

emerging companies

innovate

advocacy

health

growth

business support

food & agriculture

industrial & environmental

public outreach

opportunity

emerging companies section

With the cost of developing a new therapy and bringing it to market topping \$1 billion, it's no wonder financing is one of the chief challenges facing R&D member companies of the Biotechnology Industry Organization (BIO). And with more than 85 percent of these member firms recording less than \$25 million in annual revenue, it's clear that our industry's continued success depends on reliable funding and unwavering support for these determined innovators.

BIO created the Emerging Companies Section (ECS) to help these visionary companies with fewer than 350 employees and no product on the market. Our mission is to support the growth of the next generation of successful biotechnology companies by facilitating capital formation and partnerships; advocating on their behalf with federal and state governments; and providing professional services through executive training and a cost-savings program.



About the Biotechnology Industry Organization

BIO represents more than 1,200 biotechnology companies, academic institutions, state biotechnology centers and related organizations across the United States and in over 30 other nations. BIO members are involved in the research and development of innovative health care, agricultural, industrial and environmental biotechnology products. BIO also produces the BIO International Convention, the world's largest gathering of the biotechnology community, and industry-leading conferences held around the world.

business services



When it comes to finding partners or financing, BIO's ECS is one of the only independent, non-profit organizations able to identify and bring together the world's leading investors and biotechnology and pharmaceutical executives—all of whom attend our innovator and investor conferences.

These events are valuable opportunities for biotech company executives to meet with potential partners, as well as with the most influential investors in the industry. BIO One-on-One Partnering, our innovative software system that was newly updated for 2009, allows attendees to set up individual meetings online with industry players in advance of the conference. Delegates enter their company profile, including programs available for licensing, for potential investors or partners to read online. Prescheduled meetings allow the delegates to make the best use of their time.

Innovator conferences

As the industry's most experienced host of innovator conferences in Europe, Asia and North America, BIO's ECS helps forge new partnerships. Approximately 1,000 new partnering agreements are signed each year between companies at all stages of development, whether they need to in- or out-license products, access new technologies, or share risk and capabilities. Hundreds of emerging biotech firms participate every year, as do more than 90 percent of the world's leading pharmaceutical and biotech companies.

The world's largest biotech partnering meeting is the annual BIO Business Forum, held in conjunction with the BIO International Convention. The Business Forum draws over 4,000 attendees from 1,700 companies, resulting in more than 14,000 individual meetings scheduled via BIO One-on-One Partnering. Over 250 company presentations also take place during the four-day event.



Our longest-running innovator event is the BIO-Europe Conference. This annual fall event was launched in 1995 and continues to grow, with attendance now topping 2,300. At the request of our members, a second BIO-Europe meeting is now held each spring. The BIO-Asia Conference is also growing fast—attendance has increased more than 170 percent since the inaugural conference in 2004.

Investor conferences

In the late 90s, we responded to the changing capital formation environment by launching our investor conference in New York City to highlight public biotech companies. In a further departure from existing conferences, the inaugural CEO & Investor Conference featured business roundtables to discuss industry financial and policy trends, as well as therapeutic workshops covering the latest advances in biopharmaceutical innovation. Investors attend free-of-charge—a policy at all of our investor conferences.

executive training

We offer cost-effective educational programs to help executives maximize their opportunities for partnering and financing. Executive education workshops and business development courses help biotech professionals increase effectiveness in the boardroom, at the podium, and at the negotiating table.

The **Executive Presentation Workshop** enhances the presentation skills of top executives selected to present at our investor and innovator conferences. The faculty have decades of life sciences industry experience and specialize in coaching senior executives to give more effective presentations. More than 700 executives have participated in this one-day course since it was launched in 2001.

The **Business Development Basics Course** is a three-day introductory course for business professionals new to the biotechnology industry and interested in enhancing their skills. We collaborate with the Licensing Executives Society to offer the course, which covers intellectual property, contracts, strategic alliances, basic finance, valuation, negotiation strategies, meeting presentation skills and cross-cultural differences.

The three-day **Advanced Business Development Course** is designed for business development professionals interested in increasing their valuation, due diligence, and contract negotiation skills. In this intense course attendees receive hands-on advanced training from veteran business development professionals and legal advisers using real world case studies. In addition, attendees perform mock negotiations for clinical-stage products.



