

GREATER PHILADELPHIA REGION LIFE SCIENCES CLUSTER ATTAINS TOP RANKINGS

-- Region Ranks 2nd Nationally In Milken Institute Study's Overall Composite Index and 1st in Current Impact--

-- Position Attributed to Strong Blend of Established Pharma, Research Infrastructure, World-Renowned Universities, Emerging Startups, Workforce, and Support Network for Entrepreneurs --

-- One in Six Jobs and 15% of Economic Activity in Greater Philadelphia Attributed to Life Sciences Industry --

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May 19, 2009 – Atlanta, GA and Philadelphia, PA – A comparative study conducted by the Milken Institute ranks the Greater Philadelphia region second in the study's Overall Composite Index, after only Boston and ahead of Greater San Francisco. The study's full findings were announced today by several organizations supporting Greater Philadelphia's life sciences sector (an area encompassing parts of Delaware, Maryland, New Jersey and Pennsylvania). The study also ranks Greater Philadelphia first in its Current Impact Composite Index, which looks at inputs such as employment level, relative size, and industry growth. The study notes that 15 percent of all economic activity and one out of every six jobs in Greater Philadelphia can be traced back to the life sciences.

The study, "*The Greater Philadelphia Life Sciences Cluster 2009: An Economic and Comparative Assessment*," was released today at the Biotechnology Industry Organization (BIO) International Convention assesses, analyzes and benchmarks the current position of Greater Philadelphia life sciences relative to ten other metropolitan areas considered to be the leading life sciences clusters in the U.S. A full report and data tables can be found at www.milkeninstitute.org.

"The Greater Philadelphia region is seeing the return on the investments they have made in their life-sciences industry," said Ross DeVol, director of Regional Economics at the Milken Institute. "The combined efforts of business, policy makers, academic institutions and entrepreneurs, plus the increased availability of early-stage risk capital are shaping the region's future as a top location for economic growth and high-wage jobs."

The study, sponsored by BioAdvance, PhRMA, PricewaterhouseCoopers, Select Greater Philadelphia, BioNJ, Delaware BioScience Association, Greater Philadelphia Life Sciences Congress, and Pennsylvania Bio, updates the Institute's 2005 study and measures six major industries: pharmaceuticals, biotechnology, life sciences R&D, medical devices, health care services, and supporting industries. The study measures and ranks Greater Philadelphia against other top life sciences clusters in employment, research and development capacity, output, workforce, and various other areas necessary to build a top life sciences cluster.



“We have a strong vibrant community, as detailed in this report, because we’ve been able to foster a sense of regional collaboration that puts the growth and success of the industry first,” said BioNJ President Debbie Hart. Added Pennsylvania Bio President Dennis M. “Mickey” Flynn, “While the report looks at the region against other elite U.S. life sciences hubs, we recognize this is a global industry, and we’re much stronger by working together.”

According to the study, the growth of the Greater Philadelphia region’s life sciences cluster is primarily the result of its position as a major center for the U.S. pharmaceutical industry and its strong local research infrastructure, which includes some of the nation’s top-ranked universities. The report notes that the region’s diverse mix of university research, world-renowned teaching hospitals, established and emerging life sciences companies, technology spin-out companies, and other start-ups – all interacting in a network – encourages companies to establish operations and grow in Greater Philadelphia. Underpinning all of this interconnected activity is an evolving support network for entrepreneurs, including venture capitalists, high-tech absorptive capacity, and providers of professional services.

“It’s encouraging that the study recognizes the region’s capacity for innovation and entrepreneurship and that access to risk capital has increased during the past five years,” said Barbara S. Schilberg, managing director and CEO, BioAdvance. “The findings also reinforce our belief that there are additional opportunities for regional partners to leverage Greater Philadelphia’s resources, to create new businesses that foster medical innovation and at the same time contribute to a strong regional economy.”

