



**Connecticut United for Research Excellence, Inc.
The Center of Connecticut's BioScience Cluster**

For immediate release

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**CURE Releases 11th Annual Economic Report
Connecticut Bioscience R&D Spending Up in Biotechnology Sector**

New Haven, Conn., July 11, 2006 – Total expenditures of Connecticut bioscience operations held steady at about \$7.6 billion in 2005, compared to the previous year, according to data released today by CURE (Connecticut United for Research Excellence, Inc.), the educational organization and business support network for bioscience in Connecticut. Over the past five years, expenditures have grown 76 percent.

Research and development spending in the biotechnology segment of Connecticut's bioscience industry rose to a record high in 2005 of over \$286 million, up 18 percent from the previous year. But for the industry as a whole, research and development spending in 2005 was down slightly from that of the previous year, reflecting a 2 percent decline in expenditures in the large pharmaceutical segment, and a modest 1 percent increase in the smaller university segment of the industry.

Collected by CURE for its 11th Annual Economic Report, the data show the bioscience industry in Connecticut directly employing 17,402 people in 2005. That represents a 5 percent increase over the past five years but a 2 percent decrease from the previous year.

Office space occupied by bioscience organizations decreased 15 percent to approximately 3.8 million square feet in 2005. Connecticut laboratory space devoted to bioscience decreased 10 percent to about 4.8 million square feet in 2005.

“These figures demonstrate how dynamically the biotechnology segment of our industry is evolving, and they confirm the wisdom of cultivating a diversified industry that balances biotechnology, university, and pharmaceutical operations,” said Paul R. Pescatello, President and CEO of CURE. “At the same time, the data make it clear that the rapid growth of the previous decade has flattened out. In today's intensely competitive arena, we must continue to foster a hospitable industry environment and step up the search for new opportunities to attract investment, such as stem cell research and clinical trials work.”

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For the first time this year, CURE surveyed Connecticut hospitals to assess the extent of their clinical studies activities. The 12 hospitals returning questionnaires indicated that collectively they enrolled 1,101 patients in clinical studies in 2005. About one third of those were cancer studies; the rest involved cardio-vascular, anti-infective, central nervous system, metabolic and other areas of medicine. In total the studies reported brought almost \$40 million into the state's economy from grants and sponsors.

On the other hand, the data indicate that among Connecticut's biotechnology companies, virtually all the \$63 million spent on clinical trials in 2005 was spent out of state.

"These findings point to two conclusions," Pescatello said. "The first is that there is substantial clinical trials capability in Connecticut, due to the wealth of facilities and medical talent here. The second is that we need to build on the existing clinical trials infrastructure in the state, if we want to reap the full measure of investment and economic stimulation these activities entail."

The effects of employment and spending by the State's bioscience industry are multiplied throughout the state's economy. According to an independent analysis based on the CURE data, performed by Mark A. Thompson, Ph.D., Dean of the School of Business at Quinnipiac University, every bioscience job in Connecticut supported a total of 3.03 jobs in the State in 2005.

Because of high average salaries, the bioscience employment multiplier is one of the highest for Connecticut industries, according to Dr. Thompson. Other industries for which he has derived 2005 employment multipliers include: restaurants, 1.30, commercial construction, 1.76, residential construction, 2.18; insurance carriers, 2.36; and telecommunications, 2.80.

Dr. Thompson's analysis indicates that the total impact on the state's employment in the bioscience industry was equivalent to over 57,000 jobs, and the total impact of bioscience payroll and non-payroll spending in the state was over \$17 billion.

"One reason we set up shop in Connecticut is that the state attracts a highly educated, experienced biotech workforce," said Robert W. Cunningham, Chief Operating Officer of RainDance Technologies, Inc. "People are drawn by the quality of life and the career opportunities in bioscience that Connecticut's established infrastructure provides." Guilford-based RainDance is a nanotechnology company focused on the development of a digital, droplet-based fluid handling system for a variety of industrial and research applications.

According to PhRMA, the national trade group, U.S. pharmaceutical and biotechnology companies invested \$51.3 billion in R&D in 2005. Connecticut biotechnology and pharmaceutical R&D investment accounts for 7.6 percent of that figure, CURE's data indicate. In 2005, pharmaceutical companies with operations in Connecticut spent more than 25% of their worldwide R&D expenditures in the state, CURE estimates.

“Connecticut is friendly and supportive to bioscience, and it’s strategically located within the East Coast health care corridor” said Peter R. Farina, Ph.D., Vice President, Development, at Boehringer Ingelheim Pharmaceuticals, Inc. and Co-Chair of CURE. Boehringer Ingelheim’s U.S. headquarters are in Ridgefield.

