



An Annual Report on Activities in 2010

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BAYBIO | Annual
Conference

PANTHEON CEREMONY

PRESENTING DiNA AWARDS

California
Biotech
CEO
Conference



CALIFORNIA
IndustrialBiotech
CONFERENCE



BAYBIO**NEST**
A BioEntrepreneurial Forum
Entrepreneur and Investor Roundtables

BioENTREPRENEUR
HELP  **DESK**

BIO  COMMUNITY

BAYBIO | Executive Series

BAYBIO | Life Sciences
Series

Dear Members,

The Northern California life sciences community has grown significantly since the industry began forty years ago. Despite the economic adversity we've all faced over the last two years, the life sciences community has grown stronger. At BayBio, we have renewed our commitment to deliver tangible value to our members, build a cohesive life sciences community and unify our voice with legislators and the public.

In 2010, we increased our membership and Partner base by ten percent. We added FedEx to BayBio's purchasing program, BayBio Business Solutions, to provide significant shipping discounts to members and added new Member-to-Member providers. Earlier this year we added Veolia Environmental Services and Prudential Cleanroom Services to the list of companies providing significant savings to BayBio members.

BayBio's advocacy efforts proved successful. We played a pivotal leadership role in defeating two statewide initiatives and supported seven local ballot measures to improve science classroom facilities, all of which successfully passed. In addition, all state legislative measures deemed onerous and potentially damaging to life sciences companies were defeated in the 2010 regular California general session. On the federal front, we advocated passage of the Qualifying Therapeutic Discovery Project tax credit and provided subsequent support to our member companies during the application process once the tax credit was enacted. Northern California companies qualified for 672 grants and credits totaling \$153 million.

To foster long-term sustainability of the life sciences community, BayBio launched its flagship education program, Bio-Community, and laid the groundwork for new entrepreneurship programs. Bio-Community helps develop the next generation of science leaders by connecting industry professionals to students and teachers in under-resourced classrooms. The BayBio Fellows Program and BioEntrepreneur Help Desk were launched in early 2011 to provide additional support to life sciences startups during these challenging times.

In the past year, we strengthened ties with affiliate organizations, partnering with BIOCOM on the first statewide Industrial Biotech Conference and conducting the first California Industrial Biotech Workforce Hiring Trends Survey with help from Radford Consulting. In early 2011, we published a unified California Biomedical Industry Report with CHI and PwC, and in March 2011 - in collaboration with BIOCOM, CHI and SoCalBio - we held the first statewide CEO conference to wide acclaim. We look forward to increasing our collaboration with the other California organizations to leverage the combined strength of our industry.

As we move forward, we are pleased to see a wealth of high quality entrepreneurial activity in the life sciences, strong growth in the industrial biotech sector and continued leadership in emerging areas, including personalized medicine, regenerative medicine and digital health. However, the lack of capital access - especially to fund early stage innovation - the need for FDA reform, the crises in STEM education and the state's budget pose enormous challenges for our industry. There has never been a more critical time for our industry to advocate in a unified voice for changes that enable us to continue to deliver innovative products to heal, feed and fuel the world.

BayBio exists solely to support you, our members, and to strengthen the Northern California life sciences community. We welcome your feedback and ideas to improve our services and activities. As always, we are grateful for your support and look forward to working with you to keep the Bay Area the world's largest, strongest and most innovative life sciences cluster.



Gail Maderis

President and CEO, BayBio



Paul Hastings

Chairman, BayBio Board of Directors

President and CEO, OncoMed Pharmaceuticals

BayBio 2011-2013 Strategic Objectives

Create a Member-Driven Association

- We will use member feedback to better serve our community

Strengthen the Alliance Between BayBio, BIOCOM, CHI and SoCalBio

- We will pool our resources for greater purchasing power
- We will increase the political influence of California's life sciences community
- We will hold statewide events together

Support Entrepreneurship

- We will work to improve capital access and funding opportunities
- We will increase investor and startup connectivity

Tangibly Improve Science Education

- We will maintain our lead in innovation
- We will provide hands-on support to STEM educators

