

## Gore-Tech List

1/17/97	in Ceremonial	1st meeting
2/18/97	Dinner in LA	New Economy, Dashboard idea
3/13/97	Sacramento	Education over Beer and Pizza
4/2/97	Ceremonial	200 CEOs endorsed National Education Standards
4/16/97	Ceremonial	Venture Capitalists & biotech
5/28/97	North Carolina	Research Triangle
6/5/97	Ceremonial	Dashboard demo
6/20/97	Sacramento	Dealing w/ Internet Smut, and Education
6/25/97	Nashville Family conf.	Unveiled Dashboard and education venture fund
10/14/97	Laguna Niguel, CA	Biotech
12/16/98	Seattle, Amazon.com	Silicon Forest
1/30/98	San Jose	First Gore Tech in Silicon Valley
1/31/98	Santa Monica	Multimedia CEOs
3/12/98	San Jose, Cisco	w/ Prime Minister Chernomyrdan
7/16/98	Atlanta, GA	Silicon Valley of the South
10/6/98	Denver, Colorado	The Wired West or Silicon Mountain
10/16/98	St. Louis, MO	w/ Gephardt
11/30/98	Roosevelt Room	E_Commerce
2/27/99	Seattle Washington	RealNetworks
4/30/99	Roosevelt Room	Northern Virginia
5/13/99	North Carolina	IBM

## Talking Points on High-Tech Industry

As you know, I have meeting with a group of high-technology industry leaders in a series of conversations that I call Core-Techs that focus on how we can learn from this new economy and make a difference to real people.

These leaders represent some of the brightest minds from some of the most innovative companies from a sector that is leading the country in innovation and economic growth.

Many have organized themselves around a new set of new ideas where decentralization, customization, flexibility and innovation matter. What we have been discussing is how to unleash the innovate spirit in America and tackle some of the challenges that America faces like providing better educational opportunities and learning how government can transform itself taking advantage of these new ideas.

Bill Clinton and I have worked hard to harness this innovative spirit and to bring new ideas to the table. Our economy is now the strongest in a generation, and a model for the rest of the world. We've really laid the foundation for the new economy -- an economy that's not just better and stronger than the old one, but very different as well.

Today more Americans make computers than make cars. More Americans build semiconductors than construction machinery. More Americans spend their days processing data than refining petroleum. In fact a full third of GDP growth in the past year has come from technology industries.

Of course, when we talk about this new economy, we're not just talking about high-speed data, or mind-boggling technology, or unprecedented opportunities to sell our wares on every continent. We're really talking about our children and our families, right here at home -- what will give them the best future, and the greatest chance to reach their potential and make the most of their lives. We're talking about renewing the American dream itself -- to make certain that the promise of America is always available to those willing to shoulder the responsibilities of Americans.

In this new economy, prosperity depends on one resource more than any other: our people. Their ability to analyze, innovate, work together, and learn throughout their lifetimes. These companies realize that it is human capital that drives the new economy. These high-tech leaders realize that for them to prosper, our education system must succeed.

### So as a result of our conversations:

Last April these leaders brought together a group of 250 high-tech industry leaders to a White House event to announce that they would **endorse the President's national standards and testing initiative.** These industry leaders also agreed to write to all governors, chief state school officers, and state board of

education chairs calling on them to support national standards.

In June, they announced a **new multi-million dollar private sector fund to support public school reform**. The fund, spearheaded by many of these high-tech leaders, will support the start-up, speed-up and turn-around of public schools across the nation.

Also in June they announced a **cutting edge information tool, called the Dashboard**, which will connect parents and teachers through the Internet. For example, parents will be able to track a child's math scores or learn more about their child's homework assignments. This tool was developed when several companies responded to a challenge I issued to find a creative way to help parents be more involved in their children's learning.

And several of these companies stepped forward as a result of our conversations and pledged specific help in **making the Internet family friendly** by pledging to make filtering technology and voluntary rating systems effective, easy to use, and widely available.

This is a new kind of working relationship for a new kind of economy. It demonstrates how we can bring some of the newest technologies to bear on some of our oldest of values. It is an example of the new ideas that we can and must bring to the table to accomplish social changes at a time when we are balancing our budget

# MEETING WITH TECHNOLOGY INDUSTRY LEADERS

Place: Ceremonial Office  
Time/Date: 6:30 PM January 16, 1997

Meeting requested by Jim Kohlenberger  
Briefing prepared by Tim Newell

## EVENT

You are meeting with an inaugural delegation of technology industry leaders from California representing the high-tech industry coalition that endorsed the President and you for reelection in 1996. The delegation, which includes CEOs and senior executives of venture capital, investment banking, information technology, biotechnology, and medical technology companies, will also meet with Leon Panetta and Erskine Bowles.

## LOGISTICS

- You will greet the group, and ask each member of the delegation to introduce themselves.
- You will recognize John Doerr, who is heading the delegation, to lead off the discussion.
- John Doerr will make brief remarks, reiterating this coalition's endorsement of the Administration's accomplishments over the last four years, and expressing the group's desire to work with you both to shape the Administration's technology agenda and to support the Administration's overall initiatives over the next four years.
- You will respond with brief remarks, and engage the group in informal discussion for the remainder of the meeting.

## YOUR ROLE/CONTRIBUTION

- This meeting is intended to be an informal discussion. This is an opportunity to thank these high-tech business leaders who endorsed the President and you for reelection in 1996, and to reiterate your support for the Administration's technology and economic growth policies.
- Just prior to this meeting, Leon Panetta and Erskine Bowles will meet with the group to begin initiating a working relationship and points of contact for political and policy issues of interest to the coalition and the Administration, including designating the team who will work with them on securities litigation.

## PROGRAM NOTES

At this time, Doerr and the other high tech industry leaders who provided political support during the campaign have three goals. First, they are seeking to establish a working relationship with the Administration, in order to help shape the Administration's technology agenda and provide input on economic and regulatory issues that impact high technology industries. They are particularly interested in pursuing legislation to establish uniform federal standards for securities litigation (feeling that the President expressed support for this concept while meeting with them in California last summer), in having input on the choice of the next FDA head, and in the ongoing encryption issue. Other issues of interest include federal R&D investments, intellectual property protection, electronic commerce, privacy, and immigration.

Second, as political supporters, they are also interested in supporting the President's broader agenda, in areas such as improving education, ensuring broad-based economic growth and opportunity, expanding trade, and reinventing government. Their final goal is to work with the White House to expand their coalition over time.

At this meeting, they are not seeking a substantive discussion of these or other issues. Rather, their objective for the meeting is to establish a working relationship with the White House and the Administration, and identify points of contact to begin working toward these goals.

Background on the Industry Coalition -- In 1992, approximately two dozen prominent high-tech business leaders broke from the traditional business community and endorsed Clinton/Gore. During the ensuing 3+ years, conflicts over issues such as encryption and, particularly, securities litigation reform strained relations between the Administration and high-tech industry leaders to the point that by early 1996, it was widely speculated that the Administration's 1992 high-tech business supporters would remain on the sidelines for the election.

In 1996, however, California high-tech industry leaders became politically energized to oppose Proposition 211, a California securities law ballot initiative that would have made it significantly easier to file shareholder lawsuits and expanded liability for corporate board members. By early summer of 1996, John Doerr and other high tech business executives -- many of whom had never previously engaged in political activity -- had assembled an unprecedented high-tech industry coalition in California to defeat Prop. 211.

With the President's decision to oppose Prop. 211 serving as a catalyst, Doerr and the leaders of his coalition expanded their political agenda to include organizing high-tech industry endorsements for Clinton/Gore. By August, 1996, Doerr and his coalition leaders had recruited more than 100 high-tech industry leaders to endorse the President and Vice President for reelection (see enclosed transcript of Clinton/Gore endorsement event with technology business leaders).

## ATTACHMENTS

- Participant List
- Background on encryption
- Background on securities litigation
- Clinton/Gore S&T Overview
- Transcript of 8/20/96 Technology Business Leaders Endorsement Event
- News clips covering Administration opposition to Calif. Prop. 211

PARTICIPANTS:

John Doerr, Partner, Kleiner Perkins Caufield & Byers

Chuck Geschke, President, Adobe Systems

Mark Simon, Managing Director, Robertson, Stephens & Co.

Bill Hambrecht, Chairman, Hambrecht & Quist

Chris Gabrieli, Managing Partner, Bessemer Venture Partners

Kim Polese, CEO, Marimba

Scott Cook, CEO, Intuit

John Seeley Brown, CEO, Xerox PARC (Palo Alto Research Center)

Tina Berger Nova, CEO, Nanogen Pharmaceuticals.

Paul Lippe, General Counsel, Synopsys Corp.

Ted Roth, EVP, Alliance Pharmaceuticals

David Singer, CFO, HeartPort Medical Devices

Jim Kohlenberger

Tim Newell, Deputy Director for Policy, OSTP

## ENCRYPTION POLICY

Encryption is essential to the success of electronic commerce. Cryptography permits creation of a "digital signature," and can also keep personal and corporate information private. Unfortunately this latter capability can defeat government wiretaps and make seized computer files useless as evidence. Since wiretaps are used in only the most serious cases -- preventing the shooting down of an airliner, investigating drug smugglers and terrorists -- the spread of encryption presents a danger to public safety.

The international proliferation of strong encryption would also have a serious national security impact, reducing the availability of electronically gathered intelligence. The government controls the export of encryption products for national security and law enforcement reasons.

U.S. industry is competing in an international market for software and hardware products containing strong encryption. Thus while there are no controls on encryption for U.S. domestic use, industry wants one product to sell globally, and opposes export controls. Industry argues that strong encryption is widely available overseas and that "the genie is out of the bottle." We expect strong industry-sponsored efforts to attack Administration export controls in this Congress.

Although encryption sold overseas is not actually as strong as advertised, the Administration recognizes the need for U.S. firms to compete in a market driven by perceptions. Last year the Vice President announced a program that relaxes export controls for a two-year period in exchange for private sector commitments to create an infrastructure in which copies of decryption keys are stored with a trusted party and accessible to duly authorized law enforcement officials. Other nations are also adopting such a "key recovery" approach. Some countries oppose our interim export liberalization, and may impose their own import controls. We have met for two years with industry to refine our approach, producing some grudging support, particularly among the hardware companies. Opposition remains strong among software companies.

In addition to relaxing export controls, we are investing \$20 million in ten Federal pilot projects to prove that our "key recovery" approach will work. We are developing our own legislation to provide a legal framework and incentives for development of the infrastructure. Finally, we will take administrative actions to help foster a market for key recovery products, including using key recovery for Federal electronic transactions such as electronic tax filing.

Updated: January 16, 1997

Contact: Bruce McConnell 456-3787

January 16, 1997

MEMORANDUM FOR           ERSKINE BOWLES  
FROM:                    Ellen Seidman, NEC  
SUBJECT:                 Securities litigation reform

Background

At the end of 1995, President Clinton vetoed a securities litigation reform bill that, among other things, limited discovery, changed pleading standards and created a "safe harbor" for forward-looking information. Congress overrode the veto. Concerned that plaintiffs' attorneys would bring actions in state courts that had been made more difficult or impossible in federal court, during the California Republican primary California business interests attempted to pass referenda that would have instituted changes such as "loser pays." These failed.

The plaintiffs' bar, supported by labor and some parts of the pension community, as well as the California Democratic Party, then proposed Proposition 211, which was on the November ballot. Business interests vigorously opposed Prop 211. The referendum would have established procedural rules for securities fraud suits in California courts that not only were far more favorable to plaintiffs than the federal rules, but that also applied to any company with any California shareholders. Business interests asserted this would have effectively overridden the federal statute, making California a haven for frivolous securities fraud suits from all over the country.

On a campaign trip to California, which included a dinner with representatives of the high tech community, the President and Leon Panetta stated (and were quoted in the press) that Prop 211 was a bad idea. They also said it was a mistake for each state to establish its own rules regarding an essentially federal body of law. There are certainly people in the community who believe the President said he would support a preemptive federal statute.

Prop 211 lost 75% to 25%. And as Congress adjourned last year, it passed a securities law reform bill that preempts state registration laws for most corporations and can be read, aggressively, as preempting state fraud actions based on those laws.

Current state of play

In February, the SEC will deliver to the President a report he requested outlining the impact of the securities litigation

reform law. Their preliminary conclusion appears to be that, while it is very early in the process, the act does not seem to have had much impact either in reducing litigation or in increasing information available under the "safe harbor." It is far too early to know the impact on potential litigation of the 1996 statute.

Passing preemptive federal statutes -- particularly laws that interfere with the procedures and operations of state courts -- is extremely difficult. Senator Dodd made this point last fall in wondering why we would favor preemption, although he thought there might be a case for such a statute if Prop 211 passed: We understand that Congressman Oxley (R-Ohio), who business interests expected to sponsor a preemptive statute, has declined on the grounds that it's unneeded, too difficult, and not the kind of thing conservative Republicans like to do. Congressman Joe Kennedy is said to be working on a preemptive statute, but it is unclear how far he has gotten.

We have been silent on the issue since the election.

Recommendation

## SCIENCE AND TECHNOLOGY UNDER PRESIDENT CLINTON: AN OVERVIEW

*"Investments in technology drive economic growth, generate new knowledge, create new jobs, build new industries, ensure sustained economic and national security, and improve our quality of life... That is why my balanced budget plan maintains vital investments in science and technology... That is the common ground on which American economic progress and quality of life depend."*

President Bill Clinton  
The White House  
November 8, 1995

Ensuring U.S. leadership in science and technology is a cornerstone of President Clinton's economic and national security strategy. The Clinton Administration is committed to advancing American scientific and technological prowess to promote U.S. competitiveness, create high-wage jobs, maintain America's military superiority, improve education and health care, and protect the environment. That means government policies that encourage -- rather than constrain -- private sector investment and innovation. It also means strengthening our schools and universities, and investing in the development of knowledge and technologies critical to the nation's economic growth, security, and quality of life in the 21st century.

### A RECORD OF ACCOMPLISHMENT:

Creating a pro-growth business and economic climate that promotes private-sector investment in innovation by cutting the deficit and strengthening the economy, reforming regulations to cut government red tape, and opening global trade markets for U.S. high technology exports.

- **Strengthening the economy.** The President's economic plan has cut the deficit by more than half and lowered both interest rates and inflation, strengthening the economy and unleashing investments by private industry in research, innovation, and new technologies. The President's plan will balance the budget by 2002, while maintaining critical investments in research, technology, and education.
- **Cutting government red tape.** The President's signing of the Telecommunications Act of 1996 removed the shackles of outdated laws and regulations from the U.S. telecommunications industry, freeing American industry to lead the world in providing new information technologies to consumers, build the information superhighway, and create millions of new jobs. Common sense regulatory reforms at the Environmental Protection Agency and the Food and Drug Administration have encouraged the use of innovative technologies to restore and protect the environment at lower cost, and are making it easier to develop and market new drugs and medical technologies.
- **Opening world trade markets for U.S. high-technology exports.** President Clinton fought to open world trade markets, and has worked to eliminate trade barriers and strengthen intellectual property protections overseas for U.S. high-technology industries. The President developed a comprehensive National Export Strategy targeting high-technology exports, and eliminated outdated export restrictions to free up billions of

dollars of computer and telecommunications exports for U.S. companies.

**Investing in Research and Education.** While making deep cuts in government spending to balance the budget, each of President Clinton's budgets has increased funding for research, technology, and education investments critical to our future.

- **World-class basic research.** Four years of increased funding for basic research through the National Science Foundation and other agencies to sustain American leadership across the frontiers of science.
- **Advanced Technologies.** Four years of increased funding for technologies essential to our military superiority, and for technologies critical to our nation's long-term economic growth and success in the global information-age economy.
- **Medical Research.** Four years of increased funding for medical research at the National Institutes of Health to seek new cures, new medical technologies, and new ways to prevent diseases.
- **Environmental Research.** Four years of increased funding for environmental research. Launched the Environmental Technology Initiative to develop innovative environmental technologies with the potential to better protect the environment at lower cost while generating jobs and economic growth.
- **Education.** Four years of increased funding for university-based research to yield vital new knowledge and train the next generation of scientists and engineers. Opportunities for college education have been expanded for all Americans, and the President has launched a national 21st-Century Schools initiative in partnership with American industry and communities to transform American schools with new computer technologies.

**Rebuilding our National research agencies and laboratories.** America's premiere government research laboratories and agencies are being reorganized and revitalized for the 21st century.

