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Most Innovative New Products Award Winners Announced

Over 900 people gathered to celebrate technology and innovation at the1999 Most Innovative New Products Awards (MIP), held Wednesday at the Sheraton Harbor Island Hotel. Awards were presented in seven categories. A selection committee selected the 23 finalists from a record 138 entries and the winners were chosen by 16 distinguished judges representing business, science, UCSD and the San Diegocommunity.

Jerry Caulder, CEO and Chairman of Akkadix, served as the Master of Ceremonies. His remarks about Bill Otterson were fond, funny and familiar. While describing how difficult it could be at times to communicate with Bill, due to his deafness, he looked heavenward and said, "At least now we don't have to worry about whether you can hear us Bill." Otterson's spirit certainly was present in the room as many speakers mentioned his influence on them and his contribution to the technology community in San Diego.

The establishment of a special award in honor of and named for Bill Otterson, the founding director of UCSD CONNECT, was also announced. As exemplified by his life, The Bill Otterson Award will recognize unique innovation and a substantial, long-lasting contribution to society, our community and our quality of life. The award will be given only when the judges feel that there is a product that meets the criteria.

Attendees were entertained by a look at old time San Diego in the video produced by Craig Bentley, an independent producer for KPBS, one of the program's sponsors. Bentley obtained footage from the early twenties up through the fifties and sixties to illustrate the changes in the San Diego skyline and highlight the similarities between the spirit of our predecessors in technology industries and Technology's Perfect Climate today.

Paul Kreutz, presented the Gray Cary Ware & Freidenrich Award for Technology Innovation to Charles H. Gaylord. He referred to Gaylord as "a driving force in our local technology industry." The annual award recognizes those individuals in the San Diego region, who through their business activities and community involvement, have encouraged innovation and diversity of thought, thereby increasing the chances of success for entrepreneurs. "I cannot think of a better way to recognize the men, women and innovative technologies that drive the San Diego region, than through CONNECT's Most Innovative New Products Awards," said Kreutz.

In the Entertainment & Leisure category, the winner was RaceGate.com for their online community and registration site for participatory sports. RaceGate.com also provides web technology products and services for both events and athletes. It was named one of USA Today's Hot Sites in September 1999, provides online training tools, athletes' communities, feature stories, photo galleries and electronic photo postcards.

In the General Business category, the winner was Ontro, Inc. for the Ontro Self-Heating Container, which safely heats beverages to a desirable temperature providing consumers with the convenience to enjoy a hot beverage Anytime, Anywhere. Heat is generated inside the container through a simple process - the reaction of water and calcium oxide (more commonly known as crushed limestone). To activate the container, one pushes the button on the bottom, waits five minutes and the beverage is heated. Once the beverage reaches the optimal temperature, it remains hot for 20 minutes.

In the High-Tech Electronics category, the winner was the University of California Riverside for its Aerosol Time-of-Flight Mass Spectrometer. Chemist Kimberly Prather invented a transportable, laser-based mass spectrometer that simultaneously measures the size and chemical composition of airborne particles. The instrument offers enormous promise in a variety of applications, from determining the sources of particulate pollution to detecting biological warfare agents to analyzing sick buildings.

In the Internet category, the winner was Sandpiper Networks, for Footprint 2.0. Footprint 2.0 speeds up the delivery of web content by more than 50% by intelligently avoiding network congestion and delivering content from servers located closer to end-users. With Footprint, Sandpiper has built the Internet's largest Content Delivery Networks (CDN) - a globally distributed and proprietary network of content servers. Footprint migrates content to hundreds of servers deployed throughout

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Sandpiper EX2011
Microsoft v. Sandpiper
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Feature Story continued ...

the Internet and ensures that content is delivered quickly, reliably and cost-effectively.

he Life Sciences category, two winners were named; EyeDx, Inc. for EyeDx(TM) Digital Vision Screening System and Prohold Medical Technologies, Inc. for Neuracryl M(TM). The EyeDx(TM) Digital Vision Screening System detects common eye disorders in children. The system consists of a modified digital camera and unique image processing software, which automatically detects the eyes in facial photographs and analyzes their content. Neuracryl M(TM) is a novel polymer that is delivered as a liquid - into the body through a catheter - becoming solid immediately as it contacts tissue or blood - starving and killinglethal vascular malformations or solid tumors by isolating them from their blood supply.

