

Exhibit 26

"All the News
That's Fit to Print"

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Late Edition

Today, increasingly windy, an afternoon snow or rain shower, high 43. Tonight, windy, much colder, low 19. Tomorrow, cold, high 26. Weather map and details, Page A18.

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Rapid Growth Has Its Perils, Toyota Learns

Surpassing G.M. May
Have Hurt Quality

By MICHELINE MAYNARD
and HIROKO TABUCHI

DETROIT — Toyota executives set an ambitious goal in 2002 to own 15-percent of the global auto industry by 2010, meaning it would surpass General Motors as the world's largest carmaker. To get there, it would have to grow by 50 percent. It would have to build new plants in the United States, China, and elsewhere in Asia, and introduce dozens of new models.

Toyota managed to win bragging rights as the world's biggest car company. But that focus on rapid growth appears to have come at a cost to its reputation for quality, creating an opportunity for others to potentially take back market share they lost to Toyota.

On Tuesday, after prodding by the Transportation Department, Toyota announced it was temporarily stopping production and sales of eight models that make up more than half of its annual sales in the United States, after two major recalls since November, while it tries to fix a problem with their accelerator pedals.

"There was always a question about how fast they could go," James P. Womack, an author and expert on Toyota's manufacturing methods, said of the automaker's growth. "The same they regret that they stomped on the gas so hard."

Mr. Womack said Toyota was also paying for taking its eye off the message that has been central to its marketing. "When your whole deal" was quality, every mistake is a big deal," he said.

"Transportation Department officials in the United States said Wednesday that they had advised the automaker to act quickly. "The reason Toyota decided to do the recall and to stop manufacturing is that we asked them to," Raymond LaHood, the transportation secretary, said.

In an interview with WGN radio in Chicago, Mr. LaHood added, "We were the ones that really met with Toyota, our department, our safety folks, and told them, 'You've got to do the recall.'"

Japanese media raised fears that Toyota's problems might damage the reputation of other

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WITH ITS TABLET, APPLE BLURS LINE BETWEEN DEVICES

IPAD, HEIR TO THE IPOD

An Attempt to Change
How People Read,
Watch and Play

By BRAD STONE

SAN FRANCISCO — After months of feverish speculation, Steven P. Jobs introduced Wednesday what Apple hopes will be the coolest device on the planet: a slender tablet computer called the iPad.

For all the hoopla surrounding it, however, the question is whether the iPad can achieve anything close to the success of the iPhone, which transformed the cellphone and forced the industry to race to catch up.

Apple is positioning the device, some versions of which will be available in March, as a pioneer in a new genre of computing, somewhere between a laptop and a smartphone. "The bar is pretty high," Mr. Jobs acknowledged. "It has to be far better at doing some key things."

Half an inch thick and weighing 1 1/2 pounds, the device will vividly display books, newspapers, Web sites and videos on a 9.7-inch glass touch screen. Giving media companies another way to sell content, it may herald the end of publishing.

But the iPad, costing \$499 to \$829, also lacks some features common in laptops and phones, as technology enthusiasts were quick to point out. To its instant critics, it was little more than an oversize iPod Touch. A camera is notably absent, and Flash, the ubiquitous software that handles video and animation on the Web, does not work on the device.

Another thing missing is an alternative to the AT&T data net-

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JIM WILSON/THE NEW YORK TIMES

Like an iPhone, the iPad uses an on-screen keyboard.

Obama Says Nation Can't Afford the Politics of No

Faulting G.O.P.,
He Stands by
His Agenda

By SHERYL GAY STOLBERG

WASHINGTON — President Obama vowed Wednesday night not to give up on his ambitious legislative agenda, using his first State of the Union address to chastise Republicans for working in lock-step against him, and to warn Democrats to stiffen their political spines.

Mr. Obama appealed for an end to the "tired old battles" that have divided the country and stalled his efforts on Capitol Hill. He promised to focus intently on the issue of most immediate concern to the nation, jobs. And with his top priority, a health care overhaul, delayed in the wake of the recent Republican Senate victory in Massachusetts, he offered a pointed message to both parties.

"To Democrats, I would remind you that we still have the largest majority in decades, and the people expect us to solve some problems, not run for the hills," Mr. Obama said in his nationally televised speech. "And if the Republican leadership is going to insist that 60 votes in the Senate are required to do any business at all in this town, then the responsibility to govern is now yours as well. Just saying no to everything may be good short-term politics, but it's not leadership."