- **Reinventing Government Laboratories.** Under President Clinton's leadership, the government laboratories supported by NASA, the Department of Energy, the Department of Defense, and other agencies have undergone a comprehensive review, have been given new missions, and are being reorganized to focus more effectively on the most critical economic, environmental, health, and national security challenges facing our country.
- **Revitalizing America's Space Program.** NASA, America's space agency, has been revitalized to ensure U.S. leadership in space for the 21st century. Costs are down, bureaucracy has been reduced, and performance improved. Under U.S. leadership, the international Space Station has been redesigned to cut costs, increase international participation, and expand its capabilities as a world class orbiting laboratory. NASA has launched a new era of scientific exploration using a new generation of spacecraft, and has begun to develop a 21st-century replacement for the aging space shuttle that will be far less expensive to operate, with greater reliability and safety.

Opposing extreme Republican Congressional proposals that would have amounted to unilateral disarmament in the face of growing world competition.

- **Cutting research and education.** Republican budget proposals included cuts of more than a third to the nation's science and technology budget, cuts that would have decimated our nation's ability to perform world-class research, develop new technologies to sustain economic growth, and train a new generation of scientists and engineers.
- **Attacking the environment.** As part of their anti-environment agenda, Republicans sought to slash critical environmental research programs needed to protect our health and global environment, and tried to eliminate research into new environmental technologies with the potential to better protect the environment at lower cost while generating jobs and economic growth.
- **Locking out scientists.** When the Republican Congress shut down the government in an effort to force the President to accept unwise and extreme cuts in research, education, and the environment, America's research laboratories and scientific facilities were idled for weeks on end, halting critical health studies and other research around the country.

#### THE CHALLENGE AHEAD:

Thanks to the changes made over the last four years, America is now better prepared for the challenges of the next century than any country on earth.

- Our scientists and engineers lead in key areas of basic research and technology ranging from biotechnology to aerospace.
- Sound economic policies and a streamlined regulatory system are promoting investment in innovation throughout American businesses, and U.S. high technology industries are poised to succeed in global markets.
- Our national security has been strengthened, and the investments in research and education our nation is making now are paving the way to for Americans to succeed in the new industries of the future.

As we move into the 21st century, President Clinton and Vice President Gore will continue to fight to maintain U.S. scientific and technological leadership.

- 21st-century schools with better-trained teachers, new computer technologies, and access to the information superhighway will provide our children the skills needed to succeed in the global information-based economy.
- Our unmatched system of research universities and colleges will be strengthened, producing new knowledge and the finest scientists and engineers.
- American industry and government will work in partnership to sustain the high levels of technological innovation needed for U.S. companies to compete against expanding international competition.
- New technologies will provide our Armed Forces with the military edge needed to preserve national security and global stability in a complex world.

Contact: Tim Newell, 456-6020

Last Update: July 2, 1996

Copyright 1996 Federal Information Systems Corporation  
Federal News Service

AUGUST 20, 1996, TUESDAY

SECTION: WHITE HOUSE BRIEFING

LENGTH: 3131 words

HEADLINE: TELEPHONE CONVERSATION  
WITH PRESIDENT BILL CLINTON,  
VICE PRESIDENT AL GORE, AND  
CALIFORNIA TECHNOLOGY EXECUTIVES

BODY:

PRESIDENT CLINTON: Hello.

*Dore*  
MR. DORE (sp): Hello. Good afternoon, Mr. President and Mr. Vice President. This is John Dore (sp) in San Jose, California.

PRESIDENT CLINTON: Hi, John. It's nice to hear your voice.

MR. DORE (sp): Can you hear us clearly?

PRESIDENT CLINTON: We can you hear you loud and clear, and the vice president's on the phone with me.

MR. DORE (sp): Terrific.

We're going to move this program right along. I thought I'd describe our setting to you first. We have gathered today some 20 leaders of the California and technology business community, hosted by Mayor Susan Hammer and Congresswoman Zoc Lofgren. Our principal host today is John Warnock (sp) of the Adobe Company, a fast-growing software company. And I'll do a roll call of who you'll hear from today.

I have a few remarks I wanted to make about jobs -- not Steve Jobs; but other jobs. (Laughter.) And then John Warnock (sp), the CEO of Adobe, whose facility we're in, has some comments. Then Steve Jobs wants to talk with us about research, and Yvette del Prado (sp) about education. We're hoping we can hear from you through the course of our conversation today. I do want to say we have both Republicans and Democrats gathered here, and probably some 35 or maybe 40 members of the California media at Adobe's world headquarters. This is a pretty unusual event. We're announcing today that 75 executives from the technology community are endorsing Bill Clinton and Al Gore to be the president and vice president of the United States in 1997. There's really four reasons why; they're themes you'll hear today. It's about jobs and the economy. It's because of what's been done on a global basis with respect to

opening up markets. It's because of the commitment to research and the commitment to education.

If you'll permit, I want to say a few words about jobs, because as a venture capitalist, that's what I'm involved in doing -- helping make jobs. And I think Barron's magazine on August 12th was really quite eloquent. They said that this administration, the past four years that we've enjoyed, has been the best, with respect to the misery index -- that's employment and the consumer price index -- the lowest since the 1960s, reduced inflation, reduction of the deficit by 60 percent, the creation of jobs -- some 10.2 million of them -- and the stock market, which is up 2,000 points in four years.

That's the best performance of any administration on this planet in the last 20 years. Or as Barron's put it, "This is no small beer at all."

I'd say it a little differently. I'd say this administration really gets it. And I want to add that the endorsers today are really very concerned about the economic program that's been put forth by Dole and by Kemp with tax cuts, but unspecified spending reductions that could lead to substantial increases in interest rates.

Right here in San Jose, we have an unemployment rate of 3.7 percent. And there was a piece in the Mercury News, the local newspaper, that said the economy's really working here; all levels of income are rising and prospering as the economy grows.

To close this off, I think it's notable that the California companies that are endorsing you today have created over 28,000 jobs in their companies over the last four years. With that, I'd like to turn it over to John Warnock (sp).

MR. JOHN WARNOCK (sp) (Adobe): Good afternoon, Mr. President.

PRESIDENT CLINTON: Good afternoon, John. Thank you.

MR. WARNOCK (sp): I think it's very important to realize that most technology companies live in a global economy and that the -- our trade with other countries in the world is very, very important to us. Over 50 percent of Adobe's revenues come from outside the boundaries of the United States. And I think we would all like to thank you for your efforts in intellectual property protection, in opening up trade barriers, and providing for a free flow of products, goods and services.

In the technology field, this is extraordinarily important to us. It allows us to grow and enter new markets. And I think that it allows us to create jobs and actually do something about the trade surplus. So, thank you for your efforts. And I'm looking forward for four more years of your policies. Thank you.

PRESIDENT CLINTON: Thank you very much.

MR. DORE (sp): This is a time where we'd like to hear from President Clinton and Vice President Gore -- over to you.

PRESIDENT CLINTON: Well, thank you, John. And I want to thank John Warnock (sp). And I understand that maybe Steve Jobs and that (Yvette) del Prado (sp) are going to talk a little in a moment.

But for all of you who are there, and for the rest of the 75 executives who are not there, let me say on behalf of Al and me and our administration, we are very, very grateful to you for this endorsement, for the 28,000 American jobs you've created in the last four years, and for keeping America moving toward the future. I want to thank Mayor Hammer and Larry Stone and Congresswoman Zoe Lofgren and others who have been working with you and supporting me all along. And mostly, I guess I want to say I appreciate the reasons you gave for your support.

From the time I first came to Silicon Valley, I had been trying to build a consensus in America for a better future. And it's required us to make some changes and to break out of a lot of the political molds that had frozen ideas and people into positions that didn't make much sense; and when we moved toward the 21st century. And we have worked hard to create more jobs and better jobs through reducing the deficit, expanding trade, and investing in people. It is important to do more on research and development, and technology partnerships and education.

I do want to say that today I just signed a bill that is known best for raising the minimum wage for 10 million Americans. But is also contained some very impressive changes in the expensing provisions for small businesses and retirement provisions, to make it easier for really brand-new small companies to take out and keep retirement for the owners and the employees. And it extended the research and development tax credit. I'm sorry that Congress didn't make it permanent, and we'll keep working on that, but I think it's clear to everyone that we can't cut back on research; we can't cut back on technology. And we're going to have to do more in education.

And finally, let me just say I am grateful for the help that so many of you have given to help us bring the benefits of technology into education, into the classrooms, into libraries of this country; for the work that many of you did on the telecom bill; and on our efforts to connect our schools to the Internet.

And with that, I -- I'd like to ask my partner and, oftentimes, my teacher on technology issues, the vice president, to -- to talk. He's worked very hard with many of you on a lot of these issues, and I'd like to give him a chance to say a few words.

But I -- I want to thank you so much for this endorsement, because to me, it says that our administration is the administration that's looking to the future, not the past; fighting for the future, not going for the short-term, easy answers that may get a lot of votes today, but -- but won't build a better future tomorrow. And that really means a lot, and I thank you. Mr. Vice President?

VICE PRESIDENT GORE: Well, thank you very much, Mr. President, for the chance to join in this -- in this event and for your kind words as well. And to everyone gathered together in California on this exciting day, I -- I want to add my words of thanks to those already expressed by the president to the high technology industry leaders gathered there and the elected officials. The president has acknowledged to you, and many of you individually, and I will not repeat that. So let me just say that as a group, you all represent the many leaders in California and around the United States who have worked with us to rebuild our economy, to change our government, and to prepare our nation to succeed in the information age.

The resurgence of California's economy and our nation's economy over these last four years, led by our high-tech industries, is a tremendous success story -- a success for the new companies and new industries being built, a success for U.S. leadership in world markets, and, most of all, a success for the millions of American working men and women who now have new jobs and new opportunity. We've been able to make real change, and when I thank you for that, I really -- I really mean thanks to you as individuals as well, because so many of you have been a source of wonderful advice and guidance. With your help, we passed -- and the president signed -- the first comprehensive telecommunications reform legislation in more than 60 years, freeing up California's high-tech industries and America's high-tech industries to lead the whole world in providing new information technologies to consumers all over the world, to build the global information infrastructure, to complete our own information superhighway, to create all those millions of new jobs and create a lot of new wealth for America's entrepreneurs.

Working together also, we've been able to preserve critical long-term investments in education, research, and new technologies when a shortsighted Congress tried to cut them out. And the president, of course, held firm and said, "No, you cannot do this."

And I appreciated also the reference earlier to the unstated cuts proposed in the other plan, because all of you know that research and research and development turns out to be the first thing to go when you are faced with a big black hole of the kind that they're proposing.

We've tried a different approach. And under President Clinton's leadership, we've been reinventing government, downsizing the government dramatically, by more than a quarter of a million people. The deficit's gone down four years in a row, for the first time since before the Civil War, in a president's term. And that's helped to keep interest rates coming down. We've been cutting red tape with common-sense regulatory reforms that are making it easier for the biotechnology and pharmaceutical industries, for example, to develop lifesaving drugs; reforms that are opening the door for California's environmental technology industry to lead the entire world in deploying a new generation of technologies to clean up and protect the environment at a lower cost. And of course, working closely together, we're transforming our schools with "electronic barn-raising," as the president refers to them, like California's Net Day, which led the nation. We're going to connect every classroom and library in the country to the information superhighway. And we're going to do it by the year 2000. We're going to increase the number of computers in our schools and train our teachers, as well as students, to use these new technologies.

So these are the kinds of things we set out to do with you all four years ago. And your support today shows that we're succeeding. So thank you very much for coming together and creating this exciting event.

MR. DORE (sp): You know, Mr. Vice President, your comments are a perfect segue into our next endorser. He's a three-time successful entrepreneur; Steve Jobs, the CEO of Pixar and of NEXT and the founder of Apple Computer. Steve?

MR. STEVE JOBS (CEO of Pixar and NEXT): Hello, Mr. President and Vice President.

PRESIDENT CLINTON: Hi Steve.

VICE PRESIDENT GORE: Hi Steve.

MR. JOBS: You know, I've lived in Silicon Valley since I was 5 years old. And the past four years have been the best Silicon Valley has ever seen in terms of growth in revenues, jobs, international market share and just sheer momentum, as well as the sharing of the success with the employees in the Valley, through stock options and IPOs. Some of the companies here have literally doubled in size since you and the vice president took office four years ago. These are companies -- not even small companies -- just companies like Intel and Hewlett-Packard, who have added billions of dollars to their revenues and bottom lines; and other companies like Netscape, which is almost a household name today. We need to remind ourselves that Netscape started only halfway through your first term and is now a \$300-million company.

PRESIDENT CLINTON (?): Amazing.

MR. JOBS: Silicon Valley doesn't traditionally look for handouts, doesn't look for special tax credits. What it looks for is a solid business climate based on economic policies that make sense. And I think we all feel that we've had that over the last four years. And what we're looking for is for that to continue for another four years and for it to be guided with the same principles that have brought us here.

The R&D investment will be there naturally. We have started over 300 companies in Silicon Valley during the past 12 months, with no federal assistance, all through the private sector, based on the business climate. And I think it will be true that if your policies continue for the next four years, we will have an incredible investment in research and development through the private sector, based on the promise of a strong business climate when these companies mature.

So I very much support yourself and the vice president continuing these policies for the next four years, and I hope we see four more years. Thank you very much.

MR. DORE (sp): Now we'd like to hear from Dr. Yvette del Prado (sp), the vice president of external affairs at (Silicon's ?) Graphics.

MS. DEL PRADO (sp): Thank you. Good afternoon, Mr. President and Mr. Vice President. I wish my parents could be here today as I thank our president, not just for all of your reforms

and for continually thinking out of the (box ?) and for making a difference, but for your belief, because I know that you believe a little girl can grow up poor, learn to speak English at school, and grow up to be an executive in a high-tech company. And I thank you for believing that. I thank you too for keeping your word to America's children and youth -- your tough economic plan to cut the deficit and protect their future. The millions of new jobs created give hope to their parents. Those parents can now provide the foundation ensuring America's children grow up healthy and strong, and are a part of the solution.

Thank you so much for leading us into the future, not into the past; for understanding that we must have a commitment to lifelong learning; that knowledge is the currency of the information age; and that our schools, universities, and laboratories are the mints.

Thank you, Mr. President and Mr. Vice President, for providing the outstanding leadership in developing the global information infrastructure, for leading the national campaign to bring America's schools into the information age. Thank you for working with all of us and with our industries and the communities to connect every classroom in America to the Internet.

You were here with us last spring as many of our employees and parents worked side by side in support of their children and schools.

We're looking forward to your continued leadership to provide the inspiration and determination to make this happen again.

You've made the right long-term investments, Mr. President -- in education, research, and the technology needed to ensure our children have the opportunity to succeed in today's and tomorrow's high-tech, global information-age economy. You've got it right, Mr. President. Thank you so much. Bye.

PRESIDENT CLINTON: Thank you, Yvette (sp).

MR. DORE (sp): So let's summarize: Seventy-five high-tech executives are saying on four counts, whether it's the economy, reducing the deficit, shrinking the size of government, creating jobs, or on opening world markets, or investing in research or education, this administration gets it. And so it's really unprecedented for 75 leaders to come together and to endorse them. You get it, and we're glad we've got you and are looking forward to you for another four years.

PRESIDENT CLINTON: Well, John, I can't thank you enough, all of you, for this call -- and those who are not there. I thank those of you who crossed party lines for making a leap not only for your companies and your employees, but for our country.

And I can only ask that you would continue to make your voice heard on the issues that you discussed with me. It's very important that Americans understand how much we benefit from trade and that, on balance, we are big net winners when we increase trade, that we get more high-paying jobs out of it. It's very important that Americans not be lured from what so far has been a very impressive national resolve to keep reducing the deficit and balance the budget. And

people need to understand that if you have to borrow money to get a tax cut today, that just means higher interest rates immediately, and that means fewer jobs, fewer new companies, and higher home mortgage payments and car payments and credit card payments. And people will lose the benefit of it and, more importantly, lose the benefit of the brighter future that we're building. And I hope you can get that across.

And finally, your -- your statements about education and research and technology -- and I might add to that the importance of investment in environmental cleanup, which is basically preservation and enhancement, all of which involve high technology -- this -- this is very important. We -- we need this election to be a referendum on the future. People need to vote for the future. They need to vote for their family's future, their children's future, their nation's future.

And you can help shape that. I don't think you have -- maybe you don't even have any idea (of ?) the kind of appeal that -- that your voice has to Americans all over this country, who see you as our -- our leaders in the march to the future. And if we can make this election a referendum on the future, I have no doubt how it'll come out. And the most important thing is, the American people will be better off. And you -- you've taken a big step toward that today, and I know the vice president and I are both very, very grateful to you and also to those who are not there. To all 75 of you, thank you very, very much.