Deliver Tangible Results on Key Industry Issues

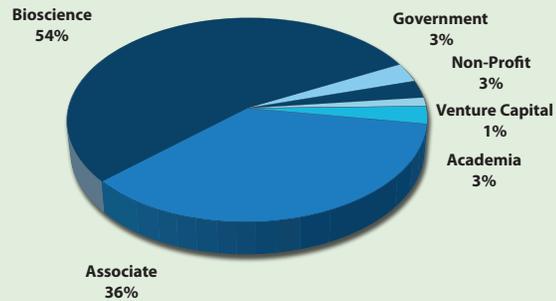
- We will advocate to streamline the FDA approval process
- We will engage patient advocates in FDA reform and other issues
- We will advocate for new sources of capital for emerging companies



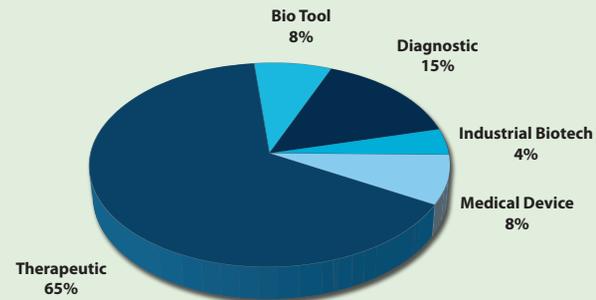
Financial Highlights

Bay Area Bioscience Association and Institute Consolidated Balance Sheets as of December 31, 2010

BayBio Member Distribution



Life Sciences Member Distribution



Membership is the foundation to the programs BayBio offers, including our advocacy efforts, workshops, workforce development, entrepreneurial programs and science education.

Consolidated**Assets**

Current Assets

| | | |
|----------------------|----|------------------|
| Cash | \$ | 855,798 |
| Accounts Receivable | | 241,680 |
| Prepaid Assets | | <u>81,907</u> |
| Total Current Assets | | <u>1,179,385</u> |

Fixed Assets

| | | |
|-----------------------------------|--|---------------|
| Equipment (Net) | | 2,231 |
| Deposits and Other Current Assets | | <u>12,500</u> |

Total Assets **\$ 1,194,115****Liabilities & Net Assets**

Current Liabilities

| | | |
|--|----|----------------|
| Accounts Payable and Accrued Liabilities | \$ | 172,553 |
| Deferred Revenue | | <u>318,327</u> |
| Total Current Liabilities | | <u>535,115</u> |

| | | |
|-----------------------------------|--|----------------|
| Long-Term Portion of Note Payable | | - |
| Net Assets | | <u>659,000</u> |

