

Report: Amazon's \$359 Kindle 2 costs \$185 to make

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(AP) -- If you aren't sure whether Amazon.com Inc.'s latest Kindle electronic reading device is worth its \$359 price tag, an analysis by research firm iSuppli may shed some light.

It broke down the device's components and determined that the gadget costs about \$185 in parts and manufacturing, or about 52 percent of the total price.

iSuppli estimated that the cost of parts to build the [Kindle 2](#) totals \$176.83, with \$60 going toward an E-Ink Corp. display and \$39.50 toward a module from Novatel Wireless Inc. to permit wireless downloads over [Sprint Nextel](#) Corp.'s EV-DO data network.

iSuppli believes that, when including manufacturing and battery costs, the device costs \$185.49 to build.

By comparison, iSuppli estimates that Apple Inc.'s [iPhone](#) 3G costs \$174.33 to build. The product sells for \$599 or \$699, depending on its [storage capacity](#), when purchased from wireless carrier AT&T Inc. without a service contract. They cost \$199 or \$299 when purchased with a two-year contract.

Amazon, which began selling the Kindle in late 2007, started shipping the second version of the device in February. The Kindle 2 includes numerous upgrades, such as a skinnier body, the ability to store more books and a screen that can display 16 shades of gray, compared with four shades on the first Kindle.

Amazon has not released Kindle sales figures, but Citi Investment Research analyst Mark Mahaney has estimated that the company sold 500,000 of them in 2008.

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