MR. : Thank you.

MR. DORE (sp): Thanks, Mr. President, Mr. Vice President.

PRESIDENT CLINTON: Thanks. Have a good day. You have more of it left than we do. (Laughter.)

MR. DORE (sp): That's right.

PRESIDENT CLINTON: Goodbye.

MR. : Bye.

MR. DORE (sp): Bye.

END

LANGUAGE: ENGLISH

LOAD-DATE: August 21, 1996

# Tech debate takes new turn

BY RORY J. O'CONNOR  
Mercury News Washington Bureau

1/15/97 WASHINGTON

**D**ebates over "encryption" technology, online privacy, universal Internet access and online copyright rules are among the top technology issues likely to be considered by the 105th Congress and the second Clinton administration this year.



Unlike 1995 and early 1996, when the huge revision of the nation's telecommunications laws put technology in the Washington spotlight, none of 1997's issues is expected to be center stage.

But what Washington does when politicians and regulators deal with these issues could have significant impact on both the economy of Silicon Valley and on consumers.

The issues:

## Encryption

Perhaps the most controversial and seemingly intractable high-tech issue in Washington is that of the rules for exporting "encryption" technology. That refers to complex mathematical formulas used to turn computer data, electronic mail, or credit card numbers on the Internet into code that can't be read by eavesdroppers.

The nation's top law enforcement officials have been battling most of the computer industry, and many public-interest groups, for nearly five years. While the issue is complex and its details are being hammered out,

providing privacy and security — both personal and commercial — and those who fear it will let criminals, terrorists, industrial spies and foreign governments conceal their communications from U.S. officials.

At the end of December, the Clinton administration issued export rules for the technology that it believes strikes a balance between the two sides. But most of the industry and privacy advocates have blasted the plan. And a San Francisco federal judge ruled last month that the plan violates the First Amendment's free speech protections.

Toward the end of the last congressional session, several influential lawmakers — including then-Senate Majority Leader Bob Dole — signed onto a proposed law that would bar the government from regulating encryption technology at all. Those measures, which did not reach a vote, are expected to be introduced again early this year. Expect a pitched battle.

## Intellectual property

The boom in the Internet and high-capacity digital recording media like the compact disc have accelerated debate on how to change U.S. and international copyright laws to adapt to the information age.

Movie producers, record companies, publishers and database providers all say that, without strict new rules, there will be widespread piracy of their work if they put it on the Internet.

The rules are opposed by a diverse group comprising educators, librarians, consumer groups, Internet service providers, consumer electronics manufacturers and some computer makers.

Last year, Congress held several hearings on controversial legislation that would have, among other things, held Internet service providers liable for copyright infringement by their subscribers. The rules would also, according to opponents, have curbed the traditional "fair use" doctrine, that gives schools, libraries and consumers some rights to use copyrighted material without paying a royalty.

The bills never made it out of committee. But in December, U.S. negotiators in Geneva got many of the same provisions adopted in a proposed extension to the international treaty on copyright. The Senate must approve the treaty for the U.S. to officially adopt it; there is likely to be some opposi-

The FCC is expected to be the site of many high-tech battles in 1997, and one of the toughest will be over "universal service." Uni-

versal services means telecommunications services must be available at affordable rates to anyone in the United States.

Part of the massive telecommunications bill passed a year ago mandates that schools, libraries, hospitals and other public places get cut-rate Internet access. In effect, access to electronic services are considered as essential as access to a telephone line, and that access needs to be subsidized.

Late last year, the FCC set out a plan to provide discounts of up to 90 percent on Internet service to schools, and called for a \$2.5 billion annual fund to pay for it. The burning question, of course, is who will pay and how the money will be collected and then redistributed. Expect a big fight between phone companies and Internet providers over.

## Taxes

Government runs on taxes, and the popularity of the Internet hasn't gone unnoticed by officials looking for new sources of revenue to pay for schools, roads, police and the like.

That's a frightening prospect to many Internet companies, who worry they will be viewed as a cash cow — and that regulations will follow taxes.

The most immediate concern involves so-called "access charges" — the fees that various telecommunications companies, like long-distance carriers, pay to local phone companies to connect to their lines and equipment.

Local phone companies have been pushing the FCC to make Internet providers pay the fees, too, arguing that Internet use is tying up the phone network with lengthy calls between computers. So far, the FCC has balked at that proposal.

But the agency is preparing to scrap the current access charge system for a new scheme to help subsidize phone and Internet service to schools, rural areas and the poor. Internet companies are afraid they'll wind up paying under that scheme, too. They'll get their first glance at the FCC's plans on Tuesday, when the agency's chairman speaks about it in Washington.

In the long term, companies are worried that business conducted over the Internet will be taxed by the federal government, as well as by states and local agencies.

Many industry executives are heartened by a pair of Clinton administration research reports, or "white papers" — a fall report from the Treasury Department and a December draft position paper by top Clinton adviser Ira Magaziner. Both papers say that

rushing to tax the Internet or electronic commerce either nationally or internationally would hurt the growth of that industry and the nation's economy.

Silicon Valley interests are also worried about general tax rules that could be modified by Congress as it grapples with budget deficits, the impending problems of Social Security and the explosive cost of Medicare. They will keep a close eye on any attempts to reduce or eliminate tax credits for research and development, foreign tax credits and the controversial capital-gains tax.

### Privacy

With the push for a national system of computerized medical records, increased use of the Internet by marketers, and the proliferation of "junk" e-mail, the issue of keeping personal information off computers has become a significant one.

Legislation to protect privacy could be the "sleeper issue of the Congress" this year, said Ken Kay, executive director of the Computer Systems Policy Project. In 1996, high-profile complaints about the sale of electronic mailing lists of the names and addresses of children led to the introduction of legislation to outlaw the practice. In the past few days, further legislation was introduced that would forbid Internet Service Providers to release the names or other personally identifiable information to "third party" groups, like mass mailers.

The Federal Trade Commission issued a report in December calling for increased scrutiny of the collection and use of personal information via computer, and for individuals to be in control of who collects data about them and for what purpose it is used.

### Trade and tariffs

Computer and software companies are close to achieving a sort of Holy Grail: eliminating most, if not all, tariffs on their goods throughout the industrialized world by the end of the century.

American high-tech companies claim that protectionist fees in various countries cost them billions of dollars each year and stifle the growth of their business in foreign markets.

They are eager for U.S. trade negotiators to persuade enough countries to adopt the measures — the pact requires the approval of a combination of nations that would represent 80 percent of the

world's current market for high-tech goods and services.

In the short term, the industry is concerned about "staging" of the pact, according to Tom Gann, who represents Sun Microsystems Inc. in Washington. That is, even if a country agrees to the pact, will it drop its tariffs immediately, or phase them out, or wait until the deadline in 2000?

Even if the so-called Information Technology Agreement is adopted, however, there remain other free-trade issues the high-tech industry wants the U.S. government to deal with internationally. One is how different U.S. products are classified when they are exported; Europe, for example, considers many multimedia computers to be televisions, which are subject to much higher duties than computers.

### Securities litigation

Last year was a scary one for many large Silicon Valley firms, fighting to shelter themselves from frequent lawsuits by investors when the volatile market sends their shares down.

First, President Clinton vetoed a law making it more difficult to bring such lawsuits. (The veto was overturned.) Then companies spent huge sums defeating Proposition 211, which would have made it easier to file such suits and exposed corporate directors to expanded liability.

Determined to quash the threat for good, Silicon Valley interests want a federal law banning other states from enacting their own versions of Prop 211. The industry is concerned most about states where it's relatively easy to put an initiative on the ballot, as it is in California, or where existing state laws are looser than federal rules, inviting people to file suit in those jurisdictions.

The American Electronics Association is making the issue its top legislative priority for 1997, said Michael Timmeny, vice-president for domestic policy.

"We've established a coalition in Washington, essentially the same that pushed for securities litigation reform last year, and we've been having regular meetings," he said. He said several legislators have expressed interest in the effort, including Tom Campbell, R-California; Anna Eshoo, D-Palo Alto; Christopher Cox, R-Newport Beach; and Joseph Kennedy, D-Mass.

### Legal immigration

Last year's contentious battle to change the nation's immigration laws eventually dealt with only part of the issue: that of

people who enter the United States illegally.

If the immigration issue resurfaces in 1997, which many people believe it will, the spotlight will be on the much larger number of people who come to the U.S. legally. Many of them migrate here to work in the high-tech industry.

Silicon Valley companies insist they desperately need foreign engineers, scientists and computer programmers with the latest skills to fill thousands of key jobs. The number of U.S. workers or recent college graduates with those skills isn't nearly enough to fill the openings, they contend.

But groups representing engineers, whose ranks include thousands of middle-aged workers laid off from the shrinking aerospace and defense industries, say there is plenty of U.S. talent to fill the jobs, especially if the country invests in retraining. They contend U.S. companies are simply more interested in foreign workers because they command salaries far lower than experienced U.S. workers.

Last year, high-tech companies rallied their supporters to delete reductions in legal immigrant quotas from the Immigration bill. But without the emotional illegal immigrant issue to capture the public interest, it could be harder to defeat the caps in 1997.

### Congress

During the 104th Congress, computer users got their first chance to look at the workings of

their legislature online.

Thanks to the Thomas system at the Library of Congress, copies of bills and the Congressional Record were available quickly to anyone, in Washington or not.

But the real work of Congress is done not on the floor but in its committees, which were not required to post their doings on the Internet — and mostly didn't. That's set to change this year, at least for the House. Part of the new House rules adopted Jan. 7 calls for each committee "to the maximum extent feasible, make its publications available in electronic form."

The new rule has the potential to give the folks back home the same view of legislation in progress as Washington lobbyists.

But a House committee must first decide what documents fall under the rule; and what constitutes appropriate publication. Rep. Vernon Ehlers, R-Mich., who plays a key role in computerizing the House, calls it "absolutely essential that every document available in hard copy also be made available on the Internet" at least as soon as it is printed.

Some activists, while pleased that there's been any movement, are not confident that Congress will be willing to put enough material online to give Internet users a real-time chance to interact with the law-making process. That would threaten the political advantage now enjoyed by lobbyists in Washington — people who make campaign contributions.

## Attendees

### Los Angeles, February 18, 1997

John Doerr	Partner, Kleiner, Perkins, Caufield & Byers
Scott Cook	CEO, Intuit
Kim Polese	CEO, Marimba
Ted Roth	EVP, Alliance Pharmaceuticals
Wade Randlett	DLC/CA
Marc Andreessen	Founder & Vice President of Technology, Netscape Communications
Eli Broad	CEO, SunAmerica
John Cooke	EVP, Corporate Affairs, Walt Disney Co.
Gary Fazzino	Vice President, Hewlett-Packard Corp.
John Gage	Chief Science Officer, Sun Microsystems
Bernie Gifford	Chairman, Academic Systems
Kip Hagopian	Partner, Brentwood Capital
Irwin Jacobs	CEO, Qualcomm
John Kernan	CEO, The Lightspan Partnership
Gilman Louie	CEO, Spectrum Holobyte
Halsey Minor	CEO, Cnet
Bob Squier	Chairman, Squier, Knapp & Ochs
John Stremple	Retired School Superintendent
JóAnne Weiss	CEO, Academic Systems
Jerry Yang	Co-Founder, Yahoo!

### Fairmont Hotel, Friday, June 20, 1997

Halsey Minor	CEO	C/NET
Jerry Yang	Founder	Yahoo!
Joe Kraus	Senior VP of Business Development	Excite
Deborah Triant	CEO	Checkpoint Software
Marc Andreessen	Co-Founder	Netscape (tentative)
Roberta Katz	General Counsel	Netscape
Mike Morris	General Counsel	Sun Microsystems
Andre Anker	CEO	Hotwired
Roger McNamee		Integral Capital Partners
Carl Jacob		Dimension X
Sky Daton	CEO and founder	EarthLink
Dan Case	CEO	Hambrecht & Quist
Rob Bergess	CEO	Macromedia
John Gage	Chief Scientist	Sun Microsystem
Dexster Smith	CEO	Pangea Systems
Mark Michael	General Counsel	3Com

# Meeting w/ High Tech CEOs

Ceremonial Office

1:15 PM, Wednesday April 2, 1997

Meeting requested by Jim Kohlenberger

Briefing prepared by Tim Newell/Jim Kohlenberger

## EVENT

You are meeting with technology industry leaders to discuss education issues.

## LOGISTICS

- You will greet the group. Note: some of the executives will have children with them. The children will depart for a White House tour following greeting/photo with you.
- Once the group is seated, John Doerr will introduce the members of the group to you.
- You will give brief remarks.
- Following your remarks, Doerr will call on individual executives to report on specific education initiatives, and will lead informal discussion with you on next steps for education initiatives related to your Family Conference.

## YOUR ROLE/CONTRIBUTION

- This will be the fourth in a series of meetings you have held with technology industry leaders to discuss education and other issues. Approximately one-fourth of the participants will have been part of previous meetings.
- An important purpose of this meeting is to thank John Doerr and the group. At your request, they recruited a bipartisan group of more than 200 technology industry leaders to endorse the President's national education standards/testing initiative, and have come to the White House today to participate in an event with the President and yourself to announce this endorsement.
- You should encourage comments or input from the group on the education issues to be discussed, or other issues. This meeting will provide the only opportunity during this visit for most of these executives -- many who have traveled from California -- to interact in a substantive fashion with anyone from the Administration.

## PROGRAM NOTES

You will be briefed by Doerr and the CEOs on the status of various education initiatives that you requested they pursue in your meeting with them last month, for announcement at your Family Conference. Those issues include:

- designing a "dashboard" interface to improve the ability of parents, teachers, students, and school administrators to use new information technology to improve learning (intended for announcement at your June family conference).
- designing/supporting the development of a new school concept.

In your last meeting with this group, you raised the issue of these industry leaders working with you to design a new school concept for the 21st century that could be established around the country. This meeting provides an opportunity for you to develop that challenger further by:

- 1) identifying your team of nationally-recognized education leaders for them to work with on designing the "principles" that will define these new schools;
- 2) asking them to work with you to develop a "venture fund" to support the start-up costs for these new schools.

## ATTACHMENTS

- Participant List

## Talking Points for High Tech CEO Meeting

- First off, I'd like to thank you for following through on the request I made at our meeting in Los Angeles that you endorse the President's education standards and testing. You have done a tremendous job in bringing together a fantastic group of endorsers. It looks like it is going to be a great event as a result of the work you have done.
- I think we all know that this announcement today is important for what it means for our children's education. Our number one priority must be to give our children the best education in the world. But this announcement is also important for what it means for the high-technology community. I can't tell you how important it is to see your community engaged in issues that are important to all of us.
- The announcement today is just one part of the work we are doing together. For those of you who are new to this discussion we have been meeting on a fairly regular basis to get to know one another and using the issue of education and the family conference I will host in Tennessee in June as a vehicle for our discussions.
- So what I'd like to do today is to continue our conversation. I thought we could start by getting an update on two of the projects that we have been talking about -- the dashboard and the creation of a new kind of charter schools that will incorporate some of the latest research about how children learn. I will work with you to identify a group of nationally recognized educational leaders that will work with you on designing the principles that will define these new schools. But the piece you know best is how to start up a new venture. Where I specifically need your help is in developing a venture fund to support the startup costs for replicating this school idea across the country.
- John, do you want to comment?

**Tentative: CEO'S/ Senior Executives Attending 4/2/97 Meeting with the Vice President**

ANDREESSEN, Mr. Mark	Netscape
BROWN, Mr. John	Xerox PARC
CASE, Mr. Steve	AOL
DEZELL, Mr. Jim	NetSchools Corp
DOERR, Mr. Lewis John	Kleiner, Perkins, Caufield & Byers
DYSON, Ms. Esther	Edventure Holdings
ELLINGTON, Mr. Dave	Net Noir
FIDDLER, Mr. Jerry	Wind Reverse Systems
FREIDENRICH, Mr. John	Bay Partners
GOLDBERG, Mr. Michael	ONCare
HENSCHHEL, Mr. Peter	Institute on Learning & Research
HORNTHAL, Mr. James	Preview Media
KAUFMAN, Mr. Mike	NetDay
KERNAN, Mr. John	The Lightspan Partnership
KOLOWICH, Mr. Michael	Individual Inc.
KRAUS, Mr. Joe	Excite
LIPPE, Mr. Paul	Synopsisys
MILLER, Mr. Harrison	The Lightspan Partnership (may be a regret)
PERLMAN, Mr. Steve	WebTV
POLESE, Ms. Kim	Marimba (May be a regret)
RANDIETT, T. Wade	DLC
SANTULLO, Mr. Michael	Four11 Corp.
STERNAN, Dr. Wes	Heartport
WALKER, Mr. John Peter	Arris Pharmaceuticals
WESTLY, Mr. Steven	WhoWhere
WIEZBOWSKI, Ms. Sharon	Arris Pharmaceuticals

# Meeting w/ High Tech CEOs

Sheraton Imperial Hotel  
5:15 - 6:00 Wednesday, May 28, 1997

Meeting requested by Jim Kohlenberger  
Briefing prepared by Jim Kohlenberger

## EVENT

You are meeting with John Doerr and a group of North Carolina high-tech CEOs. You will recall that you and John talked about expanding your discussions to other parts of the country to expand the network. This is the first such expansion. Since John is the only one here who you have met with previously, this meeting is a good opportunity to spend time getting to know this group of innovative leaders. The North Carolina Electronics and Information Technologies Association (NCEITA) was very helpful in pulling this meeting together.