In the Software category, the winner was HNC Software for eFalcon. eFalcon is a complete, real-time fraud protection service for e-commerce that enables Internet merchants and their providers to detect and manage the risk of Internet credit card fraud. eFalcon helps manage Internet credit card fraud in three ways: patented analysis techniques to accurately detect fraud; powerful strategy management tools to boost overall order acceptance and flexible customer service tools to help "rescue" high-value orders identified as high-risk.

In the Telecommunications category, the winner was OmniVoice Technologies, Inc. for VoiceOver(TM) speech compression technology. The technology enables the integration of voice into new and existing products such as pagers and PDAs. Voice is compressed to a size 50 times smaller, creating unequaled bandwidth-effective voice messaging opportunities. Voice-Over(TM) is an end-to-end solution and can be used over any transmission media with unparalleled performance.

In addition to the lead sponsor, Gray Cary Ware & Freidenrich, and KPBS, other sponsors were CB Richard Ellis, Imperial Bank, Stoorza Ziegaus & Metzger, Marsh, PricewaterhouseCoopers and The San Diego Union-Tribune.

ABOUT THE NEWSLETTER

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Improving America's Health III: A Survey of the Working Relationship Between the Life Sciences Industry and the FDA

In 1995, the University of California, San Diego (UCSD) CONNECT, along with PricewaterhouseCoopers, produced a pivotal study of the day-to-day working relationship between the FDA and the Life Science Industry. The survey was repeated in 1997. These studies have highlighted factors that hinder and delay the approval process such as basic communications issues and the appropriateness of FDA guidelines.

"We have been asked to extend the deadline for completing and submitting the questionnaire until the end of the year" said Donald Grimm, Managing Director of the project. "This survey and its findings have had a significant impact on the daily work of the FDA. This effort to improve the day-to-day relationships between the FDA and the biopharmaceutical and the medical device companies truly helps everyone. We expect the findings from this new survey to reveal progress that has been made and to define additional steps that must be taken to further improve this working relationship," Grimm stated. The survey is being conducted with the support of the FDA, Congressional and Administrative leaders, national and regional trade groups, and patients.

The questionnaires were mailed to the Head of Regulatory Affairs at each of 4,000 medical device and biotechnology companies across the USA. It is to be filled out anonymously. Specific answers will not be shared with anyone.

PricewaterhouseCoopers will be playing the role of the data collection agent. No comments will be attributed to a specific company. If you have not received a copy of the questionnaire please call Sara Benignus at UCSD CONNECT in San Diego at 858-534-4750 or email Sara at mailto:Sbenignus@ucsd.edu.

With a new FDA Commissioner in place, it is critical to update the data. We want to be able to deliver to Congress, to the Administration, and to Dr. Jane Henney, current information about the working relationship between biopharmaceutical and medical device companies and the FDA. We need this new information to push forward for additional change at the FDA in 2000.

The collective results of this year's survey will be made public early in 2000. Copies of the results will be shared with all the stakeholders that have an ability to influence additional change at the FDA. In addition to Congress and the Administration, the results will be made available to all of the trade groups, other interested groups, patients, and appropriate media.

This survey and its analysis is a major undertaking by UCSD CONNECT and PricewaterhouseCoopers. Oversight is provided to the effort by the members of the University/Community FDA Oversight Committee. This survey is carried out with the knowledge of the FDA.

Advice from HR Experts on Mergers & Acquisitions

by Abi Barrow

When Fred Plevin of Paul Plevin & Sullivan LLP opened Tuesday's HR CONNECT meeting he reeled off a list from that morning's paper of merger and acquisition activity in San Diego's technology community. From early stage internet start-ups, to established divisions of QUALCOMM there is no company that is not currently thinking about either acquiring companies or being acquired itself. Little surprise that this was the largest meeting ever held by HR CONNECT or that everyone wanted to hear from the experts how they had managed the process from the people perspective.

For Naomi Whitacre of Dow AgroSciences, "understanding culture is very important, especially during the due diligence process, the bettet both cultures are understood - the better the potential for a successful merger." Whitacre knows this from experience, at Mycogen she was active in the acquisition of many seed companies with very different cultures from a San Diego Biotech and she recently acquired the title of Site Manager under DOW following their acquisition of Mycogen and their expansion of activities locally.

