

MINUTES OF THE JOINT MEETING OF SENATE COMMERCE COMMITTEE/HOUSE ECO DEVO

The meeting was called to order by Chairperson Senator Nick Jordan at 3:30 P.M. on January 16, 2008 in Room 519-S of the Capitol.

All member of Senate Commerce were present except:

Senator Roger Reitz-excused

Senator Jay Emler-excused

Committee staff present:

Kathie Sparks, Kansas Legislative Research Department

Jennifer Thierer, Kansas Legislative Research

Hank Avila, Kansas Legislative Research

Matt Todd, Kansas Revisor of Statutes

Conferees appearing before the committee:

Ms. Sandra Lawrence, Chairperson, KBA

Mr. Tom Thornton, President/CEO, KBA

Dr. Ron Trewyn, Kansas State University

Mr. Tony Barney, Onclumme

Mr. Craig Knutzen, TermoFisher Scientific

Others attending:

See attached list.

Chairperson Jordan welcomed all the legislators to the first joint meeting of the Senate Commerce Committee and the House Economic Development Committee for the 2008 session. Chairperson Jordan announced to the committee the meeting would be a presentation by the Kansas Bioscience Authority (KBA) and introduced Ms. Sandra Lawrence, Chairperson, KBA to give her testimony.

A copy of Ms. Lawrence's presentation is attached (Attachment 1) and is incorporated into these minutes as a matter of record.

Kansas Bioscience Authority

Chairwoman Sandra Lawrence

Testimony for a Joint Hearing of the Senate Commerce Committee
and House Economic Development Committee

January 16, 2008

Chairwoman Brownlee, Chairman Jordan, and Chairwoman Gordon, thank you for calling this special joint hearing of your committees. We are honored to be here, and it is a very special way for us to end our first-ever Kansas Bioscience Day at the Capitol.

Our goal today is to bring to life the success and progress achieved by our state in the bioscience sector over the past year. With the Bioscience Innovation in Kansas exhibition in the Capitol rotunda, we sought to introduce you firsthand to some of the amazing scientists, entrepreneurs, and businesspeople who are benefiting from the tangible support you provided in the Kansas Economic Growth Act. And we sought to show you how the vision you set forth for the Kansas Bioscience Authority is already having a positive impact.

As you made your way through the exhibition, you may have heard about the **research and development** work supported by the KBA at companies such as Edenspace Systems and Kansas Environmental Management Associates.

Edenspace is developing biofuels with the idea of generating less waste, more fuel, and more profits for farmers. The company is doing this by using the entire corn plant, including the leaves and stalk, for ethanol production to generate additional fuel from each acre of corn. Edenspace is conducting promising research on biofuels applications of sorghum as well.

Kansas Environmental Management Associates is working with K-State researchers on technologies to reduce phosphorous levels at cattle feedlots in order to meet environmental regulations and create a valuable fertilizer resource. This will help cattlemen prevent contamination of their land and water while creating a potentially profitable byproduct.

Walking through the exhibition, we hope you also had the chance to learn about how we are supporting the **commercialization** of bioscience products in Kansas. Companies such as Innovia Medical and KC BioMediX are great examples of this.

Innovia has been successful in developing and taking to market an FDA-approved product called EarCheck. This device is being sold to physicians, parents, and others who want to rapidly detect ear infections in young children. You can now find the easy-to-use EarCheck on the shelves of Wal-Mart.

KC BioMediX is also helping improve the health of children, in fact the smallest and most vulnerable of children — premature infants. The company is commercializing technologies developed at the University of Kansas to help preemies get the nourishment they need to quickly gain strength and grow.

Another area you may have enjoyed hearing about at the Bioscience Innovation in Kansas exhibition today was our success in **expanding and attracting** bioscience companies, which is the third and final facet of the approach you outlined in the Kansas Economic Growth Act.

Notably, we have been able to help attract two very promising foreign companies to establish North American headquarters in Kansas. In addition to the jobs and economic development this will bring, we are highly anticipating the quality of life improvements the companies' scientific advances will provide.

IdentiGEN is an Irish company now doing business in Kansas with its unique DNA-based system that enables meat producers to verify the quality of meat products and identify their precise origin. The tracing system enhances food safety and consumer confidence.

You will hear from OncImmune later in this hearing, so I will let the company speak for itself. However, we are thrilled to have this British company in Kansas to further develop its technologies for the early detection of breast cancer.

That's just a glimpse of what's going on in bioscience in Kansas, but we hope you'll agree it is an insightful and exciting one. We see companies partnering for growth with the Kansas Bioscience Authority from early stage research and development to commercialization to expansion and attraction.

The result will be a vibrant bioscience economy that supports success throughout

the business cycle. You provided us with the tools to effectively take this comprehensive approach, and, as chairwoman of the KBA, I assure you we are pursuing each track aggressively to achieve the goal of advancing Kansas' leadership in bioscience research and industry.

Thank you again for this invitation, and, with your permission, I now yield to my colleague Tom Thornton, president of the KBA.