The study’s goal was to define the Greater Philadelphia region’s opportunities and challenges in life sciences by measuring the region’s progress since the 2005 Milken Institute study, and to serve as a springboard to fuel further development and expansion of the sector. Key findings include:

- **2nd Nationally - Overall Composite Index:** This ranking provides a single, comprehensive measure of how Greater Philadelphia is positioned against what the study calls the “elite clusters in the United States.” This measure utilizes the Current Impact, the Innovation Pipeline and the Small Business Vitality Indices to arrive at an overall result. Greater Philadelphia moves up to 2nd place surpassing San Francisco in the Overall Composite Index with a score of 97.7 percent, up from its 3rd place ranking in the Milken Institute’s 2005 analysis. Boston remains in 1st place in the overall results, but by a slimmer margin.
- **1st Nationally - Current Impact Composite Index:** This index analyzes the economic impact and growth of the life sciences industry. Greater Philadelphia maintains its top spot in this index, increasing its lead over Greater New York to 7 points, after holding a slim lead of only 0.3 point in 2005. Boston has moved to 3rd place. Greater Philadelphia’s strengthened position is attributable to advances in biotechnology R&D and continued top-tier performance in health care services and life science-supporting industries. Improved access to pre-seed, seed and early stage risk capital is helping to elevate its status in biotechnology according to the study.



- **3rd Nationally - Innovation Pipeline:** This score facilitates the industry's technological advances and production within the region. Measures include R&D capacity, risk capital and entrepreneurial infrastructure, human capital, workforce and innovation output. Greater Philadelphia retained its 2005 rank of 3rd place, just behind Greater San Francisco. However the study notes that the Greater Philadelphia region significantly closed the gap that previously existed with 2nd place Greater San Francisco. Additionally, Greater Philadelphia moved into the top percentile in this study in contrast to the results of the Milken Institute's 2005 analysis, in which only Boston and San Francisco posted scores above 90.
- **3rd Nationally – Life Sciences Workforce:** Assembling a specialized workforce is an essential step for an industry to expand and for firms to grow. As part of the study's Innovation pipeline measure, Greater Philadelphia takes the third position in this ranking after San Francisco and Boston and is one of the only three metros in the study to exceed 90 in the scoring. Compared to the previous study in 2005, Greater Philadelphia moved up by two positions to overtake San Diego and Greater Raleigh-Durham by margins of three and six points respectively. This measure includes workers who specialize in biomedicine, chemistry, microbiology and other fields.
- **9th Nationally -- Small Business Vitality Index:** Ranked against the nation's other leading metros, Greater Philadelphia showed moderate strength in the performance of all startups in this measure the region placed 9th overall in this index (though therapeutics and devices alone received 5th place in the index and showed 21 percent growth). Despite strengths in its pharmaceutical industry, small firms this category (which combines therapeutics and devices, health-care services, and life science support industries) showed modest growth when compared with what the Milken Institute calls the nation's top elite clusters. Milken Institute economists suggests the region has yet to develop the entrepreneurial sophistication of places such as Greater San Francisco, Boston, San Diego, or Greater Raleigh-Durham.
- **Multiplier Index:** This measure indicates that the life sciences cluster in Greater Philadelphia provides significant value to local residents and an enormous amount of wealth to the region overall and extends well beyond direct impacts (actual jobs and wages). In 2007, the life sciences sector in Greater Philadelphia was responsible for:
 - Generating 380,800 jobs and \$39.7 billion in output.
 - Directly employing 94,400 workers in life sciences sector (which includes health care services consumed by non-residents). 56,300 of those jobs stem from therapeutics and devices.
 - Generating \$7.7 billion in direct earnings and \$17.5 billion in output or gross metro product (GMP) in 2007.
 - Fifteen percent of all economic activity and one out of every six jobs can be traced back to the life sciences industry



The Milken Institute study utilizes the **cluster** definition of a “geographic concentration of competing, complementary or interdependent firms with a common need for talent, technology, infrastructure, etc.,” and notes that a life sciences cluster can be a powerful force in determining the relative economic growth of its surrounding region. The Greater Philadelphia region – which includes one county in Delaware (New Castle), five counties in New Jersey (Burlington, Camden, Gloucester, Mercer and Salem), five counties in PA (Bucks, Chester, Delaware, Montgomery and Philadelphia), and one county in Maryland (Cecil), provides the geographic clustering of innovative activity that the study notes as critical to innovation, competitive success and economic activity.

Overall the Milken Institute study finds that Greater Philadelphia is a vibrant life sciences cluster and contributor to the region’s economic strength, resilience, and is an industry that drives innovation and improvement in human health. The finding demonstrates that the region is well positioned with many industry sub-sectors contributing to its position. The study presents a call to action for the region in facing the economic realities driving consolidation in the industry and calls on the region to be proactive in attracting and starting biotech firms that can re-absorb human capital quickly.