The speech, Mr. Obama's third to a joint session of Congress, comes at a particularly rocky point in his presidency, with many Americans — including some fellow Democrats — complaining that the president has lost sight of the priorities of ordinary people. And Mr. Obama acknowledged their doubts, conceding that some of his political setbacks "were deserved," a striking admission for any president.

His tone was colloquial, even relaxed; at one point he joked that the bank bailout was "about as popular as root canal." But at the same time Mr. Obama struck a defensive note, reminding the nation yet again that he inherited a mountain of problems and insisting that, one year after he took office, "the worst of the

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STEPHEN CROWLEY/THE NEW YORK TIMES

President Obama greeting lawmakers on Wednesday as he entered the House chamber.

NEWS ANALYSIS

A Bid to Recapture the Magic, a Dose of Reality

By PETER BAKER

WASHINGTON — By now, President Obama can hardly be under any illusions about the depth of the partisan divide as he seeks to reboot his presidency. Yet he still seemed surprised on Wednesday night when he could not get Republicans to applaud tax cuts.

As he boasted in his first State of the Union address that his economic program had cut taxes for 95 percent of working families, Democrats jumped to their feet to cheer. Republicans sat quietly. Mr. Obama paused as he glanced over to their side of the House chamber. "I thought I'd get some applause on that one," he said.

If Mr. Obama thought he could

take the rostrum in the House chamber and restore his image as the change agent who came to Washington to end the politics of division, he received another reminder just how hard that will be. Mr. Obama tried to recapture the magic of his yes-we-can campaign after a season of no-we-can't governing, but conceded little if any ground to critics on either the right or the left.

It was a confident performance, more defiant than contrite, more conversational than soaring. He appealed to and scolded both parties, threatened vetoes, blamed his predecessor and poked fun at lawmakers. The agenda was largely the same, dressed up in fresh packaging, as he offered point-by-point rebuttals to the litany of critiques he

hears with increasing frequency. He acknowledged only a failure to explain his policies without retreating an inch on the policies themselves. His main message: "I don't quit."

In the wake of last week's Republican victory in the special election for a Massachusetts Senate seat, Mr. Obama had to tackle head-on the disappointment that has dragged down his poll numbers. He pleaded for patience and understanding. "I campaigned on the promise of change; 'change we can believe in,' the slogan went," he said toward the end of the address. "And right now, I know there are many Americans who aren't sure if they still believe we can change — or that I

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Bloomberg Balks at 9/11 Trial, Dealing Blow to White House

By MICHAEL BARBARO and AL BAKER

The Obama administration on Wednesday lost its most prominent backer of the plan to try the self-described mastermind of the Sept. 11 attacks in Lower Manhattan when Mayor Michael R. Bloomberg said the trial should not be held in New York City.

The mayor's reversal was a potential blow to the White House

a news conference in Brooklyn. "My hope is that the attorney general and the president decide to change their mind."

Administration officials expressed chagrin at the mayor's statements, which appeared to come as a surprise. But there was no immediate talk of revising the decision to hold criminal trials for

Afghan Tribe, Vowing to Fight Taliban, to Get U.S. Aid in Return

By DEXTER FILKINS

JALALABAD, Afghanistan — The leaders of one of the largest Pashtun tribes in a Taliban stronghold said Wednesday that they had agreed to support the American-backed government, battle insurgents and burn down the home of any Afghan who harbored Taliban guerrillas.

Elders from the Shinwari tribe, which represents about 400,000 people in southeastern Afghani-



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Half an inch thick and weighing 1½ pounds, the device will vividly display books, newspapers, Web sites and videos on a 9.7-inch-glass touch screen. Giving media companies another way to sell content, it may herald a new era for publishing.

But the iPad, costing \$499 to \$829, also lacks some features common in laptops and phones, as technology enthusiasts were quick to point out. To its instant critics, it was little more than an oversize iPod Touch. A camera is notably absent, and Flash, the ubiquitous software that handles video and animation on the web, does not work on the device.

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With Tablet, Apple Blurs Lines Between Devices

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work, which is already buckling under the strain of traffic to and from iPhones. Some versions of the iPad can, for a monthly fee, use a 3G data connection like cell-phones, but the only carrier mentioned was AT&T.

