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To all iPhone customers:

I have received hundreds of emails from iPhone customers who are upset about Apple dropping the price of iPhone by \$200 two months after it went on sale. After reading every one of these emails, I have some observations and conclusions.

First, I am sure that we are making the correct decision to lower the price of the 8GB iPhone from \$599 to \$399, and that now is the right time to do it. iPhone is a breakthrough product, and we have the chance to 'go for it' this holiday season. iPhone is so far ahead of the competition, and now it will be affordable by even more customers. It benefits both Apple and every iPhone user to get as many new customers as possible in the iPhone 'tent'. We strongly believe the \$399 price will help us do just that this holiday season.

Second, being in technology for 30+ years I can attest to the fact that the technology road is bumpy. There is always change and improvement, and there is always someone who bought a product before a particular cutoff date and misses the new price or the new operating system or the new whatever. This is life in the technology lane. If you always wait for the next price cut or to buy the new improved model, you'll never buy any technology product because there is always something better and less expensive on the horizon. The good news is that if you buy products from companies that support them well, like Apple tries to do, you will receive years of useful and satisfying service from them even as newer models are introduced.

Third, even though we are making the right decision to lower the price of iPhone, and even though the technology road is bumpy, we need to do a better job taking care of our early iPhone customers as we aggressively go after new ones with a lower price. Our early customers trusted us, and we must live up to that trust with our actions in moments like these.

Therefore, we have decided to offer every iPhone customer who purchased an iPhone from either Apple or AT&T, and who is not receiving a rebate or any other consideration, a \$100 store credit towards the purchase of any product at an Apple Retail Store or the Apple Online Store. Details are still being worked out and will be posted on Apple's website next week. Stay tuned.

We want to do the right thing for our valued iPhone customers. We apologize for disappointing some of you, and we are doing our best to live up to your high expectations of Apple.

Steve Jobs
Apple CEO