Total Liabilities & Net Assets **\$ 1,194,115**

* Unaudited

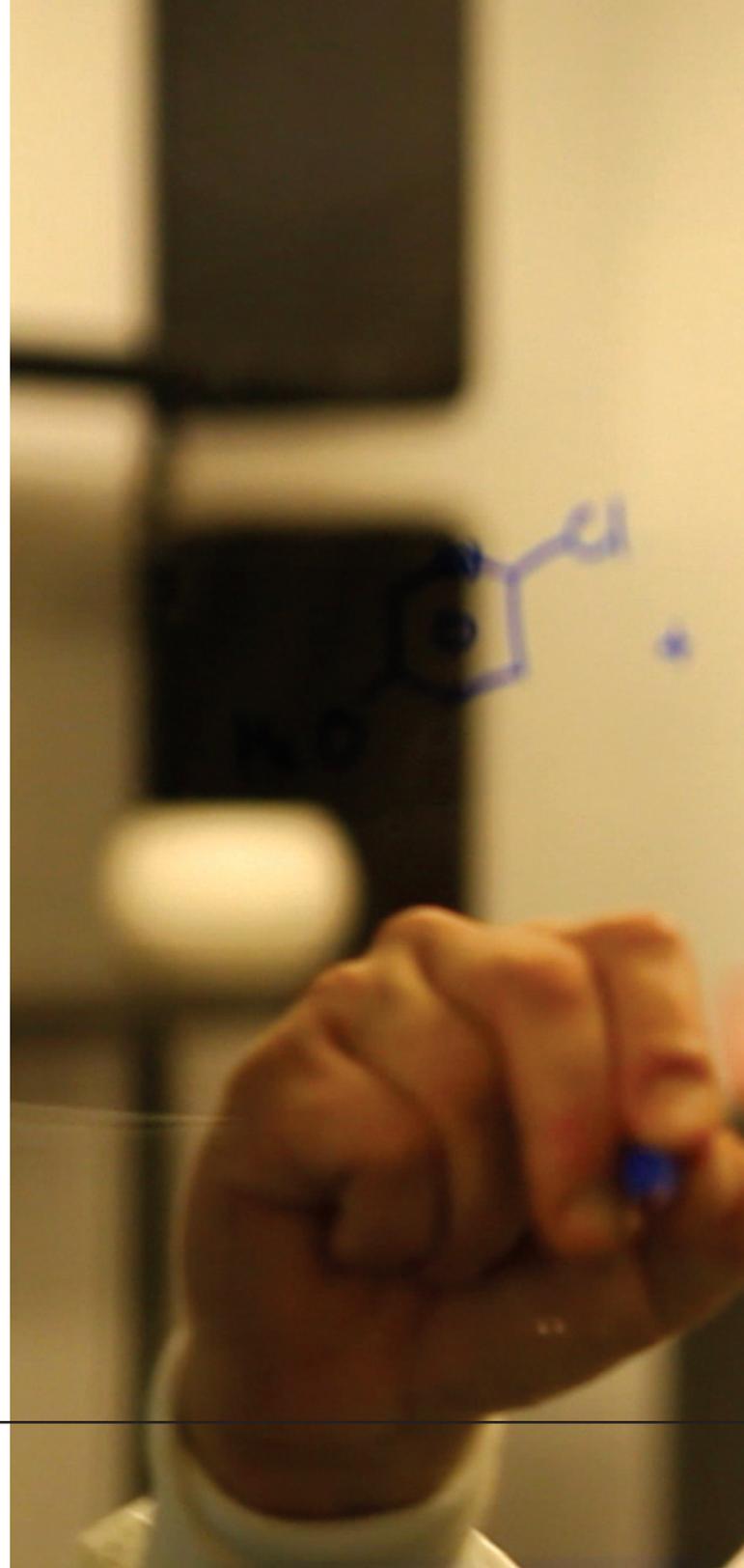
Me

Membership

Year in Review

- Strengthened the Northern California life sciences community; 37 new members joined BayBio, totaling 417 member organizations, with 54 percent being life sciences companies
- Increased visibility for 36 Partner organizations at 20 events, in four BayBio publications and on BayBio's newly designed Web site; engaged 10 new Partner companies
- Saved members on average nearly 25 percent on commonly used goods and services through BayBio Business Solutions
- Coordinated one-on-one meetings to prepare member companies for the \$1 billion Qualifying Therapeutic Discovery Project tax credit; nearly 100 BayBio member companies qualified 228 projects for \$53.9 million in funding and credits
- Reached globally to connect members with international companies; represented the Bay Area's life sciences cluster at China's National Pharmaceutical Strategy meeting in October and signed a Collaboration Agreement with One Nucleus, the U.K.'s largest life sciences cluster, in December
- Connected individuals through BayBio social media outreach: 2,035 contacts in LinkedIn group; 1,292 followers on Twitter

Cytokinetics Chemist Alex Muci is an active member of BayBio's science education program Bio-Community.



BayBio in 2011

- Expand member discounts for events with groups such as EBD, Tech Vision Group (TVG), Healthcare Businesswoman's Association (HBA), BIO, QB3 and others
- Launch BayBio Fellows Program in February to provide free membership to life sciences startups
- Initiate annual member surveys to better understand member needs and revise BayBio activities accordingly
- Promote a unified Bay Area life sciences community through networking events
- Work more closely with BIOCUM, SoCalBio and CHI to enhance collaboration, joint programs and services for member companies
- Increase access to capital and novel technologies through global partnerships and activities



Bu

BayBio Business Solutions

Year in Review

- Saved member companies up to 70 percent on VWR lab equipment, 33 percent on FedEx services and 75 percent on Office Depot items
- Boosted members' ROI in BayBio Business Solutions by increasing member participation 25 percent
- Added new Business Solutions provider FedEx to meet member demand for shipping services
- Identified savings opportunities with new Member-to-Member providers, including Cato Research, DataSafe, ETC Building & Design, and Netswitch Technology Management



Cryospec's Diane Stanley serves up bulk gas discounts to members and liquid nitrogen-formed ice cream at BayBio events.

