

**Exhibit “H”**



Personal Technology  
Every Thursday

# Cellphone users set their sights on Apple's iPhone

And some don't plan to let their existing contracts stand in way



iPhone: Coming, Apple Inc.

By Jefferson Graham  
USA TODAY

LOS ANGELES — Priya Sanghvi wants an Apple iPhone from AT&T's Cingular Wireless when it comes out in June, and she is already strategizing how to get it.

Now a Verizon Wireless customer, she's exploring a range of options, including trying to wrestle with Verizon to let her out of her contract early, using one of the new online swap services to dump the remaining months of the contract, or even just paying the \$175 early-termination fee.

"I just switched from a Dell to an Apple laptop and love the Mac lifestyle," says Sanghvi, 22, a recent graduate of New York University. "I never go anywhere without my iPod and cellphone. Now, I'll only have to bring one device with me."

Cingular will be the exclusive U.S. carrier for the iPhone. The multi-function device is expected to ship in June and cost \$499 or \$599 with a two-year contract. Part-iPod, part-smartphone, it is already one of the most eagerly anticipated gizmos of 2007.

Like Sanghvi, Atlanta software customer service manager Nate Mansfield is ready to dump his Verizon service with a year remaining on his contract, even though he's perfectly satisfied with it.

He's got iPhone fever, though he's never seen the phone in per-



Ready and waiting: Nate Mansfield of Atlanta plans to switch from Verizon to Cingular so he can get the new iPhone when it comes out. "I really like Verizon's service, so we'll see how Cingular stacks up," he says.

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read about it, he expects it to be a more productive tool for his business.

Mansfield loves a feature that lets you see a list of voice mails and tap the list to access a particular message. "This way, I can just tap the ones I want to hear and be able to tell, at a glance, who has called me, without having to listen to every voice-mail message," he says.

Apple CEO Steve Jobs introduced

the Macworld conference in San Francisco. Since then, it's been the talk of the Web.

Consumers are turning to blogs and websites to chat up the iPhone and trade tips on whether they can get out of an existing contract to sign with Cingular.

"People are desperately looking for ways to cancel their service so they can get the iPhone," says Meghan Marco, associate editor of

never seen anything like this."

Charles Golvin, an analyst at Forrester Research, thinks many consumers will switch to Cingular for the iPhone but says most will simply pay an early-termination fee or wait out their contracts.

"A small portion of people don't care about money, will have to have the iPhone, and buy — or haggle — their way out of the contracts," he says. "Most people will just wait for

## Post an ad, swap out of your phone service

Online swap services can help you shed your cellphone contract without screaming, haggling or even bending a rule.

A little-known option in most cellphone contracts lets you opt out without paying an early-termination fee by assigning the remainder of the contract to a friend or relative, says Eric Wurtenberg, co-founder of the online service Celltrade USA.com.

Wurtenberg and his brother Craig started the business to help cellphone subscribers find "friends" to bail them out.

"We're a matchmaking service," Wurtenberg says. "We put people together."

Here's how it works: The seller of the contract pays \$19.95 to Celltrade to post an ad seeking someone looking for short-term cellphone access, or a way to try a service without having to commit to a long period.

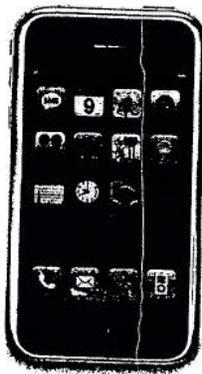
Once a match is made, the contract holder contacts the carrier with the name of the person who is taking it over to arrange for a credit check.

If the carrier approves, the subscriber is now off the hook.

Adam Korbi, co-founder of a rival site called CellSwapper, says the looming arrival of the iPhone "has

### Talking Tech

Ed Baig & Jefferson Graham offer tips for getting out of your cellphone contract at [tech.usatoday.com](http://tech.usatoday.com)



**iPhone:** It "has the potential to be even bigger than the iPod," says Piper Jaffray's Gene Munster.

# Apple earnings only expected to grow

## Analysts say strong quarter to be surpassed

By Jefferson Graham  
USA TODAY

LOS ANGELES — Today, the iPod; tomorrow, the iPhone.

Investors Thursday cheered Apple's record second-quarter results, which showed major sales growth for its iPod digital music device and Mac computers. But Apple's best days are ahead, tech analysts say.

