

Exhibit 11

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

By Ville Heiskanen - Jun 28, 2007

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 418,812 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.

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