

I. Agenda

- A. Primaries TX and OH
- B. McCain – President Bush’s endorsement and factors affecting the election
- C. Fortune – Apple #1 Most Admired company
- D. iPhone SDK and iFund

II. Primaries TX and OH

- A. Last week I stated that it’s over for Hillery and I still believe that
- B. Results – Hillery won OH, TX and RI, Obama won VT
- C. Outcome – Virtually no change in the number of delegates that separates the candidates.
- D. It is virtually impossible for the voting public to nominate a candidate. Democratic primaries award delegates based upon the percentage of the vote.
- E. The democratic party must nominate the candidate with the most delegates, especially if it is Barack Obama.
 - 1. It’s a race issue.
 - 2. If Barack is in the lead and the party nominates Clinton, black voters will rebel and leave the Democratic Party.
 - 3. If Clinton is in the lead then Barack will be selected for Vice President.

F. Issues

- 1. FL and MI
 - a) DNC – The party must follow the rules and the votes do not count. Howard Dean urges for a “Do-over”.
 - (1) The state party must pay for the primary, the state will not pay for it
 - (2) The DNC has repeatedly said it will not pay for it. Instead the monies must go to the national campaigns.
 - (3) The “Do-Over” is too expensive
 - b) Do the voters of FL and MI have legal grounds?
 - c) Clinton won both MI and FL. It would be to her advantage to sit the delegates based upon the original results.
 - d) It would be to Obama’s advantage to and a “Do-over”
 - e) This issue is harming the party – It’s a no-win scenario.
- 2. Superdelegates
 - a) The Superdelegates must support the candidate with the most delegates. To do otherwise will destroy the legitimacy of the process.
 - (1) If Barack Obama is overruled then black voters will rebel and leave the party.

G. What’s best for the party

- 1. Not the results the primaries delivered this week.
 - a) Created a false and misleading idea that Hillery Clinton can win.
 - (1) She cannot win via the primaries.
 - (2) She would need to convince the superdelegates to vote for her.

- b) Both candidates will continue to campaign against one another – wasting time, money and physical energy.
 - 2. A candidate must step down. Based upon delegate count, that must be Hillary Clinton. If she does not step down, significant damage will be done to the party and the election could go to McCain.
- III. President Bush's endorsement of McCain and factors affecting the election
- A. Great fuel for the Democratic Party. It links McCain to Bush. However, this would have happened to who ever received the Republican nomination.
 - B. Bush campaigning for McCain will harm McCain.
 - 1. Public appearances will be used against McCain
 - C. What can Bush do?
 - 1. Back room tactics
 - a) Take steps to reunite the party – work with party leaders
 - b) Raise money for McCain – quietly
 - D. Factors effecting the November election
 - 1. Resolution of the delegate problem in the democratic party
 - 2. Both parties selection of a Vice President
 - a) I believe that VP's did not affect past elections, however, this time everything is different.
 - b) McCain
 - (1) Younger than McCain
 - (2) Female
 - (3) Black
 - (4) Conservative
 - c) Clinton
 - (1) Easy – Barack Obama
 - d) Obama
 - (1) Someone with significant experience
 - (a) Executive experience
 - (b) Foreign policy
 - (c) Less liberal – bring Obama to the middle
 - E. Gary Hart Moment
 - 1. Donna Rice sitting on his lap on a yacht named Monkey Business
 - 2. Some screw-up or skeleton in the closet
 - F. An Attack on the United States – McCain wins
 - G. The Iraq or Afghan wars take a very bad turn. – McCain loses.
- IV. Apple #1 Most Admired Company – Fortune Magazine
- A. Also wins #1 for the innovative.
 - B. Innovation is Apple's key to success.
 - C. Fortune article, "What makes Apple Golden?"
 - 1. Look at the success of the iPod and the iPhone
 - 2. These products have redefined their respective markets
 - 3. Add to it iTunes and a new market segment was created
 - 4. Apple is the second-largest music retailer in the U.S., right behind Wal-Mart.

5. Mac sales have been pulled upwards as a result of iPods and iPhones bringing new customers into the Apple world. Consumers want to try a Mac after they have experienced the elegance and ease of use of iPods, iTunes and iPhones.
6. Accessibility of Apple stores. While other PC manufacturers have not succeeded in the store front retail market, e.g., Gateway, Apple thrives and pushes up Mac sales.
7. Steve Jobs – obsessed and plays by his own rules.
8. Innovation is the way of life. “Every endeavor is a moon Shot”
9. Hire people who are never satisfied. The ability to emote. In a single word – passion.
10. Apple’s control over the operating system that runs on its computers.
11. “If you make something ‘really great, then everybody will want to buy it.
12. Field of Dreams – If you build it, they will come.

D. Fortune article – The Trouble with Steve Jobs

1. October 2003 – diagnosed with a rare and curable form of pancreatic cancer.
 - a) Attempted to cure it with diet
 - b) Finally had surgery in July 2004
 - (1) Apple released the first statement concerning this matter.
 - (2) Difficult for the Board of Directors
2. Jack Welch – Jobs is the most successful CEO today
3. Pixar buyout – Jobs owns 7.3% of Disney – worth 4.6 billion, also has Apple stock worth \$682 million.
4. Jobs – brazen, he is Apple – controls the day-to-day business
5. Creator-in-Chief
6. Product introductions – Keynotes
7. Fires employees in angry tantrums
8. Seems to get his employees to do their best work.
9. Secretive and controlling of the press
10. Forced the music companies to setting on a uniform price for their products.
11. No detail is too small for his scrutiny
12. Problem with backdating stock options
13. Apple’s willingness to cooperate with SEC resulted in the SEC taking no action.
14. Originally accepted a salary of \$1
15. Reward – Gulfstream V and the related taxes - \$88 million
16. Stock – restricted shares worth 1.2 billion before tax
17. Conclusion – This is the tip of the iceberg of trying to understand Steve Jobs. Today Steve Jobs is Apple and Apple is Steve Jobs.
18. When will Apple stop innovating? Hopefully, not in my lifetime. I look forward to a lifetime of Insanely Great products.

V. iPhone – SDK – Software developer kit and the iFund

- A. March 7th – Marketing event
- B. Apple is going after the BlackBerry
 - 1. 28% share of the smart phone market, behind Blackberry
 - 2. Sold 4 million phones, goal is 10 million in the first year.
- C. Apple has licensed ActiveSync from Microsoft.
 - 1. It allows users to get email from Microsoft Exchange servers immediately, i.e., just like a Blackberry but via WiFi.
 - 2. Prior methodology, the user would need to launch a browser and access the email account. They would “pull down” their email. Now their email is “pushed” to them.
 - 3. Exchange Contact lists and calendars will also be accessible.
- D. Increased WiFi security
- E. IT departments can wipe out iPhone data remotely in case the phone is lost or stolen.
- F. Software Development Kit
 - 1. Allow developers to create apps
 - 2. Apple is the distributor – 70% of revenue going to the developer.
 - 3. VoIP will work over wireless networks but not over carriers’ cellular networks.
- G. iFund
 - 1. Venture capital firm Kleiner Perkins Caufield & Byers has created a new venture fund.
 - 2. KPCB funded many start-ups including Google and Amazon.
 - 3. \$100 million fund
 - 4. Start-ups dedicated to iPhone software development
 - 5. John Doerr, a partner, iPhone has the potential of the next platform – bigger than the PC.
 - 6. Conclusion – I hope he’s right. And I can hardly wait for a 30GB iPhone.