

Apple drops price of least expensive iPhone to \$99

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Scott Forstall, of iPhone Software, talks about different languages for the Apple iPhone OS 3.0, at the Apple Worldwide Developers Conference in San Francisco, Monday, June 8, 2009. (AP Photo/Paul Sakuma)

(AP) -- Apple Inc. slashed the entry price for an iPhone in half and rolled out new laptops for \$300 less than previous models Monday, the company's first dramatic price cuts since the recession began a year and a half ago.

Apple unveiled two new models of the iPhone - the 3G S - that will sport a faster processor and sought-after features like an internal compass, a video camera and an improved photo camera. A 16-gigabyte version of the 3G S will cost \$199 and a 32-gigabyte model will be \$299. The 8-gigabyte iPhone [3G](#), which came out last year, will be cut to \$99 from \$199.

The iPhone news highlighted a two-hour presentation by [Apple](#) executives at their annual conference for software developers. Despite anticipation that he might make a cameo, Apple CEO [Steve Jobs](#) did not take the stage. He is due back from his medical leave at the end of this month.

The newest iPhones go on sale June 19, just as

two-year contracts for the buyers of the original models are expiring and Apple's phone faces tougher competition from the likes of Research in Motion Ltd. and Palm Inc.

Shares of Cupertino, Calif.-based Apple were down 90 cents, 0.6 percent, at \$143.77 in afternoon trading.

Lowering the price of the least expensive iPhone could be risky for Apple - a bet that the new versions have enough appealing features to keep higher-priced models selling briskly. AT&T Inc., the exclusive carrier of the iPhone in the U.S., said Monday it's confident its wireless profit margins will hold steady overall. AT&T shares were down 3 cents at \$24.53.

Apple might also be banking on expanding the profits it reaps from taking 30 percent of the revenue from downloadable applications on the [iPhone](#) and the iPod Touch.

In the updates to the MacBook line, Apple showed off a MacBook Pro laptop with a 13-inch screen that starts at \$1,200. A 15-inch model sells for \$1,700 and up - both \$300 less than existing similar models. The company also lowered the price on its ultra-thin MacBook Air to \$1,500 from \$1,800.

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