

Exhibit 16

FINAL SCORES

Dream team has first test

■ Tournament of Americas is a must-succeed prelude to the Olympics, 1C



By Garrett Ellwood, NBA/Getty Images

Game tonight: Kobe Bryant and LeBron James.

USA TODAY

NO. 1 IN THE USA



By Julian Martin, epa

In Barcelona: On location for Woody Allen film.

Scarlett's 'Spanish project'

■ Sensual actress Scarlett Johansson is on a career high. USA TODAY interview, 1D

Wednesday, August 22, 2007

Newsline

■ News ■ Money ■ Sports ■ Life



By Gregory Bull, AP

Mexico's Gulf Coast is Dean's next target after Yucatán

■ Ports, oil installations at risk-as storm regains force. Above, in Sabancuy, 7A
■ Flooding moves east across USA, 3, 12A

Shuttle lands safely in Fla.



By Stan Honda, AFP/Getty Images

■ White gouge on Endeavour scrutinized, left; Barbara Morgan hopes other teacher-astronauts don't have to wait 21 years for a chance at space, 3A

Students warned about fire

■ Increase in college housing fires raising concerns; risky behavior a factor, 6D

North American leaders wrap up summit

President Bush, Canadian Prime Minister Stephen Harper, Mexican President Felipe Calderón pledge to improve border security without impeding trade. 4A

Money: Officials say economy is OK

Treasury Secretary Henry Paulson among those trying to reassure public; Fed will cut rates in September, economists say in USA TODAY survey. 1-2B

Sports: Busch gets boost in Michigan

Twice-postponed race is now complete; win helps Kurt Busch's chances in NASCAR Chase. 1-2C

Life: Recess, vacation, recess ...

Don't despair, seventh-graders: When recess ends forever, there's a thing called vacation to look forward to. Except you have to work for it. The Final Word, 1D.

By John O. Buckley

Stocks end trading day slightly mixed

Index	Close	Change
Dow Jones industrial average	13,090.86	↓ 30.49
Nasdaq composite	2,521.30	↑ 12.71
Treasury note, 10-year yield	4.59%	↓ 0.04

Don't mess with USA's No. 1 team

■ Texas' Southlake Carroll, atop our Super 25 football rankings, will be tested next month when it meets Miami's Northwestern, ranked second, 8-9C



By Michael Altsworth for USA TODAY

Super 25 High school preview

In Southlake, Texas: Coach Hal Wasson directs his top-ranked team during practice.



By H. Darr Betser, USA TODAY

Rebuilding: Tony Cook steadies the rafters of a house on Dauphin Island, Ala., that's being rebuilt after Hurricane Katrina destroyed it. The hurricane destroyed many houses on the island.

Should beach towns be rebuilt again and again?

Katrina renews calls to change policies that prop up coastal areas

By Kathy Chu USA TODAY

DAUPHIN ISLAND, Ala. — This island's website couldn't be blunter: "Dauphin Island is in a precarious position of being a barrier island, in essence an overgrown sandbar. This gives us a potential of being a disaster in the making. We have been hit by numerous hurricanes, Ivan, Frederic, Georges, Danny and many more!"

Hurricane Katrina was the latest storm to punish this 14-mile-long island of 1,400 residents. Yet nearly two years after Katrina wiped out 350 homes and dislodged 1.5 miles of land, new and bigger homes are rising. A 9-foot-high sand dune



Tracking recovery on the Gulf Coast

Cover story

was built with about \$3.4 million in federal funds to prevent flooding, but it has already been breached by the Gulf of Mexico's waters.

So why are people rebuilding on such a vulnerable island? The answer lies in a maze of emotions and financial incentives that encourage them to rebuild again and again. Residents point to government-subsidized flood insurance, repairs made to roads and other aid that arrives after storms. They also cite the island's serenity and its sugary white sand.

It's "paradise," says Carol Clark, owner of a bed-and-breakfast that has been damaged six times in 17 years. "The Gulf, all the fresh fish — it's the kind of place you never want to leave."