The event, in typical Apple style, was tightly scripted and heavy on theatrics and hyperbole. But the success of the iPhone, and the hive of rumors and leaks surrounding the iPad, raised expectations and made this perhaps Mr. Jobs's most highly anticipated product unveiling yet.

It was one that he clearly cared deeply about. Mr. Jobs, a consummate showman, presented the iPad to an enthusiastic crowd of around 800 employees, business partners and journalists, some of whom shoved their way in when the doors opened to grab the best seats. It was only his second public appearance since a leave of absence for health reasons last year.

Mr. Jobs posited that the iPad was the best device for certain kinds of computing, like browsing the Web, reading e-books and playing video.

The iPad "is so much more intimate than a laptop, and it's so much more capable than a smartphone with its gorgeous screen," he said in presenting the device to a crowd of journalists and Apple employees here. "It's phenomenal to hold the Internet in your hands."

One question Apple faces is whether there is enough room for another device in the cluttered lives of consumers.

"I think this will appeal to the Apple acolytes, but this is essentially just a really big iPod Touch," said Charles Golvin, an analyst at Forrester Research, adding that he expected the iPad to mostly cannibalize the sales of other Apple products.

Mr. Golvin said book lovers would continue to opt for lighter, cheaper e-readers like the Amazon Kindle, while people looking for a small Web-ready computer would gravitate toward the budget laptops known as netbooks.

But other analysts say they have heard similar criticism before — once aimed at the iPhone, which has now been bought by more than 42 million people around the world. These believers say Apple's judgment on the market is nearly infallible.

"The target audience is everyone," said Michael Gartenberg, vice president for strategy and analysis at Interpret, a market research firm. "Apple does not build products for just the enthusiasts. It doesn't build for the tens of thousands; it builds for the tens of millions."

Apple says the iPad will run the 140,000 applications developed for the iPhone and the iPod Touch, but the company expects a new wave of programs tailored to the iPad.

One of the most significant applications for the iPad may be Apple's own creation, called iBooks, an e-reading program that will connect to Apple's new online e-bookstore.

Mr. Jobs said Apple so far had relationships with five major publishers — Hachette, Penguin, HarperCollins, Simon & Schuster and Macmillan — and was eager

to make deals with others. Publishers will be able to charge \$12.99 to \$14.99 for most general fiction and nonfiction books.

Apple's announcement that it was diving into the growing e-book business put the company on a collision course with Amazon. Mr. Jobs credited Amazon with pioneering e-readers with the Kindle but said "we are going to stand on their shoulders and go a little bit farther."

John Doerr, a Silicon Valley venture capitalist who serves on Amazon's board and is also an adviser to Apple, said there could be room for both companies, noting that Amazon sells many books to iPhone owners who use its Kindle application, which will also work on the iPad.

"I don't think Jeff Bezos is going to leave the e-book business," he said, referring to Amazon's chief executive, "and I don't think it will be confined to the Kindle."

Three models of the iPad, \$499 to \$699, will connect to the Internet only via a local Wi-Fi connection. Three other versions will include 3G wireless access and will be available later in the spring, costing an additional \$130



JIM WILSON/THE NEW YORK TIMES

Apps for iPhones and iPod Touches will work on the iPad.

and requiring a data plan from AT&T. Owners of the iPhone who already pay at least \$70 a month to AT&T will not be getting any breaks.

Other companies have sold tablet computers for years, but they never caught on with consumers. In 2001, Bill Gates predicted at an industry trade show that tablets would be the most popular form of PC sold in America within five years.

"The fact that he and Microsoft didn't deliver is surprising," said Tim Bajarin, a longtime industry analyst. "It has taken Apple to bring this to consumers and make it work."

Apple has been working on a tablet computer for more than a decade, according to several former employees. Improved technology has helped the company to finally bring a model to market, as has the ubiquity of wireless networks.

The success of the iPhone and its cousin, the iPod Touch, have shown a path for tablets. People have been willing to pay to customize those devices with applications, turning them into video game machines, compasses, city guides and e-book readers.

The iPad will be a big opportunity for software developers, said Raven Zachary, president of Small Society, an iPhone development company based in Portland, Ore. "Although I think some of us were a bit surprised we only have 60 days until it launches to develop for it."

Jenna Wortham contributed reporting from New York.

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BITS

Highlights from Bits, the technology blog