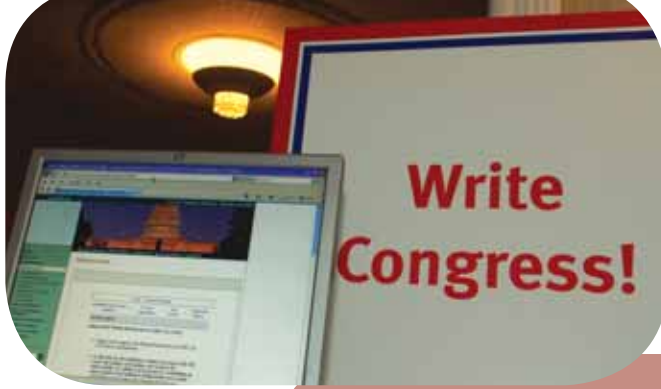
Today, in the CEO & Investor Conference's second decade, the event is a fixture on the financial calendar as the largest biotechnology-focused investor conference. We also host an annual fall investor conference in San Francisco, the BIO Investor Forum, for late-stage private and emerging public companies. Another meeting that quickly evolved into a successful annual event is our BIO National Venture Conference, which matches seed-stage companies and venture capitalists. Leading biotech venture capital and public market investors participate in our investor conferences.

At all of these events, investors and innovators can arrange and manage individual meetings using BIO One-on-One Partnering and on-site partnering suites.

In addition to our innovator and investor conferences, we are growing our policy and advocacy outreach to Wall Street with investor briefings on biotech policy hosted throughout the year.



advocacy



BIO's ECS brings the voice of small companies to bear on a wide range of government

policies, including financial accounting rules, securities law, tax policy, federal grant eligibility, the U.S. Food and Drug Administration's (FDA) policies on new technologies and its treatment of first-time filers, and appropriate and prompt reimbursement for breakthrough products.

Executives from emerging companies participate in our advocacy efforts in every arena. As biotechnology professionals, they provide expertise on technical committees, recommend policy to BIO's Board of Directors, and meet with members of Congress and agency officials to explain how government policies affect small biotech businesses.

Our advocacy in recent years has focused on:

Health policy

In addition to BIO's Health Section, the ECS examines health policies for their impact on small companies. Forty percent of the members of the Health Section's Governing Board are emerging company executives, constituting the largest block. ECS representation in the Health Section ensures that BIO's FDA, reimbursement and other health policies reflect the voice of emerging companies. We are working with the FDA and BIO members to identify best practices for first-time filers and to build stronger communication channels with the FDA to ensure approvals are not denied due to inexperience with the FDA process.

Federal grants

Many small biotech companies find themselves with more scientific opportunities than they can fund. Federal grants, such as Small Business Innovation Research (SBIR) grants, can help these companies advance early-stage projects with lifesaving potential. BIO is working on legislation to ensure small biotechnology companies, that are majority-backed by venture capital, will once again be eligible to participate in this important program. Science—not capital structure—will dictate which companies are awarded grants. We are also advocating for other federal funding opportunities for the biotechnology industry, such as the new Technology Innovation Program (TIP).

Intellectual property

We recognize that patents are the number one asset—often the only significant asset—of emerging biotech companies. When lawmakers or agencies propose changes to the patent system, we support only those that will make biotech patents stronger, and oppose those that threaten the fruits of our members' innovation. We also look for ways to enhance the ability to move innovation from the bench to the public by supporting and working with the National Institutes of Health (NIH), university technology transfer programs and other organizations.



Capital formation & tax policy

Tax policy can dramatically affect the cost of capital for emerging companies and change the risk calculations of their investors. BIO vigorously responds to proposed changes to the tax code that could harm biotech companies, and actively seeks tax code reforms to encourage capital formation for emerging firms. Specifically, we have strongly advocated for a package of corporate and investor tax provisions to enable emerging biotech companies to more readily utilize net operating losses (NOLs), and adjusted capital gains treatment to encourage stable investment in the life sciences. BIO also has pressed to make the research and development (R&D) tax credit permanent, and as part of the 2008 economic stimulus package, to allow firms without taxable income to utilize collected R&D tax credits in lieu of bonus depreciation. We will continue to advocate ardently for tax policies that will shore-up emerging companies' balance sheets and provide incentives to attract and retain investment in our industry.

Revenue recognition & financial reporting

The past five years have brought major changes in financial reporting and accounting rules, including modifications that can reduce or eliminate revenue to be recognized by emerging biotech companies that enter into collaborative arrangements for partnering and licensing. Also, the Securities Exchange Commission (SEC) is considering

transitioning companies from U.S. Generally Accepted Accounting Principles (GAAP) to International Financial Reporting Standards (IFRS). We have been working with the SEC and Financial Accounting Standards Board (FASB) to address our members' concerns.

Securities law

With turmoil in the Nation's financial markets, the SEC is focused on investigating fraud and ending manipulation in the securities markets. On behalf of our members, we continue to work with the SEC and legislators to combat market manipulation by short sellers and ensure that the biotechnology industry is protected against such illegal activities. To that end, BIO has submitted comments to the SEC highlighting how abusive naked short selling and false rumors have adversely impacted the biotechnology industry by driving down security prices and harming investor confidence in our capital markets.