BayBio in 2011

- Partner with BIOCOM to provide additional Business Solutions, including Veolia Environmental Services for chemical/biomedical waste management and Prudential Cleanroom Services in April
- Explore addition of group healthcare, travel and cell phone benefits based on member feedback
- Expand Member-To-Member discounts to encourage savings within the Northern California community
- Publish a member directory in June to provide visibility to the life sciences community

BayBio Business Solutions Providers

| | | |
|---|--|--|
|  | Global Mobility Services | \$300 off first move |
| Bedford International | Location Selection Assistance | No up front fee for incentive analysis and negotiation |
|  | Used Lab Equipment | 5% credit or 1% rebate on annual equipment purchases |
|  | Press Distribution Services | BayBio member special rates |
|  | Bulk Gases | Save 10% off rental tanks / Up to 4% annual rebate |
|  | FedEx® Discount | Up to 33% on services |
|  | Employment Screening | 10% discount on standard fees |
|  | Global Logistics & Support | 25% off first invoice, new customer 10% ongoing discount |
|  | Office Supplies | Up to 75% off retail price |
|  | Cleanroom Services | Discounts range from 15-40% based on length of contract |
|  | Temporary Corporate Housing & Relocation | \$250 discount off the first 30-day reservation |
|  | Chemical/Biomedical Waste Management | Save up to 40% off standard rates |
|  | Lab Supplies | Discounts on lab supplies up to 70% |
|  | Business Insurance | Unique benefits to BayBio members |
|  | Employee Benefits | Preferred pricing from leading insurance carriers |

Ad

Advocacy

Year in Review

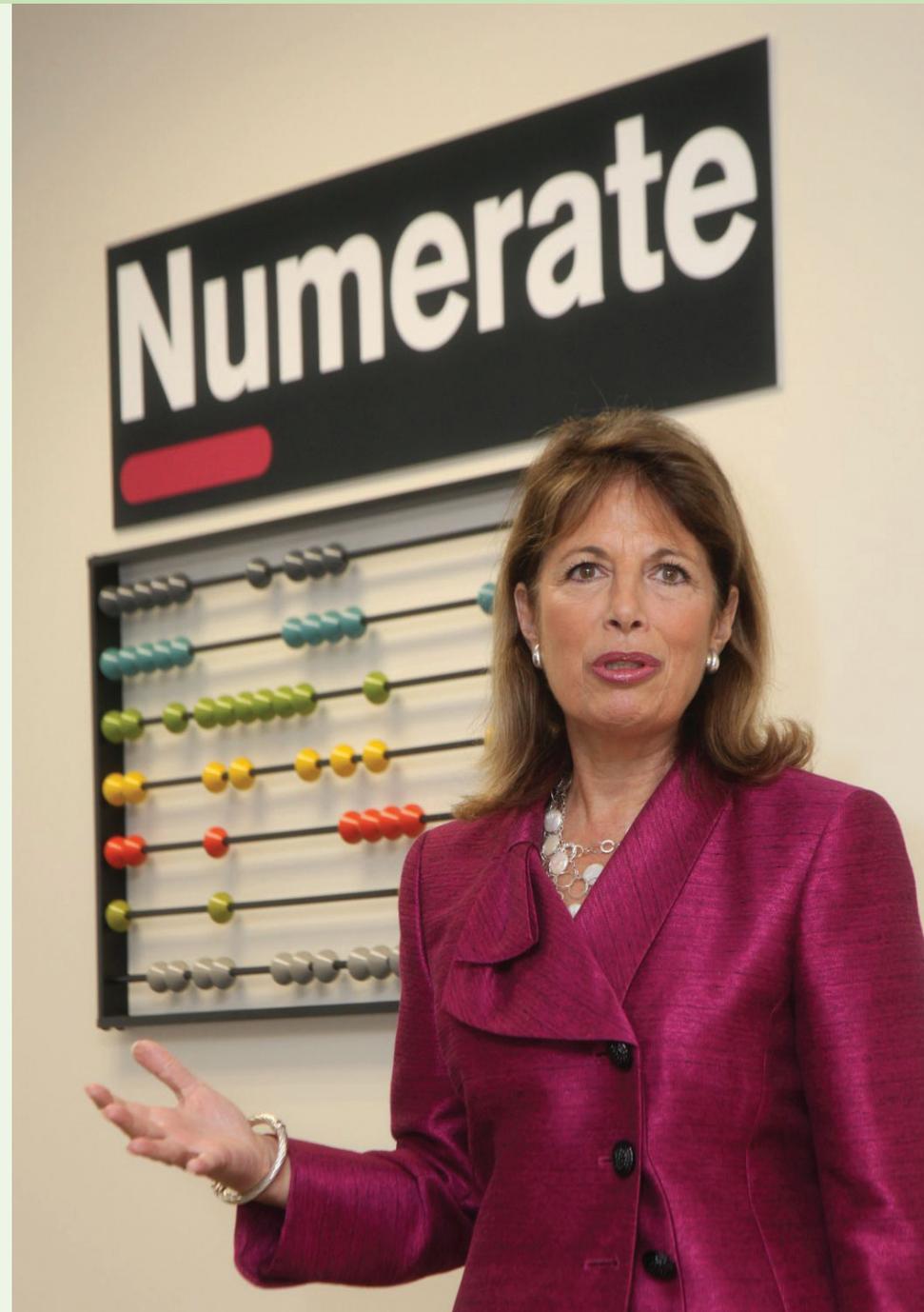
- Provided education and application support to member companies for the Qualifying Therapeutic Discovery Project tax credit
- Played a pivotal leadership role to defeat Proposition 23 - a repeal of California's Clean Air Act - and Proposition 24, which would have repealed the single sales factor, R&D credit sharing and net operating loss credits
- Successfully supported seven local ballot measures to improve science classroom facilities, job training and academic programs
- Helped defeat all state legislative measures deemed onerous and potentially damaging to biotechnology companies in the 2010 regular California general session
- Worked closely with a coalition to extend the City of San Francisco's Biotechnology Payroll Tax Exemption
- Increased meetings with state and federal legislators by 25 percent; CEO participation increased 25 percent



