

# WORLD NEWS

## Bill Gates exits as Microsoft CEO

by Andrew Zajac  
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Bill Gates, who dropped out of college, co-founded Microsoft Corp., and built it into the world's biggest software company, announced Thursday, January 13, 2000, that he is stepping aside as CEO and appointing his longtime friend, company president Steve Ballmer, to replace him.

Gates will remain chairman and assume a new title — chief software architect — to focus on the task of improving Microsoft's products for the exploding Internet market.

The surprise announcement came only one day after state and federal government lawyers, pressing a landmark antitrust case against Microsoft, reportedly had reached a consensus that the company should be broken up. Gates' decision could prepare Microsoft for such a breakup.

But, in one of his first declarations as chief executive, Ballmer affirmed a rigid company line on the subject. "I think it would be absolutely reckless and irresponsible for anyone to try to break up this company," he said. "It would be reckless beyond belief."

Ballmer, 43, has been increasingly in charge of Microsoft's day-to-day operations for most of the past two years. He will retain his title of president and will be added to the Microsoft board on Jan. 27.

Microsoft has made Gates the world's richest man, with a fortune estimated in excess of \$80 billion. The company's lavish profits and stock market value of roughly \$550 billion have made it the darling of a generation of investors enamored with technology stocks.

Thin and pale with an unkempt mop of hair, Gates, 44, frequently has been lampooned as the archetypal computer nerd. But the unassuming exterior masks a ferociously competitive drive that has allowed Microsoft's Windows operating sys-

tem to elbow aside rivals and become the basic instruction set for about 90 percent of all desktop computers.

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KRT PHOTO BY STEVE RINGMAN  
Steve Ballmer, left, talks about taking over the CEO title at Microsoft as Bill Gates, right, steps out of that position to focus more on developing technology. Gates will retain his chairman of the board status and much of the control of the company.

tory monopolist. This judge is set to issue a final ruling in the next couple of months, but in the meantime has appointed Richard Posner, chief judge of the U.S. Court of Appeals in Chicago, to mediate talks aimed at carving out a settlement.

It is amid those talks that reports surfaced that government lawyers have reached a consensus about breaking up Microsoft. A government spokeswoman said the account was not entirely accurate, but did not dismiss it. Meanwhile, a report by International Data Corp. on Wednesday, Jan. 12, concluded that breaking up the company would be best for consumers and for Microsoft.

Some observers do not see any

announcement.

If Gates' decision is being driven by the antitrust case, "it's just not obvious to me," said Herb Hovenkamp, a professor of antitrust law at the University of Iowa. "We don't know if there is going to be a breakup and where the fault lines are going to be."

In stepping aside, Gates said at a news conference that he will concentrate on improving Microsoft's next-generation operating systems, including the much delayed Windows 2000, and on serving as a technology soothsayer.

"I'm returning to what I love most — focusing on technologies of the future," Gates said. "Steve's promotion will allow me to dedicate my-

self to my passion, building great software and strategizing on the future."

Gates said he has decided to involve himself more heavily in Internet product development, prompted largely by the competition his company faces from Oracle Corp., IBM Corp., Sun Microsystems Inc., and the recent megamerger of America Online Inc. and Time Warner Inc., as well as rival technologies such as Linux.

That's the same competitive pressure Microsoft lawyers have pointed to repeatedly in the antitrust case as a justification for hard-nosed business tactics, but with little apparent effect so far on the trial judge.

But legal issues aside, it's the kind of hyper-vigilance that breeds success in the marketplace, said G. Patrick Dunkerley, of Securities Corp./Iowa of Cedar Rapids.

"They act like they don't know where their next meal is coming from," Dunkerley said. "That's a good way to be in technology."

Ballmer has been a friend of Gates' since their days as Harvard University undergraduates in the early 1970s. Gates dropped out to co-found Microsoft in 1975 with Paul Allen.