## YOUR ROLE/CONTRIBUTION

- This is an opportunity for you to begin building a relationship with these technology leaders. While not mentioning Microsoft directly, you may want to talk about some of the themes from your Microsoft speech. As always, they care about the future of education.

## PROGRAM NOTES

- **John Doerr and Family Conference.** You will have several minutes in your hold with John Doerr in advance of the meeting. A separate memo is attached discussing where Doerr is on developing a school reform venture fund, some options for you, and some suggested talking points.
- **North Carolina Technology.** North Carolina is now becoming a high tech state. The 2,603 high-tech establishments in North Carolina boosted employment by 18% from 1990 to 1995. And those high-tech jobs pay 75% more than other jobs in North Carolina. Now 36 of every 1,000 workers in North Carolina are employed by high-tech firms.
- **Netday in North Carolina.** An estimated 26,000 volunteers wired 900 public and private schools on October 26, 1996, something that would have cost taxpayers \$13.5 million. Charlotte-Mecklenberg, the state's largest system, is wiring 110 of its 130 schools beginning this last spring.

## ATTACHMENTS

- Participant bios
- Memo on Doerr and the Family Conference (to be provided)

## Participants

**James Bensman**  
Chairman and CEO  
Cedalion Education  
Charlotte, NC

---

James Bensman is the Chairman and CEO of Cedalion Education. Cedalion, with support from DukePower, NationsBank, First Union and The Bank of Stanley, launched certified technical education in the Charlotte-Mecklenburg and Stanly County public high schools. The 50 students graduating from the program May 28, will in addition to their high school diplomas, be Novell Certified Network Administrators (CNA), and enter the workforce with a technical skill. Previously Mr. Bensman was CEO of SAP America, CEO of Sales Technologies, Inc. and CEO of WDS, Inc.

### **Cedalion Education**

Cedalion Education is a professional services company specializing in Local Area Network and Client/Server Technology training. Cedalion Education provides quality vendor-authorized training in technical products developed by Microsoft, Novell, Lotus and Powersoft. They also provide Technology Cross Training<sup>SM</sup>, customized education for open multi-vendor distributed environments.

**Betsy Y. Justus**  
President  
The North Carolina Electronics and Information Technologies Association  
Research Triangle Park, NC

---

Betsy Justus was selected as the first executive director of the North Carolina Electronics and Information Technologies Association shortly after its inception in June 1993. Under her leadership, the organization has grown from a 30 company start-up to its current membership of over 260 companies. Ms. Justus is the former Secretary of Revenue for the State of North Carolina, and former Commissioner of the North Carolina Employment Security Commission. She has also worked extensively in the banking community.

**The North Carolina Electronics and Information Technologies Association**  
NCEITA is the primary trade association for the electronics and information technologies industry in North Carolina. Formed in 1993, NCEITA currently has approximately 260 members statewide, ranging from multi-nationals to entrepreneurial start-ups.

**Kimberly K. Chapman**  
Founder and President  
Network Services, Inc.  
Raleigh, North Carolina

---

Kimberly Chapman is the Founder and President of Network Services, Inc., a Raleigh, NC-based telecommunications services constancy. Previously, Ms Chapman was the Executive Vice President, Marketing & Customer Relations for BTI, Inc., a Raleigh-based telecommunications provider. She is a 1983 graduate of Purdue University with a BA in Communications and Marketing. In 1993, Ms. Chapman was appointed to the North Carolina Entrepreneurial Advisory Council by Governor Jim Hunt. Ms. Chapman is the 1997 Chair of the North Carolina Electronics and Information Technologies Association.

**Network Services, Inc.**

Network Services, Inc. was founded in 1996 to provide comprehensive communications solutions to commercial clients. NSI aides organizations in navigating through the maze of offerings by providing full range of consulting based services specialized in network requirements for LAN/WAN integration, long distance, local access, video conferencing, Internet and wireless services. Utilizing their expertise and alliances with over ten telecommunications providers, NSI makes cost effective, reliable recommendations.

**Barry W. Eveland**  
Vice President Logistics, IBM Personal Computer Company  
Senior State Executive  
International Business Machines Corporation  
Research Triangle Park, North Carolina

---

Barry W. Eveland, Vice President, Logistics for the IBM Personal Computer Company, and Senior State Executive, joined IBM in 1966 as an Industrial Engineer in the Federal Systems Division, Owego, New York. Mr. Eveland transferred to IBM's Research Triangle Park, North Carolina facility in 1970 where he has held various management positions in Information Systems, Industrial Engineering and Manufacturing Planning. In January of 1997 Barry was named as the Senior State Executive for IBM in North Carolina. In this role, he continues to serve as Senior Location Executive for the RTP site as well as Vice President, Logistics for the IBM PC Company.

**IBM**

IBM is an International Manufacturer, developer, and distributor of products and services in the information technology industry. Its PC Manufacturing facility is located in Research Triangle Park, NC.

**Randall Fraser**  
President  
Time Warner Cable  
Raleigh, North Carolina

---

Randall Fraser is currently the president of Time Warner Cable in Raleigh, NC. He is a graduate of the University of Florida in Tampa, Florida, with a BA in Mass Communications. In addition to his work with NCEITA, Fraser serves on the Board of Directors of the Raleigh Chamber of Commerce, the Board of Directors of the North Carolina Cable Television Association where he chairs the Public Affairs Committee, the Board of Directors for the North Carolina Society to Prevent Blindness, the Wake United Arts Board and the North Carolina Center for Public Policy Research Board. He is also the Treasurer for the North Carolina Board of Public Telecommunication Commissioners and Chairman of the Raleigh Housing Authority Scholarship Fund Board. He spent six years on the Board of Directors for the Wake County United Way.

#### **Time Warner**

Time Warner Cable is a growing and recognized quality provider of entertainment, information and telecommunications services with a commitment to excellence through customer service, professional representatives, community involvement and innovation. Owned by Time Warner Entertainment - Advance/Newhouse Partnership, Time Warner Cable has provided cable service to much of the Triangle area for over 20 years. They currently serve approximately 370,000 customers across portions of Wake, Durham, Orange, Chatham, Granville, Franklin, Cumberland, Moore, Columbus, Robeson, Johnston, Hoke, Wayne, Wilson and Pitt Counties.

**James Fletcher Goodman**  
President and Chief Executive Officer  
Capitol Broadcasting Company, Inc.  
Raleigh, NC

---

Since 1979, Jim Goodman has served as President and CEO of Capitol Broadcasting Company. He joined the company as the Operations Manager of WRAL-TV in 1968, and has steadily brought Capitol Broadcasting into all areas of broadcast technology, including television, radio and online communications. In April of this year, Goodman was inducted into the Journalism Hall of Fame at the University of North Carolina, joining such journalists Tom Wicker and Charles Kuralt. Goodman wants to be on the Public Interest Commission for digital television but it looks like it may not happen.

#### **Capitol Broadcasting Company**

Capitol Broadcasting Company is composed of a number of wholly-owned subsidiaries covering broadcasting, news services and internet access providers. Capitol Broadcasting Companies includes WRAL-TV, Raleigh and WJZY-TV, Charlotte, WRAL-FM, Raleigh, The North Carolina News Network, Capitol Sports Network, Capitol Information Services (Interpath) and the Durham Bulls Baseball Club. Capitol Broadcasting Company was one of the first FCC licensees of HDTV.

**Wallace O. Green**  
President  
Paragon Technologies, Inc.  
Raleigh, NC

---

Wallace O. Green is president of Paragon Technologies, Inc. a Raleigh, North Carolina-based manufacturer of precision metal fabricated components and assemblies. Prior to establishing Paragon Technologies, Green founded ABLE Manufacturing, a diversified machining, fabrication and assembly company, also based in Raleigh. Mr. Green has served as Vice President, Council on Foundations (Washington, DC), Assistant Secretary and Deputy Under Secretary of the Department of the Interior (under former Interior Under Secretary James A. Joseph) and as staff director for two Congressional Committees (Federal responsibilities and relationship with the District of Columbia; Congressional participation in our Nation's bicentennial celebration).

#### **Paragon Technologies**

Paragon Technologies is a Raleigh, North Carolina based manufacturer of precision metal fabricated components and assemblies. The company services major telecommunications, electronics and consumer products customers. Paragon is also an investor in Mosher Cable, a data and telecommunications cable assembly enterprise located in Garner, North Carolina.

**Richard Holcomb**  
Chairman  
HAHT Software  
Raleigh, NC

---

Richard Holcomb, is chairman and chief executive officer of HAHT Software. Prior to starting HAHT, he founded Q+E Software in 1986 and served as its president. By the time it was sold to INTERSOLV, Inc. in 1994, Q+E had become the leading supplier of client/server database technology for the software industry. Mr. Holcomb was named 1993 Technology Entrepreneur of the Year in North Carolina (an award sponsored by Ernst & Young, Inc. Magazine, and Merrill Lynch) and Entrepreneur of the Year by BUSINESS NORTH CAROLINA. In 1996, he was awarded Top Gun Entrepreneur of the Year by Business Leader magazine. Mr. Holcomb is a current board member and past chairman of the North Carolina Electronics and Information Technologies Association (NCEITA).

#### **HAHT Software**

Founded in 1995, HAHT has integrated development system software that allows organizations/companies to extend existing business applications onto the internet or intranet. It's flagship product, HAHTsite, has won numerous national awards, including Windows Magazine Windows 100, NetGuide Editor's Choice, Software Magazine Internet 25 Award and PC Week Lab's Analyst's Choice (March, 1997). HAHT has sales and support offices in more than fifty locations in North America and several in Europe.

**Darleen M. Johns**  
Founder, Owner, President,  
Alphanumeric Systems, Inc.  
Raleigh, NC

---

Darleen Johns founded Alphanumeric Systems, Inc. in 1979 as a distributor of word processing equipment. Over the next 18 years Ms. Johns evolved her company, along with the emerging technologies, to become one of the fastest growing systems integrators in the country. Prior to founding Alphanumeric, she worked with the North Carolina State Government. Ms. Johns is a product of the North Carolina Public Education System.

**Alphanumeric Systems, Inc.**

Alphanumeric Systems provides business solutions through consulting, design and integration of computer systems and offers service, support and training for LAN/WAN and UNIX based platforms. Under the tutelage of founder Darleen Johns, the company has grown from 3 employees in 1979 to over 150 employees with sales of over 32 million dollars in 1996. Alphanumeric Systems, Inc. was recognized nationally by Technology Transfer Business for its 650% revenue growth from 1990 to 1994.

**Hisao Kanzaki**  
Executive VP and CEO  
Fujitsu Network Communications  
Raleigh, North Carolina

---

Hisao Kanzaki is executive vice president and chief operating officer of Fujitsu Network Communications. In this position, his third major assignment in the United States, he is responsible for the overall direction and operation of the Fujitsu Limited subsidiary as well as a member of the board of directors. Mr. Kanzaki a member of the Board of Directors for the Greater Raleigh Chamber of Commerce and as past president of the Triangle Japanese Business Association.

**Fujitsu Network Communications**

Fujitsu Network Communications, Inc. is a leader in developing, manufacturing and marketing fiber-optic networking and broadband switching platforms for delivering voice, data and video services to residential and business users. The company also develops software that allows customers to perform in-service management and monitoring of the network. Customers include local exchange carriers, interchange carriers, competitive access providers and cable TV operators, as well as large private networks in North America. Fujitsu Network Communications is part of Fujitsu Limited, a \$35.5 billion global technology leader in computers, telecommunications and microelectronics.

**Peter T. Loftin**  
President & Founder  
BTI, Inc.  
Raleigh, NC

---

Mr. Loftin incorporated BTI (Business Telecommunications, Inc.) in November 1983. In the late 1970's he saw the potential in the fast-changing telecommunications industry, and in the early 1980's started several other telecommunications companies. In 1984, he founded the North Carolina Long Distance Association, representing the state's independent long distance carriers. In 1989, he was named Entrepreneur of the Year by Business North Carolina Magazine. Mr. Loftin currently owns several other companies including FiberSouth Inc., a competitive local access and cable company in Raleigh, NC. A native of New Bern, NC, he attended NC State University in Raleigh and held several sales and marketing positions before founding BTI.

**BTI**

BTI is a full service telecommunications company specializing in state of the art products and services for businesses throughout the country. BTI's products and services include, but are not limited to, data, operator services, international calling, long distance, prepaid calling card, conference calling and paging services.

**Malbert Smith, III**  
Co-Founder and President  
MetaMetrics Corporation  
Durham, NC

---

Malbert Smith is Co-Founder and President of MetaMetrics, a privately held corporation specializing in research and development in the field of educational psychology. Until its acquisition in 1997 by Vanstar, Smith was President and CEO of National Technology Group, a nationally recognized systems integration company that he co-founded in 1981 as a ComputerLand franchise. He is also the Co-Principal Investigator on a series of contracts from the National Institute of Health. He holds a Ph.D. in Education from the University of Chapel Hill, and has published numerous articles in the field of educational psychology.

**MetaMetrics Corporation**

MetaMetrics is a privately held corporation specializing in research and development in the field of educational psychology.

David E. Orr  
President and Chief Executive Officer  
BroadBand Technologies, Inc.  
Durham, NC

---

David Orr joined BroadBand Technologies, Inc., in April 1997 as President and CEO. Prior to joining BroadBand, Orr was President and Chief Executive Officer of Alcatel Network Systems, where he was responsible for all operations in North Carolina, Texas, California, Mexico and Canada. Prior to Alcatel, Orr was Vice President and General Manager of Rockwell International's Network Transmission Systems Division (NTSD), and was named President and CEO after its merger with Alcatel U.S. in August 1991. Orr received a master's degree in business administration from the University of Chicago in 1986, and a bachelors degree in industrial engineering from Gannon University, Erie, PA in 1973.

**BroadBand Technologies, Inc.**

BroadBand Technologies, Inc. was established in 1988 to help transform the local telecommunications infrastructure into a switched digital broadband network. BroadBand Technologies has developed a cost-effective and powerful broadband platform for the delivery of telephony and interactive multimedia entertainment and information services to the mass market over a fiber optic local loop.

J. Phillips Johnston  
Chairman/CEO  
Digital Recorders  
Research Triangle Park, NC

Phil Johnston has served Digital Recorders as Chief Executive Officer and Chairman of the Board since April 1990. In March 1991, he was also named President. Prior to joining Digital Recorders, Mr. Johnston was the Administrator of the North Carolina Credit Union Division of the North Carolina Department of Economic Development (September, 1987, to April 1990). He has served as President and CEO of a variety of companies, ranging from computers to wood and upholstery. Mr. Johnston was the Founding Chair (1993) of the North Carolina Electronics and Information Technologies Association (NCEITA), where he remains on the Board of Directors. He is on the Board of Directors of the Carolina Ballet, a Trustee of the North Carolina Art Museum and the author of two books, *Success in Small Business is a Laughing Matter* and *Jokes that Span Generations*.

**Digital Recorders, Inc.**

Digital Recorders leads the industry in manufacturing digital audio products, voice and electronic LED sign systems for new electronic buses and trains.

**Sanford D. "Sandy" Lyons**

Vice President and Director, Strategic Planning & Business Development  
Siecor Corporation  
Hickory, NC

---

Sandy Lyons has been the Vice President and Director of Strategic Planning and Business Development for Siecor Corporation, a premier fiber optics cable manufacturer, since February 1996. He joined the company, for the second time, in October 1994 assuming sales responsibilities for several regional bell companies as well as for the cable television, power utilities, telecom access provider and long distance carriers industries. Mr. Lyons is a graduate of the United States Military Academy with a Bachelor of Science degree in Engineering.