Biotechnology companies have been using Connecticut’s unique R&D tax credit exchange program to help grow their businesses. The flexible program allows amounts not immediately claimed to be carried forward to future tax years.

Connecticut distinguishes itself with an R&D tax credit exchange that also allows companies to receive 65 cents on the dollar out of their research and development tax credit. The benefits to Connecticut are significant since emerging biotechnology companies invested over \$530 million in R&D in 2004 and 2005, over 100 times the amount reimbursed by the State.

“This year’s data remind us how worthwhile it is to cultivate biotech start-ups in the state,” said Kevin Rakin, Executive-in-Residence at Canaan Partners, Connecticut’s largest venture capital company, and Co-Chair of CURE. “The state’s economy benefits by leveraging the technology transfer coming out of our great research universities and the critical mass of bioscience talent that Connecticut has already assembled.”

On the financing front, Connecticut biotechnology companies raised over \$435 million in public and private financing in 2004 and over \$360 million in 2005. In the first quarter of 2006, biotechnology companies raised \$101 million. Thus a total of over \$896 million has flowed into the Connecticut economy the past two and a half years due to investment in the life sciences. These figures include \$61.6 million in 2004, \$93.5 million in 2005 and \$51 million in 1st quarter 2006 invested by venture capital firms as reported in the PricewaterhouseCoopers/National Venture Capital Association MoneyTree™ Report based on data from Thomson Financial. (Details at <http://www.pwcmoneytree.com>.)

“This level of activity indicates that investors are aware of and interested in Connecticut bioscience developments,” said Susan Froshauer, PhD, President and CEO of New Haven-based Rib-X Pharmaceuticals, Inc. Rib-X is a small molecule drug discovery and development company focused on the structure-based design of new classes of antibiotics. Rib-X announced June 20 that it had raised \$50 million in a Series C financing. This brings to over \$123 million the total raised by the company since its inception in 2001.

CURE (<http://www.curenet.org>) is a statewide coalition of over 100 educational and research institutions, biotechnology and pharmaceutical companies and other supporting businesses. It is dedicated to promoting the growth of, and increasing public understanding of, biomedical research and science in Connecticut. Now in its 11th year, the CURE economic report has become the recognized benchmark measuring the development of Connecticut’s bioscience industry.

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CURE 11th Annual Economic Report: Selected Statistics on CT Bioscience

	2001	2004	2005	5-Year Growth	1-Year Growth 2004-2005
Operations ^a	4,310,393,718	7,577,323,061	7,574,557,230	76%	0%

R&D ^b					
Biotech	263,351,692	243,831,223	286,587,066	9%	18%
Pharma	2,944,647,799	3,676,793,000	3,603,825,000	22%	-2%
University	429,893,436	512,300,000	519,900,000	21%	1%
Total R&D	3,637,892,927	4,432,924,223	4,410,312,066	21%	-1%

Laboratory Space ^c	5,534,879	5,350,729	4,835,523	-13%	-10%
Office Space ^d		4,551,272	3,859,138		-15%
Employees ^e	16,543	17,728	17,402	5%	-2%

Clinical Studies at Connecticut Hospitals					
Dollars received ^f		37,098,969	39,869,779		
Patients enrolled		986	1,101		
Number of studies		1,110	1,236		

Clinical Studies Sponsored by Connecticut Biotechnology Companies					
Spent in CT ^f		550,000	600,001		
Spent outside CT ^f		41,312,000	62,858,000		

New Investment in Connecticut Life Sciences Companies from Public & Private Financing				
		2004	2005	2006 (Jan –June)
Venture Capital ^f		61,629,000	93,520,000	51,000,000
All Other ^f		374,000,000	266,900,000	50,000,000
Total ^f		435,629,000	360,420,000	101,000,000

Notes

^a Total annual operating expenses of Connecticut bioscience organizations. Figures in dollars

^b Total annual R&D expenditures of Connecticut bioscience organizations. Figures in dollars.

^c Laboratory space occupied by Connecticut bioscience organizations. Figures in square feet.

^d Office space occupied by Connecticut biotech and pharma organizations (universities not included). Figures in square feet.

^e Number of people employed (full-time equivalent) at Connecticut bioscience operations.

^f Figures in dollars. Venture capital figures courtesy of PricewaterhouseCoopers/National Venture Capital Association MoneyTree™ Report based on data from Thomson Financial.

Bioscience operations include biotechnology companies, pharmaceutical companies, and the bioscience research portion of university operations.