BayBio in 2011

- Improve California's regulatory environment by eliminating redundancies with federal regulatory agencies
- Work with legislators and the governor on California budget issues
 - Ensure that single sales factor and net operating loss credits are implemented, and protect R&D credit sharing
 - Minimize cuts to life sciences education and workforce development
- Advocate to renew the Qualifying Therapeutic Discovery Project tax credit
- Advocate for FDA reform with affiliate organizations
- Publish the California Biomedical Industry Report with CHI and PwC
 - Launch in Sacramento with a networking dinner with legislators
 - Promote issues statewide with regional seminars
- Improve patent quality and the patent review system to ensure innovation is protected
- Work cooperatively with federal and state legislators to meaningfully increase the flow of capital to emerging companies

BayBio's Gail Maderis (far left) is on the front lines, working with Assemblyman Jerry Hill (left) and Congresswoman Jackie Speier (right).



Sc

Science Education and Workforce Development

Year in Review

- Connected over 580 investors and entrepreneurs at six programs to improve funding strategies and opportunities
- Launched Bio-Community to improve Science, Technology, Engineering and Math (STEM) education and placed 12 life sciences volunteers at four schools
- Hosted the Southwest Regional BioGENEius Challenge for outstanding high school science students; sent two finalists to Chicago to compete in the International Challenge at the BIO Convention
- Produced and aired Emmy-nominated television commercial in partnership with CBS5 to increase public awareness about the contributions of member companies to science education and economic development
- Re-launched the BayBio Career Center in collaboration with BioSpace, offering discounted rates for BayBio members
- Offered several professional development workshops, including two BioBasics Professional Development workshops, one BioFacilities workshop, and the first BioBasics Webinar



Students and teachers benefit from the resources Bio-Community provides to classrooms.