**Siecor Corporation**

Siecor is the leading manufacturer of passive fiber optic systems. Products and services include cables, connectors, splicers, hardware, testers, training, engineering services and rentals.

**Dr. Albert Bender**

Founder, President and CEO  
NetEdge Systems  
Research Triangle Park, NC

---

Dr. Albert Bender is CEO and President of NetEdge Systems, a company he founded in 1993. Bender founded FiberCom in 1982 and had been CEO through 1987 and Chairman of the Board since its inception. While at FiberCom, Bender led the ATM Connect product development and also spearheaded the FiberCom effort to implement an FDDI bridge/router for the new Boeing 777 commercial aircraft.

**NetEdge Systems**

NetEdge Systems, Inc., founded in 1993, is a privately-held information service enabling company. NetEdge designs, develops, and markets the ATM Connect and Edge Series of ATM edge devices. This technology enables carriers to transmit LAN data across their fiber optic networks. With the ATM Connect in 1994, NetEdge was "first to market" with a quality product that addresses its vision for the telecom industry: fully integrated data service networks offered by carriers.

# High Tech CEO Dashboard Demo

Ceremonial Office

11:00 - 11:20am, Thursday June 5, 1997

Meeting requested by Jim Kohlenberger

Briefing prepared by Jim Kohlenberger

## EVENT

You are meeting with a small group of high tech CEOs for a demonstration of the "Dashboard" concept that they have been working on based on your idea at a meeting last February. A group of engineers from some of America's most innovative companies have been working to develop technology that allows parents, students, and teachers to communicate with each other in a user friendly environment, that is customized to the user and uses today's technology. Some of the companies that have been working on this include Netscape, Marimba, Cybernautics, Spectrum Holobyte and Yahoo.

Today's demonstration will not be live. It will be presented using Powerpoint presentation software. For the family conference the plan is to have a beta version to demonstrate.

The technology is largely built as a web site that takes advantage of Netscape's browser, Marimba's push, and Yahoo's search engine to provide a host of services including:

- Information on homework assignments
- Directed e-mail between parents, teachers and students
- Student progress assessment
- Educational Standards
- Parental and other forums both nationally and locally

## LOGISTICS (As of this writing, subject to change)

- Kim Polese, CEO of Marimba, will give you an overview of the technology and then show you a mock up and example of how it would work.

## YOUR ROLE/CONTRIBUTION

- This is an opportunity to congratulate them on where they have gotten and to provide feedback on other features and services that you would like to see in the "dashboard."

## ATTACHMENTS

- Attendee bios

### Young Internet Entrepreneur Delegation

1. Kim Polese, CEO, Marimba. Polese, 35, is the delegation leader. She was recently named as one of Time magazine's "America's Top 25 Most Influential People." Newsweek quickly followed by naming her one of American's Top 100 people for the next century. The San Jose Mercury News calls her "the most famous person in Silicon Valley" because her cutting edge company is driving the latest change in the Internet -- 'push' technology. Polese's privately held company is likely to be one of the next big IPO success stories for internet companies.

2. Steve Perlman, CEO, WebTV. Perlman, 36, is the co-founder, president and CEO of WebTV Networks. Steve serves as the principal business and technical strategist for WebTV Networks. Currently, he holds 11 patents in the areas of graphics, video, animation, modems, communication technology and telephony and has patents pending in related technologies in conjunction with WebTV.

3. Halsey Minor, CEO, C|NET. Halsey Minor, 32, is the founder and chief executive of C|NET, one of the largest on-line media companies providing computer-industry news. C|Net is a thriving Computer Network with four television series in production and eight Internet sites. The company's television programming reaches an estimated weekly audience of over 8 million viewers.

4. Andrew Anker, CEO, HotWired. Anker, 31, is the founder and CEO of HotWired, the on-line presence of Wired magazine. HotWired is the premier developer of news and entertainment interactive media sites including Wired News and HotWired Network. Andrew is also Vice President, Interactive of Wired Ventures, Inc., a new kind of global, diversified media company creating compelling, branded content for print, online and television.

5. David Ellington, CEO, NetNoir. Dave Ellington, 35, is the chief executive of the largest Afro-centric presence on the Web. NetNoir is the leading new media company promoting, creating, developing, archiving and distributing distinctive Afrocentric programming and commercial applications for all forms of interactive media. His service features a wide variety of news, entertainment, and sports features which draws hundreds of thousands of viewers daily. NetNoir was contracted by the Clinton-Gore campaign to conduct on-line surveys of African-American voter attitudes.

6. Deborah Triant, CEO, CheckPoint Software. Deb Triant, 47, is the chief executive of the country's leading "firewall" Web-security firm. Her public company allows open access to internal networks for authorized users, while preventing outside access to confidential information for unauthorized users. She is an expert in public-system security as well as security-related tools like algorithmic encryption.

7. Mike Santullo, CEO, Four11. Santullo, 35, is the founder and CEO of the country's leading Internet White Pages company. Four11 not only provides a free e-mail address search, it allows anyone in the world to look up regular phone numbers and addresses for missing friends, acquaintances, etc. Santullo and his competitor, WhoWhere, recently created a free e-mail service for every public K-12 student in the state of California. They will be unveiling their service at the

Vice President's family conference in June, and plan to make the free education service national in the near future.

8. Gilman Louie, CEO, Spectrum Holobyte. Louie, 36, is the founder and chief executive of one of the world's first and most successful computer-game manufacturer. Louie started the company from his kitchen and funded its start from personal funds. He is prominent in Bay Area Asian-American politics and is past-president of the Board of the San Francisco School Volunteers. He is one of the principal organizers of the delgation's project to create a open forum and navigation tool in cyberspace for parents to manage and engage in their children's education.

The delegations trip is being planned and organized by Wade Randlett, Co-Founder and Political Director of The Technology Network, Silicon Valley's first political start-up. He has offices in San Francisco's multimedia gulch and in Palo Alto. He can be reached at 415/452-1000 or, preferably, via e-mail at [Randlett@Interserv.com](mailto:Randlett@Interserv.com).

## Meeting w/ High-Tech CEOs

Fountain Room, Fairmont Hotel

5:25 pm - 5:55 pm, Friday, June 20, 1997

Meeting requested by Jim Kohlenberger

Briefing prepared by Jim Kohlenberger

### EVENT

You are meeting once again with a group of high-tech CEOs pulled together by John Doerr. At this meeting, Halsey Minor, CEO of C/Net will lead the group in John's absence. Halsey is one of the emerging leaders of the group. He chaired a dinner at his home where they helped develop the vision and principles to support the family conference and the new fund.

You asked the President to meet with a group of high-tech CEOs when he is in California on Sunday. The group that the President will meet with will include a few representatives of this group that you are meeting with today and some others that you have met with in the past. So not everyone here will be meeting with the President.

### LOGISTICS (As of this writing, subject to change)

- Halsey Minor, CEO of C/NET will make brief opening remarks and ask each participant to introduce themselves.
- You will make brief informal remarks and open up the discussion.

### YOUR ROLE/CONTRIBUTION

- This meeting is an opportunity to do 4 things:
  - 1) Thank them for their help on the dashboard and the venture fund for the family conference
  - 2) Tell them about your two tax announcements last week that could help companies like theirs (attached)
  - 3) Ask for their help on Internet filtering initiatives given an expected Supreme Court ruling on the Communications Decency Act next week
  - 4) Tell them about the upcoming E-Commerce announcement scheduled for July 1st at the White House

### PROGRAM NOTES

- Netscape and the Communications Decency Act. As you know, the Supreme Court is expected to make a decision almost any day on the constitutionality of the Communications Decency Act. We are working with industry to develop a technology solution that will help to stave off future CDA type legislation. Several

of the companies in the room are key components of what we are doing. Netscape has agreed to include PICS filtering technology in their next version of Netscape (Microsoft already has included the technology) Netscape would announce this when we do an event on Internet filtering technology after the Supreme Court ruling. Having PICS in the two browsers covers 95% of the browser market. PICS is comparable to the V-Chip. We are told Marc Andreessen was one of the holdouts at Netscape because he was concerned the Netscape Navigator would become "censorware." You might thank Netscape for agreeing to do this.

• **Yahoo and Excite and the Communications Decency Act.** Likewise we want to increase the number of web sites rated with PICS ratings -- particularly the 99% of web sites that have no nudity but need to be rated so that children who have browsers that block unrated sites will still have places to go. One of the most effective ways to encourage people to rate is do so when they sign up to be listed in an Internet directory like Yahoo or Excite. We have asked Yahoo! to add a feature that encourages sites to include their rating when they register with Yahoo (that is about 7,000 sites a day). Yahoo hasn't said yes yet. Although we have not yet approached Excite, it would be important if they too could give web authors an encouragement to rate their sites by asking them to do it when they register. This could be a great example of industry working with government to find solutions that avoid legislation that industry would consider harmful to the Internet. You should encourage Yahoo and Excite to both make a commitment on PICS ratings.

#### ATTACHMENTS

- Talking Points
- Tax announcement from last week
- Participant list

## Talking Points

First I'd like to start this meeting by saying thank you. We have been talking about education and how it fits into the new economy and have come up with some real products that will make a real difference for real people.

The Family Conference is coming up next week and it is going to be a great success. So many of you have worked so hard to develop the Dashboard -- a great new tool for parents teachers and children. I was able to see a demo of it a couple weeks ago and was very impressed. You have also done a lot to get this new fund developed. I am convinced that it will make a huge difference in helping to drive school reform across the country. I look forward to seeing some of you there next week.

I want you to know how much I appreciate all of the work that you have done.

This afternoon, I want to mention a couple things that we are doing that are part of the infrastructure for the new economy to show I am listening to you.

First, last week I announced that the administration will support expansion of the small business capital gains tax incentive and the home office deduction. These two tax benefits will help high-tech and bio-tech entrepreneurs, start-up companies, parents who work out of their home and other Americans who are seizing opportunities in the new economy.

Second, I expect the Supreme Court to rule on the Communications Decency Act next week. Many court observers expect that major parts of it will be struck down. But the way Washington works, members of Congress will come back with another version of it -- something I think you might find harmful to the industry. Therefore, I'd like to ask you to work with us as we develop an initiative that can stave off legislation for the Internet, that shows how industry can self regulate itself, while empowering parents with options for protecting their kids from things that are not appropriate.

We are developing a major announcement on Internet filtering technologies for after the Supreme Court decision. I know Netscape recently decided to include PICS technology, in its next major version of their browser -- I thank you for that and look forward to Netscape being part of the announcement. We also need to dramatically increase the number of sites that are self rated. I think companies like Yahoo and Excite could play a big role in making that happen.

Third, we are also about to release a major paper on Electronic commerce on July 1st. This paper will call for a duty free Internet, government getting out of the way whenever possible, major actions on intellectual capital, security and opening up new markets abroad.

We have focussed up until now almost entirely on education, lets talk a little about education this afternoon, but lets also talk about some of the other pieces of infrastructure that we can help put in place for the new economy.

**Fact Sheet on Expansion of Small Business Capital Gains  
and Home Office Deduction**  
June 11, 1997

Today, Vice President Gore announced that the Clinton administration would support expansion of the small business capital gains tax incentive and of the home office deduction. These two tax benefits will help hi-tech and bio-tech entrepreneurs, start-up companies, parents who work out of their home, and other Americans who are seizing the opportunities of the new economy.

**Expands the Small Business Capital Gains**

- Allows more business to qualify for capital gains by doubling the limits on asset size from \$50 million to \$100 million.
- Makes it easier for businesses to qualify for the capital gains tax benefit.
  - (1) Working capital will be treated as an active trade or business asset if it is reasonably expected to be used within five years.
  - (2) Funds invested in R&D will be treated as creating an active trade or business asset dollar-for-dollar.
  - (3) The time period for taking full advantage of these working capital rules would be extended from 2 years to 5 years. These changes would particularly help bio-tech companies and other R & D firms that have long development periods before products can be brought to market.
- Permit stock redemptions for a broader range of incidents, e.g. death, divorce, mental incompetence.
- Clarify rules to ensure that software and other R&D firms are not disqualified simply because their principal asset may be the skill or reputation of their employees.

**Expands Home Office Deduction**

- Expands the existing home office deduction to cover cases where:
  - (1) The office is exclusively used to conduct substantial and essential administrative or management activities on a regular systematic basis.
  - (2) The taxpayer has no other location to conduct these essential administrative or management activities.
- This proposal would not amend the definition of a principal place of business.

## Participants

Halsey Minor	CEO	C/NET
Jerry Yang	Founder	Yahoo!
Joe Kraus	Senior VP of Business Development	Excite
Deborah Triant	CEO	Checkpoint Software
Marc Andreessen	Co-Founder	Netscape (tentative)
Roberta Katz	General Counsel	Netscape
Mike Morris	General Counsel	Sun Microsystems
Andre Anker	CEO	Hotwired
Roger McNamee		Integral Capital Partners
Carl Jacob		Dimension X
Sky Daton	CEO and founder	EarthLink
Dan Case	CEO	Hambrecht & Quist
Rob Bergess	CEO	Macromedia
John Gage	Chief Scientist	Sun Microsystem

## Bios for Meeting w/ High Tech CEOs

**Halsey Minor**                      **CEO**                                      **C/NET**

In 1992, Mr. Minor founded CNET: The Computer Network, an integrated media company with nine internet sites and four television series. Mr. Minor graduate with honors from the University of Virginia and was formerly the founder, chairman and CEO of Russell Reynolds Associates, Inc., the world's largest executive search firm.

**Shelby Bonnie**                      **COO and CFO**                                      **C/NET**

As one of the founder of CNET, Mr. Bonnie is responsible for overseeing all financial aspects of the company including strategic business development., fund raising, business affairs and administration. Mr. Bonnie received his M.B.A. from Harvard Business School and received a B.S. in commerce, with distinction, from the University of Virginia.

**Andrew Anker**                      **CEO**                                      **HotWired, Inc.**

As the premier developer of news and entertainment interactive sites, led by Mr. Anker, the HotWired Network has obtained numerous award for excellence including "Best Online Publication" *the 10th Annual Computer Press Awards*. He continues to be an Advisory Principle to Sterling Payot Company in San Francisco.

**Roberta Katz**                      **General Council**                                      **Netscape**

Ms. Katz acts as Senior Vice President, Secretary and General Council of Netscape Communications Corporation. Previously she was Senior Vice President and General Council of McCaw Cellular Communications, Inc. (now AT&T Wireless). Before her communications work, Ms. Katz was a cultural anthropologist. She holds a bachelors degree from Stanford University and a law degree from the University of Washington.

**Jerry Yang**                      **Co-Founder and Chief**                                      **Yahoo!**

While on leave from Stanford Univeristy's electrical engineering Ph.D program, created the Yahoo! online guide in April 1994 and co-founded Yahoo! Inc. in April 1995. He holds a BS and MS degree in electrical engineering from Sanford Univeristy.

**Michael Morris**                      **General Council**                                      **Sun Microsystems**

After graduating from Northwestern University in 1970 and the University of Michigan's Law School in 1974, Mr. Morris performed as General Council to both the ROLM Corp. and U.S. Telecenters Corp., in 1987 he was chosen as Vice President, General Council and Secretary at Sun Microsystems in Mountain Top, California.

**Karl Jacob**                      **Founder and President**                                      **Dimension X**

Beginning at Sun Microsystems in 1991, Mr. Jacob started on a path to create and advance electronic mail agents designed for a wireless environment. In 1994 he left Sun Mircosystems to become a founder and CTO of On Ramp Inc. and later that year seeing the potential for Java language he founded the first Java start-up, Dimension X (which was recently acquired by Mircosoft).

**Sky Dayton**                      **Founder and Chairman**                      **EarthLinks Network, Inc.**

Beginning his career marketing by way of computer graphics for Medick & Associates in 1988 and co-founding Dayton Walker Design, Mr. Dayton, in 1994, started EarthLink Network. Through EarthLink, Mr. Dayton has accomplished his goal of an inexpensive, direct connection to the Internet, titles TotalAccess.

**Daniel Case**                      **President and CEO**                      **Hambrecht & Quist**

After being elected to the Board of Directors of Hambrecht & Quist in 1991, a year later he was elected as President and CEO. Hambrecht & Quist is an international major-bracket investment bank which services emerging companies in high growth industries. They provided the initial public offerings for companies such as Adobe systems, Apple computers, and Netscape. He is a Rhodes Scholar and honors graduate from Princeton University.

**Deborah Triant**                      **President and CEO**                      **Check Point Software Technologies, Inc.**

Dr. Triant as head of Check Point Software, has had over seventeen years of experience in the software industry, including ceo of Sun Microsystems and Vice President of Marketing of Adobe Software. She received a Ph.D. in mathematics from Columbia University and a B.A. from Sarah Lawrence College.