Upon the completion of Ms. Lawrence's testimony she introduced Mr. Tom Thornton, President, CEO, KBA, to give his testimony. A copy of Mr. Thornton's testimony is attached (Attachment 2) and is incorporated into these minutes as a matter of record.

Kansas Bioscience Authority

Tom Thornton, President

Testimony for a Joint Hearing of the Senate Commerce Committee
and House Economic Development Committee

January 16, 2008

Senators Jordan and Brownlee, Representative Gordon, and other distinguished committee members, thank you for inviting me once again before you to share the news about exciting developments going on in bioscience in Kansas thanks to your leadership and commitment.

If I may, I also would like to take this chance to publicly applaud Sandra Lawrence for her leadership as chairwoman of the KBA board of directors. In this volunteer capacity, she has given freely of her time and energy and expertise, and our state is better for it.

Other board members are with us here as well today in Topeka, and I tip my hat to each of them for the significant contributions they make in their service to the KBA.

When I last appeared before you in September, we spoke about the KBA's operational and programmatic development, as well as issues of board governance. We discussed the nuts-and-bolts of how the KBA has moved forward with concrete programs to reflect the direction you outlined in the Kansas Economic Growth Act — and to make it easy for researchers and entrepreneurs to access the support they need to thrive.

The result of all of these efforts is a solid organizational infrastructure that allows us to keep our unstinting focus on what you created us to do: advance Kansas' leadership in bioscience research and business so we create jobs, attract capital and equity investment, and support scientific breakthroughs to improve the lives of the people of our state.

As you heard in Sandra's remarks, achievement of this mission is underway, and we hope you will see more tangible progress reflected in the first-ever Kansas Bioscience Authority Progress Report, which we released today and delivered to the Legislature.

A quick review of this report will highlight for you how it's happening now in Kansas:

- Foreign companies are choosing our state for their North American headquarters;
- Academia, business, and government are working together seamlessly on projects such as the Kansas Bioscience Park in Olathe;
- Kansas is achieving growing recognition of its leadership in plant and animal health, as evidenced by our Top 5 showing in the National Bio and Agro-Defense Facility attraction effort;
- Innovations in biofuels are setting Kansas apart; and
- Pharmaceutical and nutraceutical developments are improving health and, we believe, saving lives.

These success stories show how the comprehensive approach of supporting research and development; commercialization; and attraction and expansion is paying dividends for Kansas bioscience.

The good news doesn't stop with our progress report, however. Hot off the presses from today's meeting of the Kansas Bioscience Authority board of directors are some truly exciting new investments and opportunities. Let me briefly run through them for you.

Eminent scholars

Today we officially named the first two Kansas Bioscience Eminent Scholars: Dr. Blake Peterson at the University of Kansas and Dr. Juergen Richt at Kansas State University.

Dr. Peterson is a professor of medicinal chemistry who joined KU from Pennsylvania State University after previously completing a prestigious cancer research fellowship at Harvard University. Among the objectives of his research are developing synthetic cell receptors as a new tool for drug delivery and studying small molecule-protein interactions to generate potential therapeutic leads. At KU, his research will focus on developing anti-cancer drugs and delivery systems, combining his passions for chemistry, biology, and medicine.

Dr. Richt is a world-class animal health researcher who will join K-State's faculty in April, coming from the U.S. Department of Agriculture's National Animal Disease Center and Iowa State University. Recently he has worked in two important areas: emerging viral diseases of swine and prion diseases, such as mad cow disease. He brings that expertise, and his work in diagnostics and vaccinations, to K-State's Biosecurity Research Institute, where his research is expected to attract research funding approaching \$1 million annually within several years of his arrival.

Kansas Bioscience Centers of Innovation

The hub of the KBA's investment strategy to build research capacity is the Kansas Bioscience Center of Innovation program that we announced in the fall. Today, I'm pleased to announce the first three planning grants to develop centers of innovation.

One is the *Kansas Center for Biomaterials Innovation and Design*. This center of innovation will establish a premier Kansas-based institution for biomaterials research and education — and commercialization of the research into innovative medical devices. The University of Kansas and Wichita State University, with Pittsburg State University's Polymer Research Institute, plan to collaborate with the research centers of Via Christi Health System and over 20 other private industries, educational institutions, and public organizations. This will be a catalyst in bringing together leading medical and bioengineering research with advanced manufacturing and materials development applications from the aviation industry.

Secondly, the *Kansas Biosciences Innovation Center in Drug Delivery* was approved to transform outstanding drug-delivery capabilities at KU into an integrated, high-performance drug-delivery organization.

Third, the *Kansas Innovation Center for Advanced Plant Design* will focus on the emerging commercial opportunities for wheat, sorghum, small grains, and native plants and grasses. It would be headquartered at Kansas State University, collaborating with the Kansas Wheat Commission and research programs at KU.

For now, the headline is that the Centers of Innovation program will help us build world-class bioscience research centers in Kansas' areas of strength while assisting bioscience industries with product and production functions. These planning grants are a first step, and we hope to announce more in the coming months as we build research excellence that will lead to high commercial payoff.