Ballmer, the son of Swiss immigrants, graduated with a degree in applied math and joined Gates at Microsoft in 1980 after a stint at consumer products giant, Procter & Gamble.

Loud and gregarious, Ballmer is an energetic counterpoint to Gates. He may have a better tolerance for the acid bath of criticism enveloping Microsoft as a corporate behemoth, which is now saddled with harsh court opinions, according to Charles Rutstein, an analyst with Forrester Research in Cambridge, Mass.

Said Rutstein: "If you're the richest guy in the world embroiled in this for so long, you may just throw up your hands and say, 'Why am I taking this? Why don't I do what I love?'"

## Albright praises Mexico as good ally

by Ricardo Sandoval  
Knight-Ridder Tribune  
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OAXACA, Mexico — U.S. Secretary of State Madeleine Albright Sunday praised the Mexican government for recent efforts to fight illegal drug trafficking — a strong sign that the Clinton Administration will once again push for certification of Mexico as a good ally in the war on drugs, according to American officials.

Certification would head off potential U.S. economic sanctions against Mexico but would be sure to anger some U.S. law enforcement officials and their allies in Congress, who believe that Mexico's anti-drug agencies are riddled with corruption and are largely ineffective.

Calling her meeting with Mexican Foreign Secretary Rosario Green "a turning point" in U.S.-Mexico relations, Albright lauded Mexican efforts to strengthen its anti-drug agencies. She and Green said both governments were cooperating well in the effort to keep drugs from reaching American cities.

Any criticism Albright had was aimed at unnamed people who she said "wish to undermine" the cooperative drug effort led by Clinton and Mexican President Ernesto Zedillo.

Each year, as the President and Congress start grading countries on their work against illegal drugs, sources within U.S. law enforcement agencies and Congress tell reporters of spectacular failures — due to corruption and ineptness — within Mexico's anti-drug agencies.

This spring may bring more of the same, said U.S. Ambassador to Mexico Jeffrey Davidow, but it won't obscure improvement in cooperative drug police work in the last year between the two countries.

"The fact that there are 20 tons of cocaine not on our streets [in the past year] is because of that increased cooperation," Davidow said, referring to two big cocaine busts on the Pacific Ocean by the Mexican navy in 1999 — operations guided by U.S. counter-narcotics intelligence.

The cocaine seizures were among the biggest in recent Mexican law enforcement history, touted by officials in both countries as evidence that new police forces and sophisticated intelligence equipment put to work in 1999 by

Mexico are paying off. Analysts say Mexico supplies at least 300 tons of cocaine each year to American users, most of it produced in Colombia. Drugs make their way through the country, guided by Mexican crime bosses who have grown rich and who have spread the wealth via bribes to countless Mexican police, military officials and high-ranking members of Mexico's government.

Such trafficking and corruption irk some American legislators who want to block Clinton's drug certification of Mexico.

Albright would not predict Mexico's certification status this year, but said that Mexico's recognition of the serious drug threat supports the country's standing.

Countries "de-certified" by Congress can lose U.S. financial aid and face trade sanctions.

"Mexico sees [drugs] as its principal threat to national security," Green said, assuring Albright that Mexicans shared the American goal of a "continent free of drugs. We'll do whatever it takes to eliminate this crime."

Albright's talks with Green in this colonial city, 280 miles southeast of Mexico City, wrapped up a three-day swing through Latin America that started in Colombia and included a daylong meeting with Panamanian President Mireya Moscoso.

Sunday's talks got off to a good start, American officials said, perhaps because of a morning tour of Monte Alban, a huge archeological site that overlooks picturesque Oaxaca. Scientists and clear skies that afforded a stunning view of the agricultural valley that surrounds the old city greeted the two secretaries at the pre-Colombian center of Mexico's ancient Zapotec Indian tribes.