**Joe Kraus**                      **Founder and**                      **Excite, Inc.**  
**Senior V.P. of Buis. Devl.**

Mr. Kraus, 25, founded Excite in 1993 inspired by the slogan "unencumbered by reality." He helped lead Excite from a small start-up software company to one of the leading Internet navigation businesses. In 1993 he graduate from Stanford University with a B.S. in Political Science.

**Robert K. Burgess**                      **President**                      **Macromedia, Inc.**

Macromedia, under Mr. Burgess, is the leading provider of cross platform software tools for Web publishing, multimedia and graphics. He received a bachelors degree in Commerce from McMaster University and from 1992-95 he was president, CEO, COO and director of Alias Research.

**Jeanette Morgan**                      **Manager of Govt. Affairs**                      **National Semiconductor Corporation**

In this position, Ms. Morgan is responsible for managing international, federal, state and local government affairs and legislation that impacts the company. Before this position she worked as a Management Consultant for CDI (Co-Development International). She holds a B.A. in Political Science/Public service from the University of California at Santa Barbara.

**John Gage**                      **Director, Science Office**                      **Sun Microsystems**

Mr. Gage is responsible for Sun's relationship with world scientific and technical organizations and for international public policy and governmental relations in the areas of scientific and technical policy. He attended the University of California at Berkeley, the Harvard Kennedy School of Government and Harvard Graduate School of Business.

**Jeffrey P. Bezos**      **Founder and CEO**      **Amazon.com, Inc.**

In founding Amazon.com, Mr. Bezos created a business model that leveraged the Internet's unique ability to deliver huge amounts of information rapidly and efficiently, founding Amazon.com, Inc. He graduated summa cum laude, Phi Beta kappa in Electrical Engineering and Computer Science from Princeton in 1986.

**Mark Michael**      **General Council**      **3Com Corporation**

In Santa Clara, Mr. Michael acts as Senior Vice President, General Council, and Secretary of 3Com. He graduated from Stanford University with a B.A. in History and from UCLA Law School.

# **Gore-Tech Biotech Meeting**

Ritz Carlton, Laguna Niguel

1:30 pm - 2:30 pm, Tuesday, October 14th, 1997

**Meeting requested by Don Gips/ Jim Kohlenberger**

**Briefing prepared by Jim Kohlenberger**

## EVENT

After your speech, you are meeting with a group of biotech CEOs and academic leaders to talk broadly about the new economy and biotechnology. Brook Byers, John Doerr's partner at Kleiner Perkins, Caufield and Byers, will introduce you to begin the discussion. John Doerr will not be present at this Gore-Tech meeting because he wants Brook Byers to be able to play a more active leadership role for you in the Biotech community.

## LOGISTICS (As of this writing, subject to change)

- Brook Byers opens the meeting and introduces you.
- You make brief opening remarks, ask everyone to introduce themselves and then open up the meeting to discussion.

## YOUR ROLE/CONTRIBUTION

- This GoreTech meeting provides you the opportunity to get to know these supportive biotech industry leaders better and to learn more about the hope and opportunities of their industry in the future. While they may have some policy issues in mind, we hope that you can help to steer this meeting away from the nitty gritty policy discussion to a broader discussion about where the industry is headed and the forces that are driving it. To that end, in addition to talking points, we have provided some questions for you to ask them. And while policy Q&As are attached, the hope is to begin building better relations and getting to know these leaders.

## ATTACHMENTS

- Talking points and questions for you to ask of them
- Background on the biotech industry
- Q&As
- Bios of attendees

## Talking Points

- First, I want to take a moment to thank Brook for inviting me here today, for his friendship and for his guidance. I also want to thank Steve, our other co-host, for helping pull this all together.
- We have just come from a session where I hope you had a chance to get to know me a little bit, get a sense of how important I feel this industry is to our future, and get a sense of what we are doing in Washington about it.
- I hope one message came out loud and clear. As CEOs I'm guessing that each of you has at least one Vice President working for you at your company. I hope after today you will know that you have another Vice President working for you -- in Washington -- who understands what you are doing and how important it is to all of us.
- So instead of spending time talking about what is going on in Washington, I thought we could spend the time today talking about what is going on in your laboratories and getting to know you.
- Why don't we start by going around the room and telling me about yourself, your institution and what you are working on that excites you. [INTRODUCTIONS AROUND THE ROOM]
- If you don't mind, now I'd like to ask you some questions to help me better understand your industry.

### Some sample Questions to ask biotech CEOs

- Q. What major new scientific and technological advances do you foresee over the next five, ten or twenty years?
- Q. What are the major drug breakthroughs that you expect to see?
- Q. We heard last week about the new method for *de novo* protein design using computer based methods. This method takes advantage of what we have learned so far about the rules governing the relationship between a protein's structure and its function, as it occurs in a natural, physiologic state. Does this mean that we have really solved the structure/function and protein folding mysteries?
- Q. What are the major scientific and technological barriers that still impede progress in biotechnology?
- Q. Much was made a few years ago about the coming consolidation in the biotech industry. Has this occurred? How has it changed the general landscape of U.S. biotechnology? Of global biotechnology?

# BIOTECHNOLOGY

## THE BIOTECHNOLOGY INDUSTRY

In the roughly 25 years since the development of recombinant DNA technologies in research laboratories, over 2,000 firms have been founded in the United States alone to explore and take advantage of this new field. 1,350 biotech firms are in existence today. The biotech revolution is distinctly American. For instance, the United States holds 69 percent of total health care patents compared to Japan with a distant 13 percent. Although the industry is still in its infancy, approximately 30 new products have reached the medical market, several hundred more are in human clinical trials, and an estimated 2,000 drugs are in the early development stages. The market for such products is expected to grow dramatically—from \$7.6 billion in 1996 to \$24 billion by 2006. Similarly, the market for agricultural biotech products is expected to increase from \$295 million in 1996 to \$1.74 billion by 2006—with applications ranging from food crops with enhanced pest resistance to improved methods of food preservation.

## INDUSTRY STRUCTURE

### *Employment*

Employment in biotechnology firms is estimated at 134,000 — largely concentrated in California. Biotech firms are relatively small in size. While the mean number of employees per company is over 104, the median number is only 30 people. More than one third of biotechnology companies employ fewer than 50 people and more than two-thirds of the companies employ fewer than 135 employees. These jobs are the kind of high-wage, high-skill jobs that we always talk about creating. The average salary in the biotech industry is \$45,992 a year, 45 percent more than the average annual pay for U.S. workers in 1992.

### *Research Intensity and Wage Levels*

The biotechnology industry is the most research-intensive industry in civilian manufacturing. According to a 1995 survey by *Business Week*, five of the top ten firms in research expenditures per employee were biotechnology companies. Estimates on total R&D spending by the biotechnology industry range from \$7.9 billion to \$10 billion a year. R&D alone accounts for 36 percent of all costs incurred by public biotech companies. The average biotech company spent \$69,000 per employee on research in 1995, about eight times the U.S. corporate average of \$7,651. As a result, the biotechnology industry has been a vocal advocate for permanent extension of the R&D tax credit.

## MARKETS FOR BIOTECHNOLOGY PRODUCTS

The biotechnology industry serves both medical and nonmedical markets. Most of the participants at this conference come from the medical side. Agricultural applications (which aren't generally represented at this conference) include making plants and crops pest resistant, providing improved seed quality, modulating growth and ripening times, enhancing nutrient content of foods, and providing simple and inexpensive diagnostics for use in field testing for contaminants and toxic materials. Industrial uses of biotechnology involve many different sectors and include industrial enzymes, waste management, bioremediation, energy biomass, cosmetic formulations, and diagnostics for toxicity determinations.

### *The Medical Market*

The majority of U.S. biotechnology firms and the majority at this conference are pursuing

markets in human health care. One study estimates that the primary interest of 29 percent of biotechnology companies lies in therapeutics, while the primary focus of 17 percent of companies is in diagnostics. Biotechnology companies in the human health care field focus on discovering and developing methods to prevent, diagnose, treat, and cure the dozens of life-threatening and serious diseases and conditions for which satisfactory medical therapies or preventive agents currently do not exist. The market for human therapeutic biotechnology products is estimated to grow from \$7.6 billion in revenues in 1996 to more than \$24 billion in 2006, an average annual growth rate of 13 percent. At present, the bulk of the biotechnology market is derived from the sales of larger biotechnology companies, including Amgen, Genentech, and Genzyme, and such products as erythropoietin (EPO), interferon, and insulin. According to one report EPO, Amgen's first blockbuster product, accounted for approximately 25 percent of all biotech revenues. Colony stimulating factors, insulin, human growth hormone, beta and gamma interferon, and vaccines accounted for much of the remaining market. A 1996 survey of biotech drugs under development by companies found that there were 284 biotechnology drugs in human trials. This figure represents a 21 percent jump over the number (234) in development in the previous year. Of the 284 drugs in development, the largest group is monoclonal antibodies, with 78 drugs. A Monoclonal antibody is a highly specific purified antibody. About 40 percent of the drugs in development are for the treatment of cancer. There are also 62 vaccines and 28 gene therapy drugs in development. The leading disease targets are cancer, AIDS, Alzheimer's, Parkinson's, arthritis, and stroke.

## MAJOR FACTORS IMPACTING COMPETITIVENESS

### *Access to Capital*

The first key to the industry's growth and competitive success has been its ability to secure needed capital. The industry is regarded by many observers as one of the most capital intensive and research intensive industries in the history of civilian manufacturing. Because of the time required to bring new products to market, the vast majority of companies cannot rely on product revenues to meet these needs. Instead, the industry has used a wide variety of mechanisms, ranging from venture capital investments and public securities offerings to partnerships with other companies, to supply the money needed to fuel the industry's growth. This means our efforts to free up capital by balancing the budget and the capital gains indexing included in the balanced budget agreement are critical to their success.

### *Investments in education and technology*

American researchers are responsible for much of the science of the new biotechnology, and many of the industry's top scientists were trained at NIH and other federally funded institutions. A great deal of our present knowledge about the nature and function of cells, and the development of recombinant DNA technology, was a direct result of research supported by the U.S. government. In addition, this knowledge has led to the development of many new products through the operation of federal legislation enabling NIH, other federal agencies, and those performing federally funded research to transfer the results of that research to the private sector for commercial development and to conduct collaborative research with private sector partners.

**Opening Markets.** Competing successfully in international markets is essential for the industry, and increasing competition from foreign-based companies seems inevitable. Biotechnology has been identified as a key growth technology by other industrialized countries. Although the United States industry leads in the discovery phase of biotechnology, Japan and the European Union are coordinating government, industrial, and academic resources in biotechnology and bioprocess engineering development to establish a strong, government-supported technology infrastructure. In this global context, the domestic industry has an interest both in harmonization of national regulatory regimes and in strong and effective international protection for intellectual property.

## **FEDERAL ISSUES**

**Other issues are covered in the attached Q&A**

### ***Reinventing The Food and Drug Administration***

A particular industry concern with the FDA's process relates to the sequence of testing and reviews leading to approval of new drugs for domestic marketing. This concern relates both to the time required for and the cost of these processes. A final concern relates to the relative speed of U.S. regulatory processes compared to that of other developed countries with developing biotech industries. As a part of your Reinventing FDA Initiative, the FDA has proposed six different reinvention reforms aimed at protecting public health through innovative, common-sense oversight of industry activities. One of the FDA's top priorities has been to reduce product review time while maintaining high standards of safety and effectiveness. A recent FDA study indicates that, in 1995, 47 new drugs had been approved in a median time of 16.5 months, compared with 62 new drugs approved in 19 months in 1994. Industry sources also indicate that the time for product approval has decreased—from an average of 2.3 years in the early 1990s to 1.6 years in 1995. The attached Q&A includes information on FDA reform.

### ***Domestic Intellectual Property Rights Protection***

Effective patent protection is absolutely critical to the success of the United States biotechnology industry. The Patent and Trademark Office (PTO) has been very responsive to Biotech industry concerns over examination practices and has worked closely with Biotechnology Industry on legislation for reform of patent system (S. 507). For instance, industry concerns over loss of patent term were addressed through amendments to the draft legislation to extend patent term in situations of delay by the PTO. Legislation would make PTO a Performance Based Organization, and through this change, PTO would be able to better service the biotechnology industry. For instance, PTO would be able to pay biotechnology examiners' salaries comparable to what they can earn in the private sector, which tends to be significantly higher than the government salaries available today. PTO could pursue more aggressive procurement procedures, thereby obtaining access to more advanced and powerful computer systems in a shorter time period and for less money than is possible under existing procurement rules. The Biotechnology Industry Association (BIO) has supported this legislation.

### ***Trade Issues***

Access to global markets is essential to obtaining returns on investment and maintaining the competitiveness of the American biotechnology industry. The main barriers to trade in products of biotechnology are nontariff measures, including insufficient protection and enforcement of intellectual property rights and health, safety, and environmental regulations.

#### ***EU decision on Specific Risk Material (Mad Cow Disease)***

One issue is a recent EC decision which bans the use of certain animal tissue in food and feed, and medical pharmaceutical or cosmetic products because of concerns about "mad cow disease." When the decision becomes effective on January 1, 1998, it could affect public health by resulting in shortages of critical medications in the U.S. and Europe, and affect billions of dollars of U.S. exports. The decision does not distinguish between products originating in regions where BSE is known to exist and those originating in areas such as the United States which is free of the disease. Glickman and Barshefsky have asked the Europeans to exempt the U.S. and other countries which are disease free from the decision. Shalala has contacted her EC counterparts to urge them to take into consideration the health consequences that could result from international shortages of medicines the decision could cause.

#### ***The TRIPS Agreement***

One aspect of the domestic implementation of the TRIPS agreement that concerns industry is the shortening of period of protection provided by domestic patents. Prior to the TRIPS agreement, a U.S. patent was granted for 17 years following the patent date of issuance. As a result of TRIPS, the U.S. patent law has been modified to change the patent term to 20 years from the date of filing. However, because the processing of biotech patents is usually slower than that of the average patent (can exceed 3 years), the 20-year period from the filing date has the potential to actually shorten the effective life of a patent. The U.S. PTO, recognizing the importance of the issue, has been working closely with industry to continue to speed regulatory review of biotechnology patents. In addition, Congress is considering amendments to the GATT implementation law that could add up to an additional five years to the term of a patent where there were undue delays in the patent's issuance.

### **The Gore Record on Biotechnology**

You were there at the dawn of this industries formation in 1980 when you held the first Congressional hearing on biotechnology. You also created a commission to examine the need for FDA reform while a member of the House. Many of the reforms from that group's report have been implemented administratively (or are pending in FDA reform legislation.) As Vice President, you pushed for and implemented an end to the "reasonable price clause" facilitating NIH technology transfer to the private sector. You also launched the FDA reinvention effort and are supporting FDA reform with changes.

However, some in industry saw your concern about the potential negative impact of the industry on the environment as an unfounded concern. Also, the biotechnology industry suffered a dramatic loss in value as a result of the market's perception that the Clinton health care plan would have imposed price controls on biotechnology products.

## BioTech Q&As

**Q. When do you expect to appoint a new FDA Commissioner ?**

A. As soon as we can. As you are only too well aware, one of the challenges in filling this key position is the wide variety of extremely complex, technical issues the FDA Commissioner will face. The new Commissioner must be a person with sterling credentials ensuring his or her ability to serve not just *adequately*, but *superbly*. But I am confident that we will soon be able to name someone who will both fully understand the needs of the biotech industry while protecting health and safety.

**Q. Is the President going to sign the FDA reform bill and reauthorize the Prescription Drug User Fee Act (PDUFA)?**

A. I am very hopeful that the President will be able to sign a bill. Of course we will have to see what the bill looks like that comes to the President's desk before making a final decision. We still have serious reservations about the user fee trigger which undercuts the balanced budget agreement and the third party review for medical devices provision which is too broad. Having said that, I will say that I am pleased with the compromises that were worked out with industry input. I think you deserve credit for your willingness to see and appreciate the issues from all perspectives and I think that had a lot to do with the progress that was made on reaching a satisfactory conclusion.

**Q. What are your specific concerns about FDA reform?**

A. In the Senate device bill, for example, we are particularly concerned about two provisions that will limit the Agency's ability to keep unsafe or ineffective new medical devices off of the market. These provisions were worked out in the House and it is essential that a final bill incorporate the House provision. In the House bill, we have concerns about the scope of a provision that provides third party review of medical device applications, which is too broad, and about the post market surveillance provision, which is too narrow. We were able to work these out in the Senate, and it is my hope that these negotiated provisions will be adopted by the conferees.

