



GREATER PHILADELPHIA FIRST

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**GREATER PHILADELPHIA UNIVERSITY, INDUSTRY AND BUSINESS
INTERESTS ANNOUNCE FORMATION OF
BIOTECHNOLOGY GREENHOUSE CORPORATION**

\$45 Million Funding Request Submitted to Commonwealth

PHILADELPHIA – November 16, 2001 – A consortium of university, industry and regional business interests today announced the formation of the Biotechnology Greenhouse Corporation of Southeastern Pennsylvania (“BGC”) and the submission of a funding proposal to the Commonwealth of Pennsylvania. The consortium is seeking \$45 million of Commonwealth tobacco claim settlement funding to invest in life sciences research with the most promising commercialization prospects. A copy of the funding proposal is attached.

“The BGC proposal was the product of five months of work by the academic research community, private industry and regional economic development partners,” said Sam Katz, CEO of Greater Philadelphia First, the region’s business and civic leadership organization that helped coordinate the planning process. “It represents a great launching pad for establishing the region’s pre-eminent position in the life sciences economy,” Katz added.

According to Frank Baldino, Chairman and CEO of Cephalon Inc. and one of the leaders of the BGC effort, “The regional Greenhouse will capitalize on the tremendous base of life sciences assets already here. The strength of our pharmaceutical, medical device and biotech base, coupled with the diversity and firepower of the medical research community, represents a unique opportunity to create new companies, new product licensing and new jobs for the region,” Dr. Baldino continued.

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The BGC strategic focus will concentrate resources on “product investments” in biopharmaceuticals (e.g. genomics, proteomics, monoclonal antibodies), biomedical devices (e.g. diagnostics, implants, skin substitutes) and in bioinformatics and clinical trials support, among other promising technologies. Approximately 85% of BGC’s investable capital will be dedicated to research/product opportunities at the “post-grant/pre-seed” stage.

“These areas afford the greatest and most immediate returns to the region since they reflect existing laboratory research and investigatory strengths, and most effectively link those strengths with product development, licensing and distribution capabilities of our private industry partners,” commented Dr. Robert L. Barchi, Provost of the University of Pennsylvania and a co-leader of the BGC development process. “We were able to build a strong consensus among the centers of academic medicine and the research institutions as to where capital should be committed,” Barchi continued. “Our clear need is to finance the gap that occurs after National Institutes of Health or National Science Foundation funding expires before a product or technology is mature enough to build a business or license around it.”

The BGC, together with separately established Greenhouse entities in southwestern (Pittsburgh) and central (Hershey – State College) Pennsylvania, is being established pursuant to Section 1703 of The Tobacco Settlement Act. Approximately \$100 million will be allocated to the Greenhouses. In addition, \$60 million to be made available under the Act, and expected to be matched by State pension fund investments, will be used to establish venture funds dedicated to life sciences businesses. The linkage between the newly formed BGC and these venture funds is a critical element of the proposal. The BGC expects to leverage in excess of \$100 million in early state investments, including the state funds.

Cepahlon’s Baldino noted the consortium’s intent to get very close to Greater Philadelphia’s venture community. “We want the BGC and the region to benefit from early input and an early look by venture capitalists (“VCs”) in the projects and research that we think have real commercial value. We hope this will accelerate commercialization of technology here in Pennsylvania,” he explained.

In addition to its research-to-commercialization investments, the BGC is expected to become the leading advocate and “synergizer” of other economic development activities in support of life sciences enterprises. These additional investments in marketing, education, technology transfer and venture capital will be carried out in collaboration with existing regional organizational players including the Pennsylvania Biotechnology Association, Ben Franklin Technology Partners/SEP, the Eastern Technology Council, the Delaware Valley Industrial Resource Center, the Port of Technology at the University City Science Center, and the City of Philadelphia’s recently formed Innovation Philadelphia.

“We recognize that a wide array of supportive activities are required to assure that all of the stakeholders and resources available to grow the life sciences industry are engaged and operating in a coordinated and collaborative fashion. By coordinating the agenda through the BGC, we are confident about the prospects of making this happen,” said Penn’s Barchi.

As required by state statute, the BGC’s decisions will be made by a fifteen member board comprised of directors representing the life sciences industry, including major pharmaceutical firms and smaller biotech companies, the region’s universities and research institutions, the venture capital community, economic development agencies and general business/civic groups.

“The commitment of senior executive and academic leadership to the BGC board brings an incredible blend of talent, experience and perspective to this enterprise,” GPF’s Katz remarked. “This mix and diversity bodes well for the BGC’s future.”

The BGC’s proposal includes a detailed analysis of Greater Philadelphia’s life sciences assets, including the region’s industry base and the capabilities of its universities and research institutions. Submitted to the Department of Community and Economic Development (DCED) in September 2001 as a Phase I requirement, the inventory of assets was prepared by a consulting team led by the Pennsylvania Economy League and including Ben Franklin Technology Partners and QED Technologies.

Over the next several weeks, DCED, the State Departments of Health and Administration and coordinators from each region will review the BGC proposal, together with the Greenhouse proposals from southwestern and central Pennsylvania. A decision on funding and a grant contract are expected in early 2002.

Attachment

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