To help in the integration process, Whitacre strongly advised that Integration Managers should be selected in order to build bridges between the two companies. These managers should be responsible for helping each company understand the others family history, vocabulary, values, operations, and facilities. Tony Chartrand, VP of Human Resources, at Ericsson also identified the creation of an integration team, as an import part of the acquisition, as well as understanding that this team would be working on the transition for between 18 and 24 months.

From Chartrand's perspective when Ericsson acquires a new company, as they just did in San Diego with the purchase of a division of QUALCOMM, they are "acquiring intellectual capital and not bricks and mortar." In order to get the full potential out of the new division they have to maintain a critical mass of capabilities and knowledge. So their biggest worry is turnover following the acquisition. "We need to make sure our new human capital comes back to work the day after the acquisition" stated Chartrand.

Recognizing that employees change from euphoric to grieving over the change in employer was also thought important by both panelists. And remember if you are the acquiring company first impressions last longest, so make sure they are good ones.

Whitacre's final piece of advice "Every HR professional needs to be ready for an acquisition. Even if you don't you are going to be acquired soon you still need to have an up-to-date list of all your current benefits, pension and bonus plans, employment contracts, ESOPs and any outstanding litigation and workers comp cases so that if it happens you are prepared for the due diligence process."

HEALTH CARE NEWS

Quorex Pharmaceuticals announced the completion of a $1.1 million equity financing including investor Tullis-Dickerson & Co., Inc., one of the nation's largest health care focused venture capital firms. Quorex, formerly known as Quorum Pharmaceuticals, was founded on a discovery of a novel signaling pathway occurring in a wide variety of pathogenic bacteria. The company is using this signaling pathway and its proprietary screening platform to discover and develop anti-infective drugs for the treatment of serious bacterial infections, including those infections that are resistant to existing drugs.

Ligand Pharmaceuticals announced that it has submitted a New Drug Application to the FDA for Targretin(R) gel, a novel topical therapy for the treatment of cutaneous lesions in patients with Stage IA, IB, or IIA cutaneous T-cell lymphoma who have not tolerated other therapies or who have refractory or persistent disease. Ligand also announced that the company will pay Elan Corporation $5 million in Ligand common stock for the completion of patient enrollment in Phase III pivotal studies in the U.S. for Morphelan(TM), a once-daily, sustained release, solid oral dosage form of morphine for pain in oncology and HIV patients.

Desmos announced the receipt of two Notices of Allowance and one Issuance from the U.S. Patent and Trademark Office regarding three patents involving the use of the extracellular matrix protein laminin-5 in the field of periodontal disease. These three patents add to Desmos' extensive coverage of the laminin-5 protein for a variety of therapeutic applications.

Corvas International announced the extension of its collaboration with Schering-Plough Corporation to develop and commercialize a new generation of oral anticoagulants based on inhibitors of key protease enzymes in the blood-clotting process. Under terms of the agreement, Schering-Plough will continue to support the preclinical development of these inhibitors through December 2000, resulting in additional payments to Corvas of $3 million.

HIGH-TECH NEWS

Space Electronics, a subsidiary of Maxwell Technologies, Inc., announced that it has expanded its strategic partnership with Actel Corporation. Under the expanded strategic partnership, Space Electronics has become the sole authorized selling agent for the RAD-PAK(R) Field Programmable Gate Arrays (FPGAs) Space Electronics' expanded role will include responsibility for maintaining inventory, order processing, and order fulfillment.

QUALCOMM Inc. announced it is making a sponsor-supported version of the full Eudora(R) email client available to users at no charge. QUALCOMM's decision will mean a major, free upgrade for the estimated 16 million users of Eudora Light(R) (the less powerful freeware version of the software) and will give sponsors the opportunity to tap into Eudora's enormous installed base.

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HIGH-TECH NEWS CONTINUED...

Leap Wireless International, Inc. announced that it has entered into a memorandum of understanding to purchase PCS operating licenses in Macon, Columbus and Albany, Georgia for an undisclosed amount. Leap and the seller expect to finalize a binding agreement by Feb. 28, 2000. The agreement, if executed, will give Leap the right to add approximately 1.3 million POPs (potential subscribers) to the Company's holdings for use by its domestic subsidiary, Cricket Communications, Inc. The acquisition will be subject to certain conditions and approval from the Federal Communications Commission (FCC).

