2,000,000,000	
November 4, 2009 ^{[32][33]}	100,000	2,000,000,000+	
January 5, 2010 ^{[34][35]}	120,000	3,000,000,000+	
March 20, 2010 ^[36]	150,000+	3,000,000,000+	
April 8, 2010 ^[37]	185,000+	4,000,000,000+	
April 29, 2010 ^[38]	200,000+	4,500,000,000+	
June 7, 2010 ^[39]	225,000+	5,000,000,000+	
September 1, 2010 ^[3]	250,000+	6,500,000,000+	
October 20, 2010 ^[3]	300,000+	7,000,000,000+	
Jan 16, 2011 ^[3]	400,000+	9,000,000,000+	
Jan 22, 2011 ^[40]	400,000+	10,000,000,000+	

Most popular apps

In April 2009, Apple announced the apps which had the most number of downloads since the store was launched. Among paid apps, the Crash Bandicoot Nitro Kart 3D, by Activision Publishing, was number 1. Among free apps, Facebook was number 1, and Google Earth was number 2. [41]

Application ratings

Apple rates applications worldwide based on their content, and determines what age group each is appropriate for. According to the iPhone OS 3.0 launch event, the iPhone will allow blocking of objectionable apps in the iPhone's settings. The following are the ratings that Apple has detailed:

Rating	Description			
4+	Contains no objectionable material.			
9+	May contain mild or infrequent occurrences of cartoon, fantasy or realistic violence, and infrequent or mild mature, suggestive, or horror-themed content which may not be suitable for children under the age of 9.			
12+	May also contain infrequent mild language, frequent or intense cartoon, fantasy or realistic violence, and mild or infrequent mature or suggestive themes, and simulated gambling which may not be suitable for children under the age of 12.			
17+	May also contain frequent and intense mature, horror, and suggestive themes; plus strong sexual content, nudity, strong language, alcohol, tobacco, and drugs which may not be suitable for children under the age of 17. Consumers must be at least 17 years old to purchase apps with this rating. Whenever an app of this rating is requested for download message will appear, verifying if a user is 17 or older, and asking to confirm the purchase for this reason.			

Approval (and rejections) of apps

Main article: Approval of iOS apps

Applications are subject to approval by Apple, as outlined in the SDK agreement, for basic reliability testing and other analysis. Applications may still be distributed "ad-hoc" if they are rejected, by the author manually submitting a request to Apple to license the application to individual iPhones, although Apple may withdraw the ability for authors to do this at a later date. Non-disclosure agreements have always forbidden developers from publishing the content of their rejection notices, but Apple has now started labeling their rejection letters with Non-Disclosure (NDA) warning THE INFORMATION CONTAINED IN THIS MESSAGE IS UNDER NON-DISCLOSURE. Apple later changed the NDA citing that "it has created too much of a burden on developers" but they did not reverse the decision to forbid publication of rejection notices. Some applications are not available outside the US App Store at the request of the developer. Since so many developers have published rejection emails Apple now most often call submitters to verbally tell them their rejection notice. In addition, Apple has removed software licensed under the GPL from the App Store after complaints from one of the program's developers, claiming that the App Store's terms of service are inconsistent with the GPL.

Enterprise App Stores

Because Apple's App Store is for consumers, companies are unable to distribute in-house apps on the App Store. Under Apple's iOS Developer Enterprise Program companies can publish in-house apps using an *Enterprise App Store*^[42] with systems such as Apperian EASE.^[43] Apps published with Apple's iOS Developer Enterprise Program are still subject to Apple's control via the controversial kill switch, where Apple can revoke a publisher's digital certificate and thereby "kill" the app on user devices. However, there is no evidence that this has been done in the enterprise environment.

Similar services for other devices

Main article: List of digital distribution platforms for mobile devices

Following the popularity of the App Store, competitors developed their own software stores. Palm Inc. published an application store similar to the App Store for Palm devices^[45] and announced the App Catalog for webOS on the Palm Pre that was released on June 6, 2009. Another platform, Android Market is used in conjunction with Google's Android operating system. Microsoft has released Windows Marketplace for Mobile, an application store for their Windows Mobile platform. [46] Nokia has released The "Ovi Store" [47] (which replaced its earlier "Download!" application) for its S60 and S40 based mobile devices. Samsung has created Samsung Apps, primarily to cater for its own Bada OS, but also with support for certain other Samsung devices. RIM also launched its application store BlackBerry App World. The Nintendo DSi is able to connect to an online store called the "DSi Shop", along with Sony's PlayStation Portable (PSP) being able to connect to PlayStation Store to download games, etc.

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External links

- The App Store on iTunes (http://www.itunes.com/appstore/) (requires iTunes)
- App Store Downloads (http://itunes.apple.com/en/genre/mobile-software-applications/id36?mt=8) (iTunes not needed)
- Official website on Apple.com (http://www.apple.com/iphone/appstore/)
- Official iPhone developer site (http://developer.apple.com/iphone/program/)

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