“The 2009 Milken report validates the concentration of the life sciences in Greater Philadelphia and recognizes the breadth and depth of life science talent throughout the region,” said Tom Morr, President and CEO of Select Greater Philadelphia. “The significant growth in Greater Philadelphia’s innovation pipeline has enabled this area to rise to second place in Milken’s Composite Index while strengthening our top position in the Current Impact Index. This is great news! The findings about Small Business Vitality will help focus the collaboration already taking place among regional industry leaders and policy makers to help grow Greater Philadelphia’s entrepreneurial culture.”

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About BioAdvance: *Since its first investments in 2003, BioAdvance has committed more than \$16 million to 26 life sciences companies and 17 pre-seed projects. BioAdvance investments have enabled its portfolio companies to leverage almost \$1 billion in subsequent capital into the region from private equity, grants, collaborations and M&A activity. Six companies have been acquired, including Acuity Pharmaceuticals, Alteris Therapeutics, and Protez Pharmaceuticals. BioAdvance portfolio companies are working to develop products to treat health problems including Alzheimer’s disease, cancer, diabetes, head trauma and infectious diseases. For more information visit www.bioadvance.com.*

About BioNJ: *With 200 member companies, BioNJ is singularly focused on the growth and prosperity of New Jersey’s biotechnology cluster. Founded in 1994 by New Jersey biotechnology industry CEOs, BioNJ serves as the voice of biotechnology companies located in New Jersey, seeks to advance their economic growth and development and works to encourage new and established companies from around the world to locate here. BioNJ represents companies engaged in biopharmaceutical, biomedical, bioagricultural and bioremedial endeavors. www.BioNJ@BioNJ.org.*



About Delaware BioScience Association: The Delaware BioScience Association is a non-profit trade association that serves members with programs and initiatives focused on encouraging the growth of Delaware's bioscience industry and supporting the leadership position of scientific research in the State. Delaware Bio supports collaborative initiatives focused on bioscience growth in the region. For more information visit: www.delawarebio.org.

About the Greater Philadelphia Life Sciences Congress : The Greater Philadelphia Life Sciences Congress (GPLSC), a division of the Philadelphia Convention & Visitors Bureau (PCVB), connects the tri-state's (Pennsylvania, New Jersey and Delaware) life sciences leaders representing medical, biotechnology, pharmaceutical, higher education, research, venture capital, and the health care industries to collaborate and brand the Philadelphia region as "America's Life Sciences Meetings Destination." GPLSC assists with identifying professional life sciences societies, associations and meeting planners, influencing the meeting destination decision process, delivering an exceptional convention experience, and connecting attendees with the unique attractions and assets of Philadelphia.

About the Milken Institute: The Milken Institute is a nonprofit, independent economic think tank whose mission is to improve the lives and economic conditions of diverse populations around the world by helping business and public policy leaders identify and implement innovative ideas for creating broad-based prosperity. It is based in Santa Monica, Calif. (www.milkeninstitute.org)

About Pennsylvania Bio: Pennsylvania Bio is a catalyst to ensure Pennsylvania is a global leader in the biosciences through a cohesive community that unites the region's biotechnology, pharmaceutical, research and financial strengths. For more information, visit www.pennsylvaniabio.org.

About the Pharmaceutical Research and Manufacturers of America (PhRMA): The Pharmaceutical Research and Manufactures of America (PhRMA) represents the country's leading pharmaceutical research and biotechnology companies, which are devoted to inventing medicines that allow patients to live longer, healthier, and more productive lives. PhRMA companies are leading the way in the search for new cures. PhRMA members alone invested an estimated \$50.3 billion in 2008 in discovering and developing new medicines. Industry-wide research and investment reached a record \$65.2 billion in 2008.

About PricewaterhouseCoopers: PricewaterhouseCoopers (www.pwc.com) provides industry-focused assurance, tax, and advisory services to build public trust and enhance value for its clients and their stakeholders. More than 155,000 people in 153 countries across our network share their thinking, experience and solutions to develop fresh perspectives and practical advice.

About Select Greater Philadelphia: Select Greater Philadelphia (Select) is an economic development marketing organization dedicated to attracting companies to the Greater Philadelphia region. Select assists companies interested in the vicinity by providing detailed information about the 11-county area and a one-stop connection to numerous resources that help companies make informed decisions about locating to the region. Through global marketing efforts, Select works to promote the region's key assets to help build the area's economy. The Greater Philadelphia region encompasses northern Delaware, southern New Jersey and southeastern Pennsylvania. Select is a private, non-profit organization and an affiliate of the Greater Philadelphia Chamber of Commerce. For more information, visit www.selectgreaterphiladelphia.com or call 215-790-3777.