BayBio in 2011

- Connect entrepreneurs and investors at Tech Showcases, Life Sciences Series Venture Spotlights, and the 8th Annual Entrepreneur & Investor Roundtables in February
- Launch the BioEntrepreneur Help Desk to provide life sciences entrepreneurs with pro bono advice from industry experts
- Provide companies with tools to improve science education and connect with students and teachers through the Bio-Community program
- Submit \$20 million Department of Labor grant for Bay Area workforce training in April
- Review the California Career Technical Education Model Curriculum Standards in coordination with the California Biotechnology Foundation in May
- Conduct the second annual Industrial Biotech Workforce Hiring Trends Survey in collaboration with BIOCUM and Radford Consulting
- Increase student participation in the inaugural Bay Area BioGENEius Challenge
- Develop new programming for CBS and highlight member companies' contributions to the success of the region



Ev

Events and Programs

Year in Review

- Delivered best practices programming for life sciences companies to 2,000 industry professionals at over 20 events
- Held the BayBio2010 Annual Conference, which focused on defining, funding and driving innovation; almost 700 mid-to-upper level managers attended two plenary and 16 educational sessions
- Celebrated companies that deliver innovative products to market and those reaching profitability at the 2010 Pantheon Ceremony
- Held the first statewide Industrial Biotechnology Conference in collaboration with BIOCOM in San Diego
- Highlighted BayBio members and Northern California's emerging companies at the 2010 BIO Investor Forum in collaboration with BIO
- Provided discounts to programs produced by BIO, TVG, EBD, San Jose BioCenter, HBA, QB3 and others



BayBio in 2011

- Expand BayBio2011 Annual Conference to a two-day event with global reach, partnering meetings, educational sessions and career fair
- Initiate Pharma Partnering Days with Bayer HealthCare in March and a second company in the fourth quarter
- Host the second statewide Industrial Biotechnology Conference in Northern California, in collaboration with BIOCOM, BIO and Genencor, that focuses on improving best practices for industrial biotechnology companies
- Bring California CEOs together at the inaugural California Biotech CEO Conference at UCSF Mission Bay in collaboration with BIOCOM, CHI and SoCalBio
- Connect the California delegation with international attendees in Washington, D.C., as part of the BIO International Convention in collaboration with BIOCOM and Team CA
- Increase levels of programming produced in collaboration with various groups including BIO, BIOCOM, CHI and SoCalBio

BayBio events unite the community. Onyx Pharmaceutical President and CEO Dr. L. Anthony Coles presents company founder and emerging company champion Hollings Renton with the BayBio Pantheon Lifetime Achievement Award.



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Looking Ahead: 2011 and Beyond