Odyssey Productions announced it has launched a new, high technology web site. More than 30 of the highest quality video clips on the internet are available at the new site, including Odyssey's newly released "Computer Animation Marvels." All of these video clips are presented in the new QuickTime 4 format. The new web site can be see at http://www.odyssey3d.com/special1.html.

ANNOUNCEMENTS

UCSD CONNECT Athena has announced the appointment of seven new board members. They are: Anne Crossway, CEO of CIStem Molecular Corporation; Berit Durler, COO of Extended Studies and Public Programs at UCSD and associate director of CONNECT; Sue Ebner, vice president of Marsh Risk & Insurance Services; Barbara Friedman, vice president of ABF Enterprises and advisor to the new start-up company, mohomine.com; Susan Gonick, attorney and shareholder with Heller Ehrman's Corporate Securities & Securities Litigation Practice Group; Donna Nichols, vice president and head of corporate communications of Agouron Pharmaceuticals, Inc.; and Teresa Young, tax partner in the San Diego office of Deloitte & Touche LLP.

Bioinformatics - The New Frontier, New Tools for Healthcare Discovery - Wednesday, January 12 - Life Science Industry Council, 7:30 - 9:30 a.m. at the Irvine Marriott. Panel: David J. Glass of Keck Graduate Institute of Applied Life Sciences; Patricia Flately Brennan, University of Wisconsin; and Wolfgang Hoeck, Ph.D. of Amgen. Cost: $30 members/$35 non-members. To register call 949-366-1056.

Energy Supplies for the Twenty-First Century - Monday, January 24 - Jacobs School of Engineering's Department of Mechanical and Aerospace Engineering, 4 p.m. at the UCSD Faculty Club. Speaker: Dr. Sol Penner, distinguished professor at UCSD. Free and open to the public. For more information see http://www.soe.ucsd.edu/.

Western Regional Conference on Bio Terrorism - February 3 - 5 - Sponsored by the County of San Diego, UC San Diego School of Medicine and Johns Hopkins Center for Civilian Biodefense Studies in association with Science Applications International Corporation. The purpose of the conference is to accelerate development of an effective bioterrorism response plan. For more information contact 858-534-3940.

ANNOUNCEMENTS CONTINUED

Research Review 2000 - Friday, February 25 - Jacobs School of Engineering at UCSD, presented by the Corporate Affiliates Pro gram. Morning session includes Dean's progress report and keynote address; afternoon session includes 130 plus graduate student posters. Cost: $25/ free to Jacobs School alumni. For information http://www.soe.ucsd.edu/events/rr2k_reg.html.

CONNECT to Again Offer Popular "Starting and Financing Technology Companies" Course

This course examines the components that affect the founding, survival, and success of a new business venture. To date, this annual class has been a highly successful vehicle for company formations. More than 20 companies have been formed by former students of this class, including Nine Technologies, ChatSpace, and Wright Strategies. Topics include formatting a new business idea, raising capital, building a management team, finding corporate partners, understanding intellectual property issues, preparing market introductions, and creating value.

In addition to lectures and presentations, many of the sessions feature guest speakers who are San Diego's leading high-tech and biotech entrepreneurs and investors. Participants focus on learning how to think about starting and operating a high-tech company, including haw investors evaluate technologies and analyze investment opportunities

Expert Instruction: Ken Olson started his first successful technology company at age 25 and has over thirty years of experience as CEO of high-tech companies. He has taken two of these companies through IPOs and then through mergers with large companies.

He has been an outside director of eight early stage San Diego companies, contributing to strategies for products and markets. He has also been involved in financing, governance, liquidity and a couple of business failures.

The class will be held January 10 -- March 13, 2000 (ten evenings), Monday Nights from 6-9 p.m. (no holidays) at the Sidney Kimmel Cancer Center at 10835 Altman Row, San Diego. Course Fee: $400.00 (discounts for groups) This course is NOT applicable for University Credit. For further information, contact Dawn Cicero by email at dcicero@ucsd.edu or phone the CONNECT office (858) 534-6114.

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FROM THE DIRECTOR CONTINUED

The most significant changes are:

— Employers must pay overtime at time and one-half for any hours worked in excess of eight in one day or forty in one workweek. Overtime and time and one-half is also available for the first eight hours worked on the 7th day of work in a given workweek.

