

March 31, 2004

The Honorable Mike Huckabee
Governor
State Capitol, Room 250
Little Rock, AR 72201

Dear Governor Huckabee:

This is the third biennial report on the Arkansas Research Marketing Fund (ARMF). During the reporting period, no state funds have been available through ARMF to match federal research and development funds awarded to Arkansas colleges and universities.

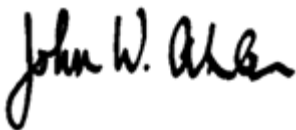
The Arkansas Science & Technology Authority is administrator of ARMF and mandated to provide a report on investment from the Arkansas Research Matching Fund to the Governor and the Legislature by April 1 of even numbered years.

The Arkansas Research Matching Fund (ARMF) was created by Act 1545 of 1999. Act 1201 of 2001 appropriated twenty million dollars to the fund (none of which was funded or released) and clarified certain payment eligibility issues associated with the fund. Act 417 of 2003 amended certain provisions concerning the administration of the ARMF with regard to economic or commercial value to the state.

The first ARMF investment report was sent to the Governor and the Legislature on March 28, 2000. The Second report was sent to the Governor and the Legislature on March 28, 2002. The Authority maintains a list of federal grants, their request amounts, and award dates.

Previous experiences illustrated that ARMF not only leverages the approved federal grants but also positions Arkansas scientists to seek and receive follow-on awards. It is significant to note that federal research funds provide the driving force for new job creation: university research leads to the acquisition of intellectual property around which entrepreneurial business and new jobs are formed and such entrepreneurial businesses provide the deal flow for the state's budding risk capital industry.

Sincerely,

A handwritten signature in black ink that reads "John W. Ahlen". The signature is written in a cursive, flowing style.

John W. Ahlen, Ph. D. President

Cc: Speaker of the House

The President Pro Tempore of the Senate