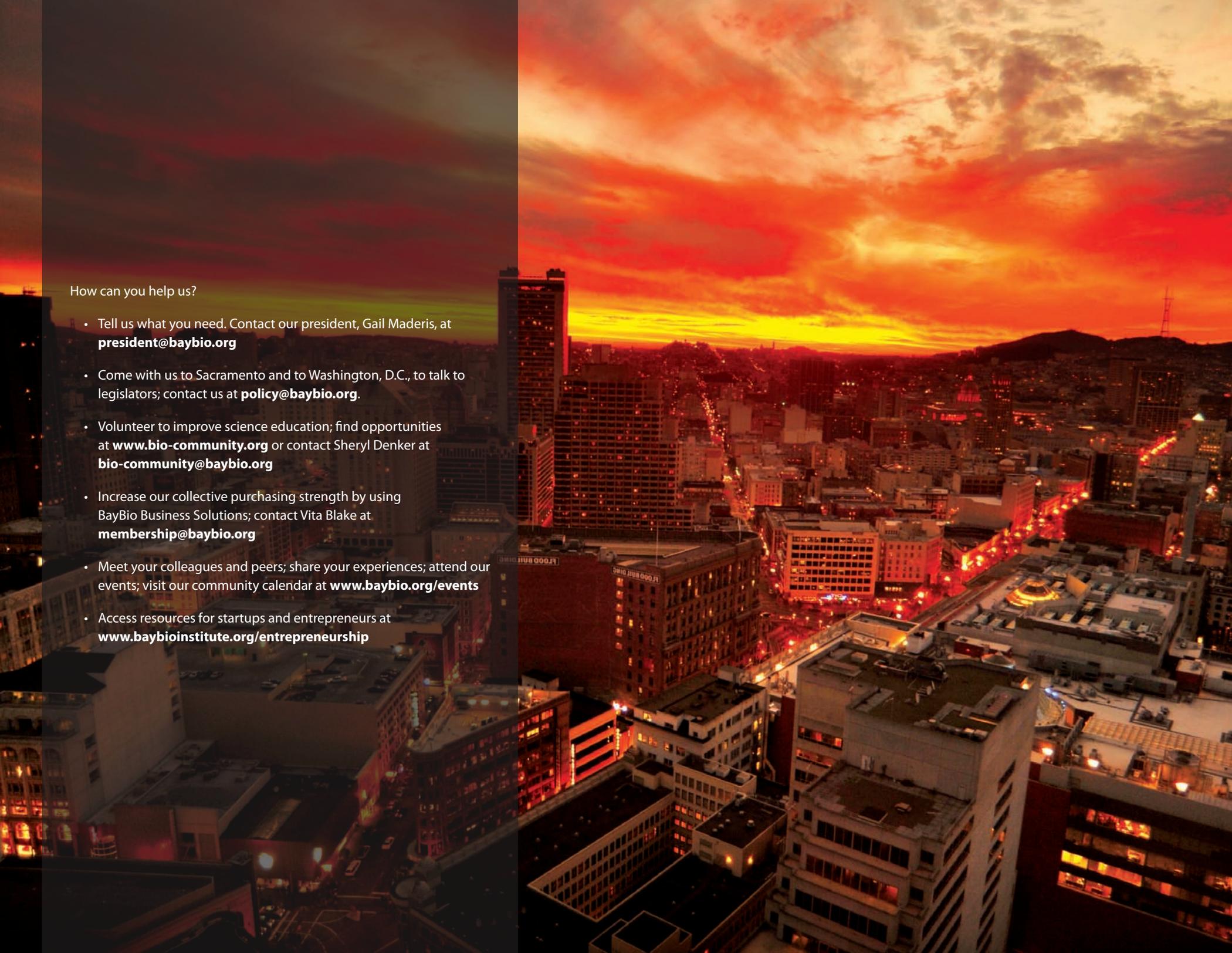
Can BayBio do more? Certainly.

We know that you will continue to tell BayBio what you need for your business to succeed. We know that you will continue to expect BayBio to represent your needs in responding to the public policy challenges that face our industry.

We also plan to deliver more for you:

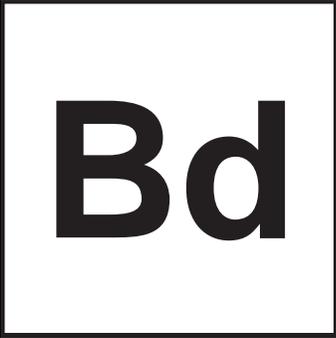
- Conferences that offer superior content at a reasonable cost for your executives and managers
- Business Solutions with higher value and new offerings
- Customer service that is responsive to the needs of the industry
- A policy agenda that works collaboratively with other bioscience organizations
- A science education program that has real and lasting impact
- A workforce program that prepares the next generation of scientists and connects employers with local talent





How can you help us?

- Tell us what you need. Contact our president, Gail Maderis, at president@baybio.org
- Come with us to Sacramento and to Washington, D.C., to talk to legislators; contact us at policy@baybio.org.
- Volunteer to improve science education; find opportunities at www.bio-community.org or contact Sheryl Denker at bio-community@baybio.org
- Increase our collective purchasing strength by using BayBio Business Solutions; contact Vita Blake at membership@baybio.org
- Meet your colleagues and peers; share your experiences; attend our events; visit our community calendar at www.baybio.org/events
- Access resources for startups and entrepreneurs at www.baybioinstitute.org/entrepreneurship



Bd

BayBio Board of Directors

BayBio is Northern California's life sciences association. We support the regional bioscience community through advocacy, enterprise support, and enhancement of research collaboration. We maintain Northern California's leadership in life sciences innovation by supporting entrepreneurship, science education and life sciences career development through the BayBio Institute. Our members include organizations engaged in, or supportive of, research, development and commercialization of life sciences technologies.

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Thank you to our Partners, whose generous resources enable us to support the industry, provide world-class programming, and increase opportunities for the life sciences community.



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