All that romance aside, Katrina's impact here and in other beach communities on the Gulf Coast has revitalized a debate over whether federal, state

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Business incentives lose luster for states

Some question value to local economies

By Dennis Cauchon USA TODAY

Generous tax breaks given to companies that threaten to take their business elsewhere are coming under increasing scrutiny from state and local officials who say taxpayers aren't getting their money's worth.

Critics say the tax breaks and other financial incentives have gotten out of hand, costing taxpayers billions of dollars and doing little for the economy.

"There's an entitlement mentality about tax breaks today," Kansas City, Mo., Mayor Mark Funkhouser says. "Every developer thinks it's his right not to pay property taxes." Funkhouser was elected mayor in May after campaigning against tax breaks to developers, including one for a luxury condo development in an affluent part of his city.

Supporters of incentives say the deals are crucial to keeping economies strong, especially in depressed areas. "A well-thought-out portfolio of incentives is vital to being competitive for quality projects," says Jim Fain, commerce secretary in North Carolina, which has been aggressive in providing economic assistance to companies.

In March, North Carolina gave \$212 million in state and local assistance over 30 years to lure a \$600 million Google server operation to Lenoir.

State and local governments offer about \$50 billion a year in tax breaks and other economic incentives, according to economists Alan Peters and Peter Fisher.

Academics say there is little evidence to show that tax breaks have a lasting effect on a local economy.

Property tax breaks to manufacturers appear to boost industrial employment for a short time, says University of Nebraska economist John Anderson, a former Michigan economic developer.

"But the impact of incentives dissipates quickly, so in a few years, there's no benefit to employment," he

Local pushback

Some counties are re-examining business tax incentives:

Frederick County, Md.: May revoke a \$5 million property tax break given to a biotech company that was sold and paid a top executive \$140 million.

Finney County, Kan.: May penalize firms that don't create promised jobs after getting tax breaks.

Report blasts Tenet's pre-9/11 CIA

Internal critique cites failure to follow up on al-Qaeda threat



had a "robust" plan that helped it attack al-Qaeda after 9/11 and chase it from its "Afghan sanctuary."

Tenet and at least six other top agency officials should face review boards to fur-

Japanese tech fans are eager to get hands on iPhones

Consultant thinks Apple can sell up to 3 million annually

By Paul Wiseman
USA TODAY

TOKYO — Japan already has the funkier cell-phones in the world: More than their U.S. counterparts, Japanese consumers use mobile phones to watch TV, pay bills, order concert tickets, read manga (comics) and summon help from global-positioning satellites to figure out where they are.

But market analysis suggests there's still a niche in Japan for Apple's iPhone. Japanese gadget geeks — and cellphone service providers — are intrigued by the iPhone's sleek design and touch-screen display. "This is the first phone that thrilled me," freelance journalist Tsutsumu Ishikawa says. "People regard it as cool and advanced. And the interface is easy to use."

Apple won't introduce the iPhone in Japan until next year.

Ishikawa couldn't wait. He flew to Hawaii on June 29 to buy one the first day they went on sale in the USA — even though he can't make calls on it in Japan.

Similarly, researchers at Nomura Research Institute think tank here picked up an iPhone from an American colleague. "I have been very proud of Japanese mobile phones," says Nomura consultant Shunichi Kita, fiddling with an iPhone on which he has downloaded the animated movie *Finding Nemo*. "But this time, I have an uneasy feeling. I am very sorry Japanese manufacturers didn't produce a phone like this."

Kita estimates that Apple can sell 2 million to 3 million iPhones annually in Japan — about 5% of the market. The research firm Yahoo Value Insight found that 13% of the 400 Japanese Internet users it surveyed in July want an iPhone, and 15% of those would switch service providers to get one.

Conquering Japan won't be easy for Apple. Obstacles include:

► **Technology.** The iPhone isn't yet available with the third-generation, or 3G, mobile cellular networks widely used in Japan — although Apple-related websites are filled with speculation that iPhone will go 3G next year. The iPhone doesn't work with 3G networks in the USA, either.

► **Price.** The Yahoo Value Insight survey found that Japanese consumers want to pay around \$190 for an iPhone. In the USA, they cost \$499 or \$599, plus the cost of two years of service with AT&T. In Japan, much like in the USA, phone companies often offer discounts on mobile handsets to get consumers to spend their money on services instead.