We also continue our advocacy efforts on Sarbanes-Oxley (SOX)—the largest change in financial reporting during the past decade. The enactment of SOX substantially impacted small public or soon-to-be public companies. In 2003, BIO began to advocate for changes to these unnecessarily burdensome SOX regulations, in particular to reduce the impacts of Section 404. We were successful in pressing the SEC and the Public Companies Accounting Oversight Board to undertake substantial revisions to the standards governing auditors. While these modifications were helpful, we continue to push for additional changes to make these rules less burdensome.

International issues

Biotechnology is a global industry, and BIO's advocacy is global, too. We are working to protect intellectual property internationally; ensure that international accounting rules are favorable; simplify drug development and approval rules; and to make certain that markets abroad are open to biotech products. We give small, emerging companies an international voice that they would not have otherwise.

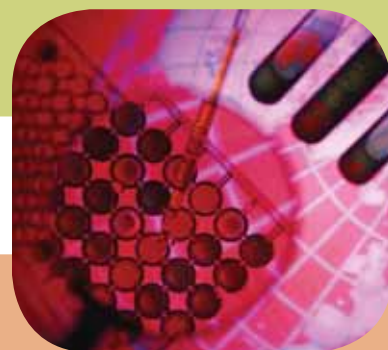
BIO Business SolutionsSM

The ECS not only helps companies find investors and partners; we help them make the most of their capital. BIO Business SolutionsSM, the largest cost-savings program for the life sciences industry, offers discounts to BIO members on an array of products and services essential for doing business and research in biotech. The savings can be substantial—up to 75 percent on certain lab equipment and office supplies.

Visit biobusinessolutions.com for program details.

Current offerings include:

- **BioSurplus**—pre-owned lab equipment resale and management services
- **Business Wire**—news distribution services
- **ChoicePoint**—employee background screening
- **Chubb Group**—property and casualty insurance; clinical trials liability insurance; errors and omissions liability insurance; product liability insurance; professional liability insurance
- **Humboldt Moving & Storage/United Van Lines**—moving and relocation services
- **IPEEX**—venture financing platform for private biotech companies
- **Linde**—packaged and bulk gases
- **Location Management Services**—governmental financial incentives and tax credit program
- **Monitor Liability Managers**—directors & officers liability insurance; employment practices liability insurance
- **Nature Publishing Group**—Nature life science online journals
- **Office Depot**—office supplies, furniture and equipment
- **Tech Depot**—computer/technology products
- **VWR International**—laboratory supplies and equipment
- **Wells Fargo Insurance Services/ABD**—employee benefits insurance and solutions
- **William Gallagher Associates**—business insurance/risk management (broker)
- **Windhover Information**—publications and industry deals database



BIO develops its agenda for young companies through its Emerging Companies Section.

The ECS is one of four BIO Sections representing member companies engaged in biotechnology research and development and generally focuses on issues important to biotech companies with fewer than 350 employees and no marketed product. The other Sections are Health, Food & Agriculture, and Industrial & Environmental. Many companies participate in both the ECS and one of the three other Sections.

The ECS Governing Board, consisting of up to 49 executives from member companies who are elected by ECS members, meets quarterly to set policy for the Section and provide ECS staff oversight. Members of the ECS Governing Board also serve on the BIO Board of Directors—commonly referred to as the Full Board. The Full Board is comprised of all of the Members elected to each of BIO's four Section Governing Boards.

In addition to serving on the Full Board, some ECS Governing Board members also serve on the Health Section Governing Board—ensuring ECS concerns are represented in health-related policy matters.

The ECS Governing Board operates the following committees, which are open to all Section members:

- Business Development
- Capital Formation
- Health & Regulatory Policy

We also draw on the expertise of member company executives and their staff through their participation on staff-level committees. These include committees such as CFO/Tax Vice President, Business Development, Investor Relations, Federal Government Relations, Reimbursement and many health regulatory issues. Please contact BIO for a complete committee listing.

At the BIO staff level, the ECS is led by an Executive Vice President with a team of more than 25 individuals dedicated to serving ECS members. Furthermore, the ECS staff receives additional support through BIO's federal and state government relations, communications, corporate development and general counsel teams.



joining the ECS



BIO defines an emerging company as one with fewer than 350 employees and no product on the market. BIO members that fit this definition are automatically members of the ECS. To make membership affordable for smaller companies, BIO offers annual rates as low as \$1,000 for companies with less than \$25 million in annual worldwide revenue. BIO membership covers all company employees.


To learn more about joining BIO, visit bio.org/join.

Contacting the ECS. BIO's Emerging Companies Section is located at:

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