Albright and Green discussed but did not resolve some knotty issues between the United States and Mexico. The secretaries said controversy over reluctance by both countries to allow commercial trucks deep into each other's territory will be settled by a panel of officials convened under rules of the North American Free Trade Agreement (NAFTA). And ranking diplomats of each nation said officials continue to work on ways to prevent the deaths of undocumented Mexican immigrants who try to cross into the United States through rugged deserts.

## G.O.P. candidates express views in Iowa

by Carl P. Leubsdorf  
Knight-Ridder Tribune  
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DES MOINES, Iowa — Gov. George W. Bush said Sunday that, if elected President, he would take a hands-on role on some aspects of Middle East peace negotiations and leave other details to his secretary of state.

"That's a very good question," Bush said when asked on CNN's *Late Edition* whether he would follow President Clinton's example. "I think both, depending on the state of the negotiations."

He also said that one of his first acts as President would be to "start the process" of moving the U.S. Embassy in Israel from Tel Aviv to Jerusalem, though he acknowledged that might disrupt peace talks by angering the Palestinians.

"I think part of the President's job is to make it clear that's my intention," Bush said. "That's exactly what campaigns are meant to be.

I've sent a clear signal. That's what I intend to do. What I wouldn't do is ... impose the United States' will on the peace negotiations."

The Texas governor answered questions on a variety of foreign- and domestic-policy issues during the 40-minute interview taped Friday in Iowa, where the Presidential nominating process formally begins with precinct caucuses on Jan. 24.

He sidestepped a couple of questions about whether he backs specific portions of the 1996 Republican platform that detail the GOP's opposition to abortion rights. For example, when asked about a provision that calls for appointment of judges who respect the "sanctity of life," he replied by citing his own standards for judicial appointments.

And when asked about a provision in which the GOP talks about applying the 14th Amendment's equal protection under the law to unborn children with what that part of the plank is all about." But he said he favors "protecting unborn

children by law."

For the most part, Bush reiterated positions that he has taken in speeches, campaign appearances, seven televised debates and prior interviews. He renewed the criticism he has expressed about rival John McCain's tax-cut plan, declaring that an ad in which the Arizona senator opposes using the entire surplus on tax cuts sounded like it could have come from Democratic candidates Al Gore or Bill Bradley.

"That sounds like the talk of people in Washington, D.C., who want to keep the money in Washington and not pass it back to the taxpayers," Bush said.

McCain, who appeared earlier on NBC's *Meet the Press*, denied that he was adopting any Democratic ideas. "It's a matter of priorities," he said.

McCain, asked whether he had to win the Feb. 1 New Hampshire primary to have a chance for the nomination, said, "I don't know

what the definition of a win is, but clearly we have to do very well."

Meanwhile, Bush's top strategist, Karl Rove, echoed comments made by the governor last week in Iowa that set a very low target for success in Iowa.

"We win by coming in first, in our opinion," Rove said on ABC's *This Week With Sam Donaldson and Cokie Roberts*. "Our hope is to meet the highest percentage that anyone has ever gotten in a Republican caucus, 37 percent." Recent polls have shown Bush in the mid-to-high 40s with more than double the support of his closest challenger, publisher Steve Forbes.

Forbes, appearing on the same show, declined to say how well he hoped to do in Iowa, but said that "it will be apparent on the night of [Jan.] 24th that we made a very strong showing, that this is not going to be a coronation, that it's a real contest."

The other three GOP candidates, Utah Sen. Orrin Hatch, Gary Bauer



KRT PHOTO BY HARRY HAMBURG  
Gary Bauer waves as the candidates for the Republican nomination for President pose for photos before a debate Saturday. From left are Steve Forbes, Bauer, Texas Gov. George W. Bush, and Sen. John McCain.

and Alan Keyes, all appeared on *Fox News Sunday*.

Hatch, who has been in last place in Iowa polls, said: "If I can finish in the top four, I'd be doing very well. If not, well have to look at it." Knight-Ridder staff writer G. Robert Hillman contributed to this report.

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