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Applied Materials

Established in 1978 by

DAVID PACKARD

December 19, 2008

The Honorable Barack Obama

President-Elect

P.O. Box 8102

Chicago, IL 60680

The Honorable Nancy Pelosi, Speaker

Office of the Speaker of the House

H-232, U.S. Capitol

Washington, DC 20515

The Honorable Harry Reid, Senate Majority Leader

Office of the Senate Majority Leader

528 Hart Senate Office Building

Washington, DC 20510

The Honorable Mitch McConnell, Senate Minority Leader

Office of the Senate Minority Leader

S-230 Capital Building

Washington, DC 20510

The Honorable John Boehner, House Minority Leader

Office of the House Minority Leader

H-204 Capital Building

Washington, DC 20515

Re: Economic Stimulus Package

Dear President-Elect Obama, Speaker Pelosi, Leaders Reid, McConnell, Boehner:

On behalf of the Silicon Valley Leadership Group, we are writing with regard to the current economic downturn as the new Administration and Congress act to respond quickly to help our nation's economic recovery.

The Silicon Valley Leadership Group encourages strong bipartisan solutions to maintain our global competitiveness, sustain long-term economic growth, stabilize financial and mortgage markets, enhance the availability of credit and create quality jobs. In view of the deteriorating economic situation, an innovative economic stimulus plan that complements our innovative economy is urgently needed to advance our nation's competitiveness. We believe an effective stimulus plan utilizes two fundamental approaches: 1) public investments in physical and virtual infrastructures critical to enhancing our nation's economic vitality and quality of life; and 2) tax incentives that address current economic challenges, while enhancing our nation's innovative and competitive potential. We strongly recommend the following actions be given full consideration as you consider an economic stimulus package:

Public Investments

Provide more funding for renewable energy investments and clean-tech technologies to address the growing demand for reliable, affordable and clean energy.

Innovations are emerging in the areas of smart grid, solar and wind power, electrification of transportation, retrofitting of existing buildings to make them greener.

- Fast track release of federal public transportation funding for systems ready to break ground, such as the Bay Area Rapid Transit (BART) extension into Silicon Valley and California High-Speed Rail.
- Fund more general science, space, and technology programs in addition to more education and training opportunities. This will dramatically result in more highly qualified K-12 math and science teachers, better training for the existing workforce, and more jobs.
- Increase funding for the National Science Foundation, the Department of Energy Office of Science, the National Institute of Standards and Technology, and National Institutes of Health.
- Enhance existing small business loan programs to address current limits on credit availability.

Tax Incentives

- Offer U.S. business a temporary reduction in tax rates on repatriated foreign earnings as long as such earnings are directed toward specified uses, including capital expenditures, R&D, debt reduction, and other uses that stimulate economic activity and job creation, as well as improve liquidity and credit availability. A recent report¹ has found that this approach could generate a cash infusion of at least \$500 billion into the U.S. economy, while generating substantial revenues to the U.S. Treasury.
- Provide an immediate, and permanent if possible, increase in the alternative, simplified R&D credit to 20% to foster continued innovation and creativity.
- Clarify that property owners who participate in local or state government renewable and energy efficiency tax-financing programs are not prohibited from claiming the full federal investment tax credit for installation of solar systems.

Our nation, state, and region are facing new economic challenges to compete in the global economy. In an information-based world, countries that emphasize technology and science education will be on the leading edge. It is essential that any economic stimulus proposal helps to foster a strong physical, financial, and human capital infrastructure for California and Silicon Valley, which has been the hub of technological innovation, expansion, and growth.

These investments are a high priority for employers and academic communities. We know that you will consider the strengthening of our nation's research capabilities a top priority in any final proposal.

We urge swift approval of these critical infrastructure investments as a part of any economic stimulus package.

Warm regards,



Carl Guardino
President and CEO
Silicon Valley Leadership Group



Bill Watkins
President and CEO
Seagate Technology
and Board Chair of the
Silicon Valley Leadership Group



Tom Werner
President and CEO
SunPower Corporation
and Board Vice Chair of the
Silicon Valley Leadership Group

cc: The Honorable Barbara Boxer, United States Senator
The Honorable Dianne Feinstein, United States Senator
California Congressional Delegation

¹ Report by the American Council for Capital Formation at www.accf.org