### Technology

Apple is putting most of its energies into the June release of the iPhone, a combination iPod/Inter-

net browser and cellphone that will sell for \$499 and \$599. Apple CEO Steve Jobs has projected sales of 10 million iPhones in its first year. At an average price of \$500, that would generate \$5 billion in additional retail sales.

"The iPhone has the potential to be even bigger than the iPod," says Gene Munster, an analyst with Piper Jaffray. "The cellphone market is gigantic."

Charles Wolf, president of investment consultant Wolf Insights, says Apple will likely follow its iPod pricing strategy — starting with a high retail price, and lowering it as costs decrease. "Once the price comes down, Apple could get to a 5% market share of phones, good for 75 to 100 million units a year,"

### How Apple stacks up vs. rivals

U.S. PC shipment estimates:

Company	1st Q '07 shipments	1st Q share
Dell	4,126,000	27.9%
Hewlett-Packard	3,807,000	25.7%
Gateway	1,147,000	7.7%
Toshiba	805,000	5.4%
Apple	741,000	5.0%
Others	4,185,000	28.3%

Source: Gartner

Wolf says.

Mac sales have doubled from five years ago, when the iPod was introduced. Wolf believes the iPhone will have a similar "halo effect."

"Now you have another device besides the iPod that will get people interested in Macs," says Shaw Wu, an analyst at American Technology Research. "The iPhone is ba-

sically a portable Mac."

Apple's computer business is growing. But its shipments of 1.5 million computers in the first quarter is "a drop in the bucket" compared with overall computer shipments, Wolf says.

According to researcher Gartner, some 62.7 million PCs were shipped worldwide in the first quarter, with Apple registering a 5% market share in the USA.

No. 1 manufacturer Hewlett-Packard shipped 11 million PCs.

Munster thinks the success of the iPhone could help Apple eventually more than triple its computer shipments, to 5 million a quarter.

But he says that at his most optimistic, he can't imagine Apple's computer market share rising to

above 15% in the USA. "Apple doesn't play in the business and government markets, where the really huge sales are," he says.

Investors don't seem concerned about an Apple options-backdating scandal that has made headlines, Wu says. "It's behind us."

On Tuesday, the Securities and Exchange Commission filed civil charges against two former Apple officers. One, former CFO Fred Anderson, claimed Jobs knew more about the backdating than Jobs or Apple has acknowledged. The SEC settled with Anderson, who agreed to pay a \$3.5 million fine but admitted no wrongdoing. On Wednesday, Apple's board said it has "complete confidence" in Jobs.

Apple stock closed up 3.7% Thursday at \$98.84, a record, and briefly topped \$100 a share for the first time.



## THE INFORMED READER

*Insights and Items of Interest From Other Sources*

### ELECTRONICS

# So What If They're Too Darn Complicated? Feature-Packed Gadgets Excite Consumers

THE NEW YORKER—MAY 28

The extra but often unused functions packed onto micro-waves, digital cameras and televisions might bewilder consumers and frustrate them, but they're not going away.

Engineers can't resist adding features to products and consumers can't resist buying products with more of them, says the New Yorker's James Surowiecki. Marketers want something that will distinguish their product from a competitors', no matter how useless that something is. Meanwhile, engineers tend to assume everyone wants what engineers admire: more capabilities, plenty of options and more control.

Consumers end up grappling with a product such as Microsoft Word 2003, with its 31 toolbars and 1,500 commands, or BMW's original iDrive system, which was hard to use precisely because it offered the driver so many ways to control navigation, temperature and entertainment through a single device.



Apple

Apple Inc.'s iPhone

Even if consumers find such products unmanageable, they still buy them. "People are not, in general, good at predicting what will make them happy in the future," writes Mr. Surowiecki. "The strange truth about feature creep is that even when you give consumers what they want they can still end up hating you for it."

A recent study by marketing academics Debora Viana Thompson, Rebecca W. Hamilton and Roland T. Rust found most of their subjects, when asked to choose between various versions of a device, preferred the one with the most features and added more features when given their chance. Despite this, most of the subjects were frustrated with the plethora of options and were happier with a simpler version.

One option is to market different devices to each level of technical competence, as computer-printer makers do. Electronics makers **Apple** and **Philips** market simplicity itself as a unique feature of their products.