**Q. How does the Administration feel about the patent reform legislation (S. 507)?**

A. The Administration believes with a few changes, this bill will present an excellent compromise package. We believe the changes to patent law being made are long-overdue and we hope that they can be passed. The conversion of the Patent and Trademark Office to a Performance Based Organization is absolutely critical for the users of the patent community. As currently drafted, the bill would enable PTO to:

- Pay biotechnology examiners salaries comparable to what they can earn in the private sector, which tends to be significantly higher than the government salaries available

today.

- Pursue more aggressive procurement procedures, thereby obtaining access to more advanced and powerful computer systems in a shorter time period and for less money than is possible under existing procurement rules. This will assist in dealing with the backlog of genome-related patent applications!
- Have more flexibility in exploring effective industry partnership programs to facilitate and improve the examination process.

**Q. With all the changes to harmonize international patent policy, what is the Administration doing to improve the strength of our patent protection overseas?**

**A.** PTO has worked closely with USTR to formulate an effective plan for increasing the scope of patent protection in the World Trade Organization TRIPS Agreement.

- Work has been started in the OECD to outline common levels of protection in OECD member states for plants and animals.
- Goal is to reestablish the baseline levels of protection to encompass all biotechnology products.
- Review will occur in the WTO in 1999.

In addition, PTO launched its "wire the world" initiative in the World Intellectual Property Office last year.

- Goal is to connect intellectual property offices throughout the world via a secure, high-speed network.
- Benefits will include higher quality of examination, closer cooperation during the examination process, and expedited processing of applications in foreign countries.

**Q. Is the Administration going to push to make the Research and Experimentation Tax Credit permanent?**

**A.** [May be a good time for a very candid answer so that we can get SOME of the credit for obtaining the extensions to date.] In the beginning of the first Clinton/Gore Administration, we came out in favor of making the R&E tax credit permanent. After all, companies need to know how to cost out their investments as part of their yearly planning. Tax credits have proven to be an effective incentive for supporting decisions to invest in R&E and may be responsible for much of our enviable position in global biotech market share. But today we are living under the constraints of the balanced budget agreement. Estimates place its cost at roughly \$2 billion per

year, topping \$10 billion over the 5 year period required in the BBA. However, even in this climate of fiscal constraint, we have found a way to keep extending the R&E tax credit and intend to keep it a top priority to the greatest extent possible.

**Q. What happened to the President's draft legislation on cloning?**

A. On the day the National Bioethics Advisory Commission delivered its report, the President accepted their recommendations in full and incorporated them into a discussion draft to help frame debate on the use of somatic cell nuclear transfer for producing a child.

The Commission concluded the following:

- At this time it is morally unacceptable for anyone in the public or private sector, whether in a research or a clinical setting, to attempt to create a child using somatic cell nuclear transfer cloning. The Commission based its consensus on current scientific information indicating that this technique is not safe to use in humans *at this time* (emphasis added).

The Commission also recommended the following action:

- A continuation of the current moratorium on the use of federal funding in support of any attempt to create a child by somatic cell nuclear transfer.
- Private entities including firms, clinicians, investigators, and professional societies should be asked to voluntarily comply with the intent of the federal moratorium.
- Federal legislation should be enacted to prohibit anyone from attempting to create a child using somatic cell nuclear transfer technology. Such legislation should include a sunset.

All of these points were included in the draft bill and would be used in assessing any further legislative activities on this issue. The Administration's bill also includes a provision protecting (1) the use of somatic cell nuclear transfer or other cloning technologies to clone molecules, DNA, cells, and tissues; or (2) the use of somatic cell nuclear transfer techniques to create animals.

BROOK H. BYERS co-hosted this meeting, the 10th annual gathering of CEOs from the major biotechnology companies, he is a partner at Kleiner Perkins Caufield & Byers (KPCB) a venture capital partnership headquartered in the San Francisco Bay Area. Since 1972, KPCB has invested in 319 technology companies which have accrued market valuations exceeding \$96 billion, achieved combined revenues of over \$53 billion, and created over 152,000 jobs in biotechnology, internet, medical device, computer and telecommunications. Brook has served on the Board of Directors of 20 different technology companies and the UCSF Medical Center Foundation. Mr. Byers was President of The Western Association of Venture Capitalists and is a contributing author to *Guide to Venture Capital*. The company is located in Menlo Park, California.

STEVE BURRILL is also co-hosting this meeting, as he has with Brook Byers since this meeting's inception ten years ago. Steve is CEO of Burrill & Company a San Francisco-based private merchant bank focused exclusively on life science companies. Steve spent 28 years with Ernst & Young, directing and coordinating Ernst & Young's services to clients in the biotechnology/life sciences and high technology industries, and was the International Chairman of the Manufacturing/High Technology practice. He currently serves on the Board of Directors of ten biotechnology companies and is an investor in and advisor to another 12. Steve is also the founder of the Foundation for the National Medals of Science and Technology, which the President (and the Vice President) present to the nation's top science and technology leaders on an annual basis.

DR. NANCY T. CHANG is President, CEO and Chairman of the Board of Tanox Biosystems whose products focus on allergy, asthma and HIV. Prior to co-founding the company in 1986, she served as Director of Research, Molecular biology group at Centocor Inc., one of the first biotechnology companies. Tanox is located in Houston, Texas.

DR. ARTHUR D. LEVINSON is President and CEO of Genentech Inc., a South San Francisco, California-based biotechnology company using human genetic information to develop and market pharmaceuticals that address significant unmet medical needs for the treatment of diabetes, cardiovascular disease and infectious diseases. Levinson has served on the editorial boards of *Molecular Biology and Medicine*, *Molecular and Cellular Biology* and *Virology*. Levinson was a post doctoral fellow at the University of California at San Francisco. Genentech is located in, California.

DR. WILLIAM H. RASTETTER is Chairman, CEO and President of IDEC Pharmaceuticals Corporation. IDEC develops breakthrough therapeutics for cancer, arthritis, and other disease of the immune system. He is a member of the Board of Directors for the California Health Care Institute. IDEC is located in San Diego, California.

DR. LEIGHTON READ is Chairman, CEO and founder of Aviron, a company developing vaccine products for the prevention of diseases with major economic and human impact, including influenza and illnesses caused by parainfluenza virus type 3 (PIV-3), Epstein-Barr virus (EBV), cytomegalovirus (CMV), herpes simplex virus type 2 (HSV-2), and respiratory syncytial virus (RSV). Aviron is located in Palo Alto, California.

*Henri*  
HENRY TERMEER is President, CEO and Chairman of Genzyme Corporation. Mr. Termeer served as chairman for The Biotechnology Industry Organization (BIO) from May 1995 to June 1997. Genzyme Corporation focuses on developing therapeutics for connective tissue disease, inflammation, cardiac disease, orthopedics, as well as advanced diagnostics. Genzyme is located in Boston, Massachusetts.

JOHN WALKER is President and CEO of Arris Pharmaceutical Corporation. Arris' focus is the discovery of synthetic small molecule therapeutics for asthma, viral diseases, and inflammation. Arris is located in South San Francisco, California.

ROY WHITFIELD is Chairman and CEO of Incyte Pharmaceuticals, Inc., a company which develops and provides an integrated platform of genomic technologies to the pharmaceutical industry, including database products, data management software tools, and related reagents and services. Incyte is located in Palo Alto, California.

DR. KEITH YAMAMOTO currently hold three posts at the University of California, San Francisco: Professor Biochemistry, Department of Biochemistry and Biophysics; Director of Biochemistry and Molecular Biology Program; Professor and Chairman, Department of Cellular and Molecular Pharmacology. He serves on the scientific advisory boards for Tularik Inc., The Jane Coffin Childs Memorial Fund for Medical Research, and is Chairman of the NIH Division of Research Grants Advisory Committee.

CARL FELDBAUM is President of The Biotechnology Industry Organization (BIO). BIO is the largest trade organization to serve and represent the emerging biotechnology industry in the US and around the globe. Prior to his appointment as President of BIO, Mr. Feldbaum was Chief of Staff for Senator Arlen Specter (R-PA). Mr. Feldbaum co-authored *Looking the Tiger in the Eye: Confronting the Nuclear Threat*, which was awarded the Christopher Medal and was designated a New York Times notable Book of the Year for 1988.

DR. DAVID L. GOLLAHER is Director and President of California Healthcare Institute (CHI), which is a not-for-profit public policy research and advocacy organization representing more than 170 universities, biotechnology companies, pharmaceutical and medical device manufacturers. Focusing on the laws and regulations that affect biomedical innovation – tax incentives, securities litigation and product liability, intellectual property, environmental restrictions, FDA policy among others – CHI conducts research, develops analysis and engages elected officials directly on behalf of the health care technology community.

COLLEEN VILLARCOEL is Chief Operating Officer, Treasurer and co-founder of Burrill & Company and is responsible for general management of the business. She helped create, and continues to manage, the International Life Sciences Partnering Conference and, more importantly, this Biotech Meeting at Laguna Niguel, the two premier international forums for strategic partnering and CEO networking, respectively. Burrill & Company is located in San Francisco, California.

# Gore-Tech Meeting

Amazon.com headquarters

4:40 p.m. - 5:40 p.m., Tuesday, December 16, 1997

**Meeting requested by Jim Kohlenberger.**

**Briefing prepared by Jim Kohlenberger.**

## EVENT

You are meeting with a diverse group of high-tech leaders largely from the Seattle area -- a few are from Silicon Valley -- to talk about the new economy. Although John Doerr is unable to attend, he helped to organize this meeting.

## LOGISTICS (As of this writing, subject to change)

- Jeff Bezos of Amazon.com will greet you at curbside. He will also begin the meeting.

## YOUR ROLE/CONTRIBUTION

- There are three topics areas we suggest for this meeting:
  - **Getting to know these leaders.** Although the Silicon Valley high-tech group knows you well, this is a chance to start some new and lasting relationships in this technology important state. Outside of your last trip to Seattle when you spoke at the Microsoft CEO Summit and visited Bill Gates' house and Boeing, you have not had the opportunity to get to know the Washington technology leadership.
  - **Broadband.** Many of the companies here rely on the Internet in some way to transact business -- whether delivering audio via RealAudio or ordering books via Amazon.com. Therefore, one of the issues they are interested in is broadening the Internet pipe to the home. [See below for background.]
  - **E-Rate.** These are important opinion leaders who can speak in support of the e-rate. The e-rate is important to them for at least three reasons. First it helps to extend big pipes into neighborhoods where schools and libraries are so others can take advantage of high speed access in their neighborhood. Second, the e-rate helps ensure that these companies have a well educated workforce and has basic technology skills. Third, it opens up new markets for Internet services.

## PROGRAM NOTES

- **Washington and Technology.** Washington State, the home of Microsoft, is fast becoming high tech leader. 41 out of every 1,000 private sector workers in Washington are employed in high-tech firms. Washington state is first in the country in the wages they pay to high-tech workers averaging \$57,000 a year. High-tech exports now account for 12% of total Washington exports.
- **Participants.** Although John Doerr is unable to make it. Wade Randlett who coordinates Tech Net and works with John will be there and will be his eyes and ears. Also, Tim Newell, formerly of OSTP, has now joined Sandy Robertson's firm. Although he has attended several Gore-Tech meetings on the administration side, this is the first Gore-Tech meeting where he will be on the industry side.

### **Bandwidth Background:**

- Computer and Internet companies are concerned that while microprocessor speed, storage capacity and other measures of computing speed are increasing at rapid pace -- Internet speeds to the home are nearly at a physical peak over standard phonelines. As such, these companies have become concerned that the **phone companies have been moving too slowly to upgrade their networks** - and that this could choke off the development of the Internet as the "World Wide Web" becomes the "World Wide Wait."
- There is also a **major culture clash between the phone companies and the entrepreneurial high-tech companies.** High-tech companies refer disparagingly to the phone companies as following "Moron's Law" as opposed to "Moore's Law."
- Although phone and cable companies talked about building fiber-to-the-home or fiber-to-the-curb networks in the early 1990's - the **current technological favorites are cable modems and Digital Subscriber Line (DSL)**, although some companies are exploring wireless alternatives. DSL comes in different "flavors" - but they all use the existing copper infrastructure, and can deliver up to 6 megabits/second downstream as long as customers are close to the central office. Currently, there are only 110,000 people accessing the Internet using cable modems, although this is projected to grow to 1 million by the end of 1999. Projections of DSL penetration range from 2-8 million by the year 2000. DSL has some limitations. The subscriber must be within a certain distance to the switch and only certain phone companies can take advantage of the technology depending on their existing technology.
- **Venture capitalists are financing a new breed of Competitive Local Exchange Carriers that are focused on DSL.** They are using the provisions of the 1996

Telecom Act to get "unbundled local loops" from the local phone companies, and to co-locate equipment in the central office. They are initially targeting the telecommuting market, but hope to drive down the price to make it more widely available by the end of 1999. This is very important because it will force the incumbent phone companies to respond or lose market share.

- **At the staff level we have been meeting with telecommunications companies to identify barriers to broadband deployment.** CLECs complain that they have trouble getting "local loops" from the phone companies at reasonable prices, and locating their equipment in central offices. Incumbents want faster depreciation, deregulation of data services such as DSL, and an ability to offer Internet access on an "inter-LATA" basis. Wireless companies complain about the difficulty of siting towers for new services. We are in the process of reviewing these and other issues to see if there is a package of policy changes that we could support that would accelerate broadband deployment to homes and businesses.
- There are other technologies as well. The FCC this month is auctioning the LMDS spectrum which will provide wireless broadband service. LMDS is probably limited by region because it does not do well with large wet trees and rain.

#### **Education Issues.**

There are several issues related to education that could be raised by the technology executives.

- **National education standards.** They may ask for your assessment of the deal struck in the Labor-HHS-Education bill on national standards and national tests. *You should reiterate that President Clinton and you (with help from from many high-tech executives) achieved a victory this year to keep national tests moving forward; however, their continued support will continue to be critical in the likely fight in Congress over the tests next year.*
- The agreement incorporated into the appropriation bill: 1) provided funding to continue the development of national tests in 4th grade reading and 8th grade math, 2) accepted a bipartisan agreement to place control of the tests under a bipartisan board called the National Assessment Governing Board (NAGB), and 3) authorized the National Academy of Science to conduct a study to examine whether existing tests could be used to determine if students are meeting national standards; but does *not* make implementation of the tests contingent on the study's findings. and 4) delays full implementation of the tests by one year, until the spring of 2000.
- **Likely California ballot initiative on charter schools.** A Silicon Valley executive in tomorrow's meeting, Reed Hastings, is spearheading an effort to develop and place a charter school initiative on the California ballot next

November. The initiative would lift the existing state-imposed cap of 100 charter schools in California and is being designed to strengthen both the autonomy and accountability of charter schools.

- Considerable support from the high-tech industry and elsewhere is expected for the initiative, but it is still uncertain what positions will be taken by such key groups as teacher unions. Hastings is currently working hard to brief key state-level education organizations -- and state-level political officials and likely candidates in both parties -- on the initiative. He has not yet begun gathering the signatures needed to place the initiative on the ballot.
- *When Hastings describes the initiative...you probably should emphasize the Administration's strong support for charter schools when they are done right: that is, strengthening public education by enabling teachers, parents, and others to create public schools that are given substantial freedoms but held highly accountable for performance by public authorities. You should avoid taking any position on the initiative until we have seen details; the Administration has neither been formally briefed nor taken on a position on the initiative. (Hastings may also bring up the fact that Jon Schnur on your staff was the Administration's point person on charter schools before coming to your office, and that his brother Dan Schnur -- former press secretary for Pete Wilson -- has been advising Hastings on the development of this initiative. The two Schnurs are not working together on this initiative.)*
- **Doerr's education initiatives.** As you remember, Doerr announced two major initiatives at the family conference in June: 1) the establishment of a "new schools" organization that would support the start-up of new public schools, the "speed-up" of existing public schools, and the "turn-around" of failing public schools, and 2) the education dashboard to enable teachers and parents to better communicate about their children's education. He also may provide some modest help on 3) an on-line mentoring effort in which you have expressed interest.
  - 1) **"New Schools" organization.** Doerr says his next action on the "new schools initiative" will be to convene a kick-off meeting for which you agreed to be an honorary co-chair. He and Wade Randlett have asked to arrange this meeting in Silicon Valley during the first quarter of 1998. *You can reaffirm your intention to be the honorary co-chair of the meeting, and you can say that your office is very close to working out a date for this meeting in the next three months. (The date will likely be March 20th, but that is not quite final yet.)*
  - 2) **Education Dashboard.** Doerr, Kim Polese, and others have been working out an arrangement to get implementation of the dashboard project on track. You may wish to ask Wade Randlett the latest on this.

