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## Apple, Under Fire, to Discuss iPhone Friday

By YUKARI IWATANI KANE

Apple Inc. said Wednesday that it will hold a news conference Friday concerning its iPhone 4, which is facing mounting criticism over reception problems tied to antenna design.



Apple addresses a letter to iPhone 4 users following recent complaints about a weak service signal - and says it's due to a software problem, not the antenna design. But how "simple and surprising" is this explanation? Dan Gallagher and Julia Angwin join the Digits show to discuss. Plus: Google looks to expand its empire to the online travel industry.

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An Apple spokesman declined to give further details, including whether the conference will address reported reception problems or Apple's response to those problems. Apple plans to hold the conference at its headquarters, the spokesman said.

Apple watchers speculated that the company will offer a solution. "Given the intense pressure and scrutiny Apple has come under on the problem with the iPhone 4, it's going to be about some kind of fix or compensation for the owners of the phone," speculated Ed Snyder, an analyst with Charter Equity Research.

The Cupertino, Calif., company launched the phone last month to great fanfare as it boasted of a design that put the antenna in a stainless steel band around the phone's frame.

But even as the phone has continued to sell well at stores, it has been plagued with user complaints about dropped calls when the phone is held in a way that covers part of the antenna.

Antenna-design experts have said that the phone design, while cutting-edge, was risky because it exposes the antenna to touch. While this problem can occur in all mobile phone devices, the design of the iPhone 4 makes it more susceptible than others.

On Monday, Consumer Reports magazine said it couldn't recommend the iPhone 4 and suggesting that it had a hardware defect. Its findings, which directly challenged Apple's claims that it was an easily-fixable software issue, were the first time

the product-quality watchdog failed to recommend an Apple phone.



Associated Press

An Apple store employee displays a new Apple iPhone 4.

What started out as a small number of users complaining about reception has now ballooned into a full-scale public-relations issue, potentially threatening to hurt the brand image Apple has so carefully built up.

Apple's ability to maintain the brand image it has worked so hard to build will depend on how it addresses the issue going forward, said Allen Adamson, managing director for Landor Associates, a branding firm. "If they bury their heads in the sand, and don't engage in conversation and act in an arrogant way they're going to erode a bit of their brand," he said.

Apple had maintained silence after making two comments early that downplayed the reception problem. But it has been facing increasing calls by users and analysts to explain the situation and provide some kind of solution.

A recall of the device is unlikely, because since the problem doesn't affect safety and only occurs for some users in certain situations. But financial analysts said Apple could give away its \$29 rubber "bumper" case, which they said would solve the antenna reception problem. Analysts estimate that such action would cost Apple \$1 to \$5 a phone.

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