Tuesday, May 22, 2007



## AT&T banks on iPhone

■ The carrier is hoping that its exclusive rights for the handheld will make it dominant in wireless, 1B

AFP/Getty Images



Cover story

# iWeapon

AT&T plans to use its exclusive iPhone rights to gain the upper hand in the battle for wireless supremacy



Apple  
**Coming soon:**  
Consumers who  
want the iPhone  
must use AT&T  
service.

By Leslie Cauley  
USA TODAY

The Apple iPhone, due out next month, has been breathlessly hailed as offering consumers the ultimate wireless experience.

It also could give AT&T, its exclusive U.S. distributor, the ultimate experience for a wireless carrier: an easy way to handcuff rivals and steal customers.

AT&T has exclusive U.S. distribution rights for five years — an eternity in the go-go cellphone world. And Apple is barred for that time from developing a version of the iPhone for CDMA wireless networks.

That ban is no small thing. AT&T rivals Verizon Wireless and Sprint are both CDMA shops. AT&T uses GSM, a global standard incompatible with CDMA.

Bottom line: If you want an iPhone anytime soon, you'll have to take your business to AT&T.

Stan Sigman, CEO of wireless at AT&T, makes no apologies for his tough approach.

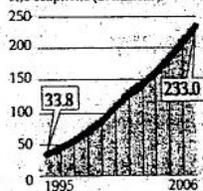
"I'm glad we have (the iPhone) in our bag," he says. "Others will try to match it, but for a period of time, they're going to be playing catch-up."

Hardball is nothing new in the cellphone industry. But as white-hot growth finally begins to slow, it's getting downright desperate out there.

To keep the momentum, big carriers such as AT&T are rapidly expanding their stable of devices, a proven way to draw people into stores. They're also piling on features — media downloading and photo-sharing are hot — and tweaking calling

## Wireless explosion

As wireless costs have dropped, consumer adoption rates have skyrocketed. About 78% of all U.S. households currently have at least one cellphone (in millions).



Source: Forrester and CTA

By Robert M. Anderson, USA TODAY

USA TODAY  
May 22, 2007



# Fever Builds For iPhone (Anxiety Too)

Seeking to Be First in Line  
For What Some Call  
The 'God Machine'

By JOHN MARKOFF

SAN FRANCISCO, June 3 — During an onscreen demonstration of the iPhone in Apple's sprawling retail store here recently, an employee, clad in a black T-shirt, of course, surprised a potential customer.

Nonplused, the customer stammered, "You mean it's a cellphone, too?"

Such is the spell that Steven P. Jobs has cast on the American consumer.

It has been almost six months since Mr. Jobs, the world's consummate salesman, introduced the iPhone as the Ronco Veg-O-Matic for the Internet era. Tongue only partly in cheek, Mr. Jobs promised that Apple's entry into the cellular handset market would be a better phone, Web browser and music player.

Mr. Jobs succeeded in building expectations for what some have called, the "God machine." The bar-of-soap-size phone is

being coveted as a talisman for a digital age, and iPhone hysteria is beginning to reach levels usually reserved for video-game machines at Christmas.

Although the phones are expected to cost as much as \$600 and they will not be available at Apple and AT&T stores until later this month, each company has received more than a million inquiries about the product's availability. Further evidence that expectations have been wound up to a fever pitch: the phones, or promises to deliver a phone, are already on sale on eBay for \$830. A pundit as unlikely as Arianna Huffington sought out Mr. Jobs directly for advice on being the first to score a phone. (He told her to go to an AT&T store.)

Last week, during an appearance at a technology industry conference in South-

*Continued on Page 5*

Illustration by The New York Times

# iPhone set for June 29 debut

## Apple won't accept pre-orders

By Jefferson Graham  
USA TODAY

Mark your calendars and get out your sleeping bags. Apple and AT&T stores will begin selling the much-awaited iPhone on June 29, and lines are expected to be long.

The combination iPod, cellphone and Internet device "will be sold out by midafternoon" on opening day, predicts Richard Doherty, an independent analyst with The Envisioning Group. "There's that much anticipation for it."

Apple CEO Steve Jobs has projected sales of 10 million iPhones in its first year. With two models



En route:  
The iPhone  
mixes iPod,  
cellphone  
and Internet  
device.

priced at \$499 and \$599 depending on storage capacity, that would generate more than \$5 billion in additional retail sales.

Consumers must also commit to a two-year contract with exclusive carrier AT&T Wireless (formerly Cingular). With Internet and voice charges, a typical plan is around \$60 monthly. AT&T hasn't said what kind of consumer incentives it might offer to sweeten the deal.