— Employers must pay "double time" for hours worked in excess of 12 in one day or worked in excess of eight hours on any 7th day of a workweek.

— Under the new Labor Code Section 511, employees may adopt a regularly scheduled alternative workweek. The "alternative work week" rules mirror in large part the rules eliminated by the 1998 change. A proposal must be made by the employer and approved through secret ballot election by two-thirds of affected employees in a work unit. Even under an alternative workweek schedule, no shift may exceed 10 hours per day within a 40 hour workweek without the payment of overtime. Specifically, no overtime is incurred where the alternative schedule creates shifts of up to 10 hours worked in one day and up to 40 hours worked in one workweek. "Double Time" payment is required where hours exceed 12 hours per day or 8 hours on days worked beyond regularly scheduled workdays established by alternative workweek schedule.

— Alternative work schedules created prior to January 1, 2000 will be null and void unless they comply with the new maximums described above. Even where a previously established alternative workweek does comply with the Act's time requirement, it appears that the employees must make a written request to the employer to continue that plan in order for the schedule to continue.

— With respect to the administrative, executive and professional exemptions, California is changing from a "remuneration" standard to a "salary" standard. The exempt employee must earn a monthly salary equivalent to no less than two times the state minimum wage for full-time employment. This equates to $23,920.00 per year at the current minimum wage, almost double the current "remuneration" standard requirement.

— The Labor Code now includes unprecedented civil penalties for violations of the wage-hour sections of the Labor Code and authorizes the Labor Commissioner to issue citations to employers, as well as individuals. Citations may be contested, but only pursuant to the procedure set forth in Labor Code section 1197.1, which contains extremely short time deadlines for challenging a citation.

There is language in the Act that suggests there will be changes and more detailed regulation effective July 1, 2000. However the basic reversion to the pre-1998 overtime provisions will remain California law.

Julie Meier Wright Reports from Europe

We had a great day at Novartis — information-packed! It included briefings on their Crop Protection operation in Stein, a tour of their crop operations, a pharma briefing and tour of some of the pharma labs. It is clear how important their investments in San Diego can be for them. Both the Novartis Institute for Functional Genomics and the Novartis Agricultural Discovery Institute are cutting-edge research operations for Novartis. Their team, led by two members of their Board of Directors and two heads of research, made us feel most welcome. Both Mayor Golding and I are technology junkies, asking lots of questions — it was a bird's eye view into the value of biotechnology for both human health and quality of life.

On the sobering side — you can barely pick up a newspaper or turn on the television without encountering a negative article on genetically modified foods (GM, as they call it. In the US, that's a car company.)

Unless we want to live in a society that takes no risks — and thus never solves many of our health problems nor the problems of a plentiful food supply for a growing global population — we had all better hope that good science prevails.

We're now in London with about 20 San Diego companies. Bob Watkins hosted a Mayor's dinner for San Diego CEOs in town on Monday, most for BioPartnering Europe. Thursday and Friday will be very California-focused, at Cal-IT (a very successful conference that I am proud to have started, along with California's Director of Trade and Investment for Europe, Trudi Schifter), and San Diego's information technology companies will have a chance to show their stuff.

These are both outstanding conferences, and I'm hopeful that we'll have a stronger San Diego presence next year!

Bill's Bits

We have a recent email from the White House asking for "input on how to improve U.S. innovation." Since this region has good reason to feel it is well ahead of any other in this capacity, it sure will be fun to do some inputting. All suggestions will be deeply appreciated.

UCSD spin-off ResMed was featured in the recent Forbes issue on the 200 Best Small Companies in America. They were the only San Diego company to make the list (they were #27). Peter Farrell, ResMed's Chairman & CEO says that in 1997 they were #172 and in 1998 they were #63. ResMed was also named by Forbes as one of the 12 companies to watch in 2000.

Lynn Schenk has become chief of staff to Governor Gray Davis, clearly making her San Diego's major influence in the Governor's office. Schenk was already serving as chief advisor to the governor. Her new position comes after the departure of the governor's staff director, Vince Hall. Hall is returning to San Diego to work with an Internet start-up.

"My ventures are not in one bottom trusted,
Nor to one place; nor is my whole estate
Upon the fortune of this present year;
Therefore my merchandise makes me not sad."

— Antonio, the Merchant of Venice, Act I, Scene I

ABOUT THE NEWSLETTER

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