► **Culture.** "The iPhone's broad and easily accessible screen could actually be a liability in Japan," says Roland Kelts, author of *Japanamerica: How Japanese Pop Culture Has Invaded the U.S.* Japanese are "accustomed to doing more in smaller spaces — and keeping things to themselves. The (pornographic comics) you download on the subway may be all too visible to your neighboring commuter" if you're using an iPhone.

► **Cutting a deal.** Japan's three top service providers — SoftBank, KDDI and DoCoMo — are accustomed to calling the shots. They direct customers to specific websites and services, and bar them from others.

Apple, which keeps tight control of its image, might have trouble negotiating a deal in Japan similar to its exclusive arrangement in the USA with



By Yoshikazu Tsuno, AFP/Getty Images

Call me: A pedestrian uses her cellphone as she passes before a share prices board in Tokyo on July 23.

Japan doesn't have iPhones yet, but it's got other cool stuff

Apple's iPhone won't arrive in Japan until next year, but Japanese gadget lovers have other options. The country is known for having some of the most sophisticated cellphones in the world. How they stack up:



iPhone

- **Manufacturer:** Apple
- **Size:** 4.5 x 2.4 x 0.5 inches
- **Weight:** 4.8 ounces
- **Features:**
 - Touch screen
 - Syncs with PC, iTunes music library
 - Video player with YouTube link
 - Video and still camera

AP



FOMA D904i

- **Manufacturer:** Mitsubishi Electric
- **Size:** 4.3 x 1.9 x 0.7 inches
- **Weight:** 4 ounces
- **Features:**
 - Motion sensor that turns your phone into a video game joystick (much like a Nintendo Wii)
 - Can be two phones in one. Two separate phone numbers can be attached to the phone, each with its own address book, call history and other information. Users switch between "phone 1" and "phone 2" as needed.
 - Music downloading
 - Sliding screen with 2.8-inch display
 - Video and still camera

AP

AT&T, says journalist Ishikawa, who covers Japan's telecommunications industry. He says SoftBank may have an advantage: The firm's founder, billionaire Masayoshi Son, turned up at the Macworld conference in January, where Apple CEO Steve Jobs announced the iPhone.

SoftBank spokesman Naoki Nakayama says Son has a "personal friendship" with Jobs but won't comment on whether the two companies are negotiating a deal. Nor will Apple.

KDDI spokeswoman Kana Hisaoka says, "We don't deny that we're interested in such a popular product."

But she won't confirm whether the firm is in talks with Apple.

"We are interested" in the iPhone, says DoCoMo spokesman Roland Arafat. "But nothing has been decided."

Apple has already made a splash in Tokyo. iPods are popular despite considerable competition from domestic MP3 players, author Kelts says. The five-story Apple store in the heart of the city's upscale Ginza shopping district is packed on a weekday lunch hour with consumers browsing everything from iMac computers to iPod-compatible karaoke machines.

Just outside, Tokyo college student Akinori Machi-

no, 22, says he's got 5,000 songs loaded on his iPod and would gladly buy an iPhone if one were available.

"We figure the screen will be very beautiful," says Ryo Kikuchi, 30, manager at a food company. "You can see movies better."

"I would like to buy one," adds photographer Hiroyuki Kuwata, 35, a Mac enthusiast. "I'd like to use the touch screen."

Japanese phonomakers aren't waiting around for Apple to gobble market share. "Domestic producers are hustling to leapfrog iPhone's offerings," Kelts says.

Manufacturer Sophia Mobile has just come out with a touch-screen phone — the Sophia Nani — which has been labeled an "iPhone killer" by tech websites such as Softpedia. But it is being marketed by a second-tier Japanese service provider, Willcom.

Mitsubishi Electric actually beat Apple to the Japan market with a touch-screen phone, the FOMA D800iDS.

But it hasn't had much impact, Nomura's Kita says: Service provider DoCoMo marketed the Mitsubishi phone to elderly customers, not as a cutting-edge gadget for trendy teens.

Contributing: Naoko Nishiwaki