"This isn't for the faint of heart," says Doherty.

Apple announced the iPhone in January and has been characteristically mum about details since. The company formally announced the release date in TV ads that began airing Sunday night.

Doherty projects potential iPhone sales of 100 million by 2011 — completing Apple's transformation from a computer company to a business dominated by consumer gadgets. Apple has sold more than 100 million iPods since 2001.

Neither AT&T nor Apple is accepting pre-orders for the phone, so it will be first-come, first-served at more than 1,800 AT&T and nearly 200 Apple stores, plus the Apple website.

Doherty says tight supply will make the product even more popular. He doesn't expect Apple to be able to fulfill demand until late summer or early fall.

Doherty says rival manufacturers will benefit as they promote high-end "smart" phones with iPhone-like features, including music and Web access.

The best-selling cellphone of the last five years is Motorola's Razer, says Charles Golvin, an analyst at market tracker Forrester Research. Motorola has sold nearly 100 million Razers since 2004, but many have been substantially discounted, says Golvin.

"Motorola cut prices and margins to drive market share, and Apple won't do that," Golvin says.

Investors have iPhone fever as well. Apple stock Monday hit a record \$121 a share.

USA TODAY

June 5, 2007

# Hoopla over iPhones spawns suspicious offers

Apple says new device won't be available early

By Jim Hopkins  
USA TODAY

SAN FRANCISCO — Can't wait until the end of the month to buy an iPhone? Someone in Atlanta is advertising Apple's must-have cellphone for \$800 on classifieds site Craigslist. The ad includes a photo purporting to show the gadget.

## Technology

In status-conscious Los Angeles, another advertiser is taking orders. "All offers considered," the Craigslist ad published Wednesday says. iPhones are brand new in the box.

In Houston, a seller has "locked in an exclusive order of iPhones for June 15th release," offering the phone for \$695. "As soon as they become available you will be able to collect it."

These offers are likely questionable, since Apple isn't releasing it until June 29. It isn't for sale anywhere now, Apple spokeswoman Natalie Kerris says.

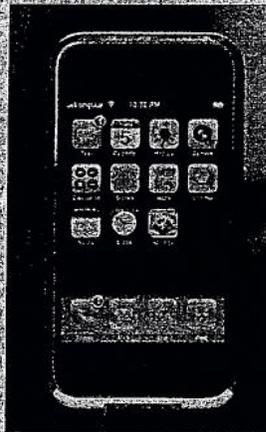
Responding to an e-mail inquiry, the Los Angeles advertiser said that the phone is a "pre-sale" item and declined a request for a phone number for follow-up questions. The other advertisers did not reply to e-mails seeking comment.

Craigslist relies on readers to police its 25 million monthly listings, flagging those they think are questionable, spokeswoman Susan MacJavish Best said. Also, to protect consumers, the site recommends they shop locally.

But given the big buzz building around the iPhone, it's hardly surprising some people might take advantage of consumers desperate to be first with the gadget, the Council of Better Business Bureaus says.

"If a deal sounds too good to be true, it probably is," spokeswoman Alison Preszler said in an e-mail. "Unless you're (Apple CEO) Steve Jobs' nephew, it's highly unlikely you're going to get an iPhone anytime before June 29."

The BBB is steering itself for iPhones to appear in so-called lead-generation promotions where marketers promise free plasma TVs, iPods and other hot elec-



By Tony Abate, AP/Wide World  
Big buzz: iPhone interest helped send Apple shares to a record high.

tronics as bonuses for opening new customer accounts online.

There are plenty of other iPhone-related offers that appear more legitimate. A search on eBay turned up more than 300 listings. Many were for plastic protective cases to house the phone. One seller offered T-shirts emblaz-

## Dispute hits cellphones, 2B

zoned with the phrase "Got iPhone?" starting at about \$16. Another is auctioning a Yahoo e-mail address containing the word iPhone.

In New York City, a Craigslist advertiser, claiming to represent a celebrity client, is dangling \$10,000 to anyone who can snag an iPhone. Another New Yorker is appealing directly to retail employees at AT&T — the company partnering with Apple to provide the iPhone's service — promising a \$100 bounty for guaranteed delivery of four phones.

One thing's clear: Sizzling interest in the cellphones continues to drive Apple shares higher. They closed Thursday at another record: \$124.07 a share.