- 3) **On-line mentoring.** Finally, your staff have been talking with Wade Randlett , the Department of Education, and the National Science Foundation about your interest in supporting on-line mentoring efforts. Wade has identified a few companies who would likely pledge support for their employees to become involved in on-line mentoring. Announcement of these pledges can be combined with the release of a Department of Education guidebook on on-line mentoring programs as well as an announcement that the Education Department and National Science Foundation will convene a workshop for employers interested in establishing or participating in on-line mentoring efforts. *You may want to reiterate your interest in this to Wade and others.*

#### ATTACHMENTS

- Talking points
- Participant Bios

## Suggested talking points

- Let me begin by say how pleased I am that all of you could join me here today -- particularly those of you who may have traveled some distance to be here.
- I have been going around the country meeting with leaders like yourself and engaging in what I believe are critical discussions about how we build upon and take advantage of this new economy.
- You and I know that new technologies and companies like yours are driving an exciting revolution in this country the likes of which we haven't seen since the industrial revolution. And this new economy is changing the way we work, the way we live and the way we learn. Consider this: Today more Americans make computers than make cars. More Americans build semiconductors than construction machinery. More Americans spend their days processing data than refining petroleum. A full 33% of GDP growth in the past year has come from information technology industries. Because of the innovation of American industry, US productivity continues to increase dramatically and our companies are at the forefront of global competition.
- This new economy is creating enormous new opportunity. This afternoon, I want to take some time to get to know each of you better and then I want to talk about ways we make sure that more people can take advantage of this new economy -- through better access to new technologies at both home and in schools and libraries

[Introductions around the room]

### Broadband talking points

- I share your concern about the slow pace of deployment of affordable, broadband services to homes and businesses. In fact when I recently swore in the new FCC Chairman -- Bill Kennard -- and Commissioner Tristani -- I challenged them to make broadband a priority.
- I believe it is critical that we make progress in this area for a number of reasons:
  - It will slow the growth of the Internet if people get frustrated by the "World Wide Wait" phenomena - which will in turn slow demand for PCs and other segments of the information and communications industry.
  - Broadband networks will lead to an explosion of innovative multimedia applications and services -- more engaging Web sites for information and e-commerce, telecommuting, life-long learning, home health care, "virtual worlds," etc.

The reason that the U.S. is the world leader in information technology is that the

Internet happened in the U.S. before it happened in the rest of the world. I don't need to tell you how important "time to market" is in today's global economy. If we can make sure that the U.S. is the first country to deploy broadband networks, we can capture the markets for new multimedia products and services.

■ Let me suggest the following ways in which we could work together on this issue:

- First, we need to strengthen support for the FCC discounts for Internet connections to schools and libraries -- also known as **the e-rate**. If kids have high-speed Internet access at school and libraries, they're going to want it home as well. But more importantly the e-rate is important for putting the future in the hands of our kids. Can you imagine if 30 of your employees had to share one computer -- its unacceptable for your employees and it should be unacceptable in our schools and libraries. But there are some who want to undermine our commitment to educational technology and the e-rate program. I need your help in letting the public know the importance of this new program and making sure schools and libraries can take advantage of it.
- Second, we need to determine what **changes in telecommunications policy** will make it more attractive for both incumbent phone companies and competitive telecom companies to invest in broadband networks. My staff and the staff of the National Economic Council is reviewing this issue right now - and we would really like to have your views.
- Third, we think that high-tech companies may be able to leverage their power as purchasers to **accelerate broadband to the home**. Many of you have employees that would like to be able to work at home -- this demand could encourage telecom companies to build out their networks.
- Finally, we also need Congressional support for the **Next Generation Internet**. This initiative will allow scientists and engineers in government, industry, and academia to "live in the future" and experiment with new applications that are impossible to do on today's Internet. It will also permit DARPA to sponsor research on technologies such as terabit networks -- which would allow us to transmit the entire Library of Congress in under three minutes: These are the kinds of technologies that we will need for tomorrow's Internet backbones. [Note: Last year, the Congress gave us \$85 million out of the \$105 million that we requested. The Administration's NGI initiative includes a partnership with the "Internet2" consortium of universities - but also supports longer-term research on networking and advanced applications.]

## Gore-Tech Meeting Participants

### **Jeff Bezos**

Jeff Bezos is founder and CEO of Amazon.com. Amazon.com is one of the most commonly used commerce sites on the World Wide Web and is the leading online retailer of books.

### **Wade Randlett**

Wade Randlett has been to several Gore-Tech meetings. He is John Doerr's eyes and ears at this meeting and coordinator for TechNet.

### **Tim Newell**

Tim Newell, formerly of OSTP, has now joined Sandy Robertson's firm, and although he has been at several Gore-Tech meetings, this is his first Gore-Tech meeting as an industry person.

### **Keith D. Greinstein**

Keith Greinstein is President and CEO for Nextel International, Inc. As President and CEO, Keith is responsible for all international investments and operations for Nextel.

### **Tom Alberg**

Tom Alberg is a principal of Madrona Investment Group, L.L.C, a merchant investment banking firm based in Seattle. Along with being a principal at Madrona, Tom Alberg is member of the Board of Directors of Active Voice Corporation, Amazon.com, ConnexT, Emeritus Corporation, Mosaixz, Teledesic Corporation, and Visio Corporation.

### **Reed Hastings**

Reed Hastings is working with several education reform groups and studying educational policy at Stanford University. Reed is a long time advocate of education and public schools in the United States. He is a former high school math teacher and former CEO.

### **Steven Singh**

Steven Singh is President and CEO of Portable Software Corporation. In addition, Mr. Singh also founded the Eshani Corporation which is credited for developing ACT! for Windows and Macintosh.

### **Tom Hughes**

Tom Hughes has served as President of PhotoDisc for the past seven years. PhotoDisc is the leading publisher of innovative, high quality products for the digital publishing multimedia markets.

### **Mark Klebanoff**

Mark Klebanoff has served as Chief Financial Officer of RealNetworks since June 1996. RealNetworks is a leading provider of branded software products and services that enable the delivery of streaming media content over the Internet and intranets.

**Graham Hill**

Graham is co-founder and Chief Executive Officer of Sitewerks, a full service Internet development company. Sitewerks caters to such clients as Microsoft, Paccar, Starbucks, and Turner Broadcasting.

**Nicolas Hanauer**

Nicolas Hanauer is currently senior vice president for sales and marketing at Pacific Coast Feather Company, a leading brand of down comforters and bed pillows in North America.

**Jeremy Jacch**

Jeremy Jacch is President and CEO of Visio Corporation, a leading supplier of enterprise-wide business diagraming and technical drawing software. In addition, Mr. Jacch also was co-founder of Adobe Systems and served as the company's technical leader for the original development of Pagemaker software.

**Patty Stonesifer**

Patty Stonesifer is President and Chairman of the Gates Library Foundation. The Foundation was formed in 1997 with a \$200 million commitment by Bill and Melinda Gates to bridge the gap between those who have access to technology and those who do not.

**Kenneth Williams**

Kenneth Williams is Vice Chairman of CUC International. CUC International acquired Sierra-Online in 1996 which is the leading publisher of consumer software for personal computers.

**Professor Brian Bershard**

Professor Brian Bershard is an Associate Professor of Computer Science and Engineering at the University of Washington in Seattle. His research interests are in computer systems, networking, and distributed systems. He is also the founder of Verifix, a venture backed Seattle software company developing software for enterprise systems

**Larry W. Martin**

Larry Martin has more than 30 years of experience in the information services industry. He has been President of Data Dimensions since 1990.

**Rick Murdock**

Rick Murdock has been President and CEO of CellPro, Inc. since 1992. Rick is recovering from a rare form of cancer after being the first person to receive his company's radical new treatment last year (after the FDA granted a "compassionate use exemption" for the new approach). Now, more than 5,000 people have received the treatment.

# Gore-Tech Meeting

Fairmont Hotel, San Jose

8:00 - 9:00 am, Friday, January 30th, 1998

Meeting requested by Jim Kohlenberger

Briefing prepared by Jim Kohlenberger

## EVENT

This Gore Tech meeting is pivotal, coming almost exactly one year after the first Gore Tech meeting in Washington DC. Although you have hosted a dozen Gore Tech meeting around the country in the past year, this meeting is the first Gore Tech meeting in Silicon Valley. In a sense, it's a "coming home" meeting. It's also an opportunity for you to do three things:

- 1) Review some of their concrete steps they have take as a result of your meetings in the past year;
- 2) Highlight some of the Administration's budget and policy initiatives that make clear your commitment to the "new economy"; and
- 3) Identify a few key opportunities and goals for the next year.

## LOGISTICS (As of this writing, subject to change)

- You will open the meeting with a few brief remarks.
- You can then turn to John Doerr for comments, proceed around the room for comments and engage in an informal discussion.

## YOUR ROLE/CONTRIBUTION

- This anniversary Gore Tech meeting is a chance for you to "come home" to Silicon Valley, take note of what you have accomplished this past year, announce some new budget initiatives, and talk about the year ahead.

## PROGRAM NOTES

- **This is the first Gore Tech in Silicon Valley.** The fact that you have participated in a dozen Gore-Tech's across the country while only now holding one in Silicon Valley reflects John Doerr's often repeated point that Silicon Valley is not a place but a state of mind.

## Some Big stories in the Valley

- **IT Worker Shortage.** Earlier this month, a conference in Berkeley focussed on the huge IT worker shortage. You released a statement to coincide with the conference that announced specific steps taken by the Administration. Your statement included:
  - **Expanding industry involvement in school-to-work:** The Department of Education and the Department of Labor will provide grants for industry groups that expand private-sector involvement in school-to-work. This will give more young Americans the academic and vocational learning they need to pursue high-skill, high-wage jobs in industries such as IT.
  - **Upgrading the skills of the existing workforce:** The Labor Department will invest in demonstration projects -- in partnership with employers and training providers -- to train dislocated workers for high-tech jobs.
  - **Continuing the national dialogue:** The Department of Commerce will convene four town-hall meetings this year where representatives of business, academia, state and local governments, and employee organizations can discuss IT workforce needs; identify best practices; and showcase successful models that others can replicate.
- **Asia Crisis.** Leaders in Silicon Valley have been focussed on the Asia crisis. Treasury reports that more than 50% of all exports from California go to East Asia. The Administration has been working aggressively to protect its vital economic and national security interests by working to help restore financial stability and economic growth to the troubled region. The President made a major pitch for IMF funding in the State of the Union.
- **Gingrich.** Probably little noticed was a recent trip by Newt Gingrich out West in an effort to rekindle his relationship with the technology community. He visited Oracle computers where he made a pitch for Network Computers for poor kids. After admitting his Democratic rivals had embraced the tech agenda first, Gingrich made clear the GOP knew being second meant it would have to try harder. He promised Congress would try to relax immigration laws so high-tech firms could import programmers as readily as other electronic components, and would move to pass a federal securities litigation reform measure.

## ATTACHMENTS

- Attendee list
- Talking points

## GORE-TECH PARTICIPANTS

**Marc Andressen, Netscape.** Marc is Senior Vice President of Technology and co-founder of Netscape Communications Corporation. As an undergraduate at the University of Illinois in Champaign, Illinois, Marc created the National Center for Supercomputing Applications Mosaic research prototype for the Internet with a team of students and staff at the University's NCSA.

**Brook Byers, Kleiner, Perkins, Caufield & Byers.** Brook, a partner at Kleiner Perkins, has been a venture capital investor since 1972. Since its founding in 1972, KPCB has raised nine venture capital partnerships from institutional investors totaling \$1.3 billion and has helped entrepreneurs fund 250 new technology companies which have accrued market valuations exceeding \$84 billion, achieved combined revenues of over \$44 billion and created over 131,000 jobs. KPCB invests in wireless communications, online and other information services, software, internetworking, interactive media and a variety of health care fields.

**Bud Colligan, Macromedia.** As Chairman of Macromedia, Bud has been a leader in multimedia and digital publishing since 1983. Macromedia's family of software tools enable the creation of entertainment, education communication and commerce sites on the Web and corporate intranets, as well as CD/DVD-ROM.

**John Doerr, Kleiner, Perkins, Caufield & Byers.** John joined Kleiner Perkins in 1980 after becoming the top-ranked systems salesperson at Intel. He serves on the Board of Directors for several leading technology companies.

**David Ellington, NetNoir.** Dave is the CEO of the largest Afrocentric presence on the Web. NetNoir, based in San Francisco, is the leading new media company promoting, creating, developing, archiving and distributing distinctive Afrocentric programming and commercial applications for all forms of interactive media. NetNoir was contracted by Clinton/Gore to conduct online surveys of African-American voter attitudes.

**Doug Engmann, D.J. Engmann Options.** Doug has been president of the San Francisco-based securities trading firm of Engmann Options, Inc., since 1978. He has served on the Pacific Stock Exchange board of governors and was acting Chairman in 1987. He was Assistant Director and Director of the White House Conference on Youth from 1970-1972.

**John Freidenrich, Bay Partners.** John founded Bay Partners in 1976, and has been an active venture capital investor since the early 1970s. He has helped launch many hi-tech companies -- acting as legal counsel, business advisor or investor.

**Dr. Charles Geschke, Adobe Systems.** Charles is President and co-founder of Adobe, launched in 1982. He has been a respected and inspiring leader in the software industry for more than 30 years. He formed the Imaging Sciences Laboratory at Xerox PARC in 1980, where he directed activities in the fields of computer science, graphics, optics and image processing.

## Talking Points

- It is now almost exactly a year since we first got together and started having these meetings. Since then we have met all across the country -- from California to the Carolinas, from Washington D.C. to Washington state. A dozen meetings in all. But this is the first time we have met in Silicon Valley -- I feel like I am coming home. And although every meeting has included a different group of leaders, one thing has remained constant -- a quest to understand the new economy and to find things we could do together to ensure that everyone succeeds in the new economy.
- **What We've Done Together this past Year:** Let me take a moment to review some of our accomplishments:
  - You helped to organize an astounding group of hundreds of high-tech leaders who signed on to support national standards at a White House ceremony greeted with front page headlines.
  - Many of you joined me at my annual family conference in Tennessee where you unveiled the Dashboard and the New Schools Fund.
  - And after the Supreme Court struck down the Communications Decency Act, I challenged you to help make the Internet a safe and educational environment for children, while protecting our core First Amendment values. And several of you got involved and have made a real difference.
- What is astonishing is that in less than a year, each of you have found your own way to contribute to the country in a way that will make a difference to real people. These meetings have been incredibly powerful.
- **New budget items that are in part a result of insights gained through these meetings.** Today I'd like to tell you about some of the things we are doing in our first budget since we started meeting that I think begins to reflect some of the challenges in the new economy that I have heard you talk about in our far ranging discussions.
  - ✓ You told me that innovation is what is driving the new economy so yesterday I announced our new \$31 billion 21st Century Research Fund with unprecedented increases in funding for NIH, NSF and other civilian research. I also announced an extension of the R&D tax credit.
  - ✓ You told me that we are short of skilled workers. So tomorrow I will announce more than \$750 million in educational technology investments including new efforts to train teacher to use technology effectively in the classroom, and a new effort to allow adults to learn "anytime, anywhere" to upgrade their skills.
  - ✓ You stressed the importance of keeping America at the cutting edge of information technology. So we are investing \$110 million to develop the Next

Generation Internet. We are also increasing NSF's investment in computer science research by 16 percent.

- **The Year Ahead.** I think we should be proud of what we've accomplished, but there is clearly much more that we can and should do. Let me give you a few ideas, and then I'd like to hear from you.
  - Tomorrow in Southern California, we will have another Gore/Tech meeting with leaders like yourself to talk about a new idea that I think could be an important next step in the evolution of the Internet -- **Digital Earth.**
  - If my schedule permits, I'd like to bring **Victor Chernomyrdan**, Prime Minister of Russia and my partner in the Gore-Chernomyrdan Commission, out here in March to meet with a group of you.
  - Additionally, I'd also like to take the next step on the **New Schools Fund** and join you for the New Schools Conference in March if my schedule permits. I hope you will all work with John to make it a success.
  - I also want to work with you on Climate Change, and Fast Track. I think we are making some good strides within the administration and I hope we will be able to move to some good resolution on Encryption and Securities Litigation reform. And although I don't want to talk about the details of these today, I do want you to know that we are trying to move to a better place.