New investments

The KBA also approved three new investments this morning:

- We will provide \$2 million in matching funds over six years to KU and Wichita State University if they are successful in winning funding from the National Science Foundation to establish the Materials by Advanced Technologies and Research Innovation Center, or MATRIC. MATRIC is built upon the state's strong regional expertise in biomaterials; the goal is to take advanced materials typically used by aviation engineers, modify them through science, and then use them in medical applications.
- We will provide up to \$375,000 in matching funds to Pinnacle Technology, a Lawrence company that specializes in wireless biosensors that enable the simultaneous, real-time measurement of brain activity in small laboratory animals. This technology is important in the development of drugs to treat diseases such as Parkinson's, Huntington's, and Alzheimer's related to brain degeneration.
- Finally, we will provide Lenexa-based XenoTech up to eight acres for expansion at the Kansas Bioscience Park in Olathe. XenoTech will invest millions of dollars in a new headquarters at the park, where it will continue building its extensive selection of products for drug metabolism-related research, including liver, intestinal, renal and pulmonary microsomes. Another thing we're excited about with XenoTech is that the company regularly holds scientific symposia at its headquarters that attract hundreds of scientists from around the world —

scientists who will now be exposed to the amazing growth going on at the Kansas Bioscience Park with XenoTech, Fort Dodge Animal Health, the K-State Olathe Innovation Campus, and others.

Collaborative Biosecurity Research Initiative

Finally, I would like to briefly mention the Collaborative Biosecurity Research Initiative, or CBRI. I will be brief because Dr. Trewyn will provide a full update on the National Bio and Agro-Defense Facility, but the CBRI is yet another way the KBA is aggressively supporting the NBAF attraction effort in every way it can.

In the CBRI, the KBA is investing \$2.5 million to bring top researchers nationwide into collaboration with K-State scientists on the development of products that protect Americans from the intentional use of animal-borne diseases to infect humans or to disrupt the national economy. These research projects will jump-start the work of K-State's Biosecurity Research Institute by making Kansas' expertise and superior facilities available to researchers around the country.

As Kansans know best, agricultural and food infrastructure is a key component of U.S. economic productivity and growth, accounting for 12 percent of the nation's gross domestic product and representing one in six jobs in direct or related employment. We cannot afford to be unprepared for a deliberate assault or natural outbreak that would damage America's confidence in this infrastructure.

Perhaps Senator Pat Roberts said it best when he said, "We put the food on America's dinner table, so we take the responsibility of protecting the families around that table very seriously," Roberts said.

This is the right thing to do, and it also will continue to build the case that Kansas is the best home for the NBAF on the merits.

I close by reiterating my appreciation for your strong support of the KBA's work. There is a special spirit of teamwork and energy in this state because everyone is working together, and people around the country are taking notice.

I now look forward to hearing from the other panelists here today, the researchers and businesses who are actually making our state's innovation economy a reality.

The following points were covered in a question and answer session with Mr. Thornton upon the conclusion of his presentation:

- The benchmarks the KBA used to be sure they are moving forward at an appropriate pace
- The KBA looks at other states by developing the bioscience index which will measure Kansas' progress against other states that are similar position as it relates to the total size of their economy and total conduct of research and development
- The KBA can still pursue innovative things when the Holcom Plant moves forward.
- The cash flow of the KBA; a detailed report regarding comments will be provided to the committee

Upon the conclusion of the questions and answer session, Chairperson Jordan introduced Dr. Ron Trewyn, Kansas State University to give his testimony. A copy of Mr. Trewyn's presentation is attached (Attachment 3) and is incorporated into these minutes as a matter of record.

**Testimony
Joint Meeting
Senate Commerce Committee
House Economic Development Committee**

Ron Trewyn
Vice President Research
Kansas State University
January 16, 2008

Madame Chairwoman, Members of the Senate and House Committees:

It is my pleasure to speak to you today to provide information regarding K-State's interactions with the Kansas Bioscience Authority (KBA) as a "real-world" grantee ... assuming a university can actually qualify as "real-world."

Because of the potential importance of the National Bio and Agro-defense Facility (NBAF) to Kansas bioscience initiatives near-term, I will start by providing some background information and describe the KBA's investment. All of the KBA commitments I will describe are NBAF-relevant; some are NBAF-specific.

➤ **NBAF-Specific Initiatives:**

- Twenty-nine (29) consortia responded to the DHS call for expressions of interest in 2006. No cost-share was indicated at that point.
- Eighteen (18) sites made the initial cut, and the follow-up DHS request for additional information required a cost-share at each site.
 - *The KBA stepped up with a significant cost-share commitment.*
 - Other partners contributed cost-share as well.
- Five (5) sites were selected as finalists for NBAF along with the Plum Island Animal Disease Center.
- A programmatic Environmental Impact Statement is ongoing currently, with data being collected and analyzed.
- A letter from DHS Secretary Chertoff is expected in the next month asking for a confirmation of the Kansas cost-share.
 - *Existing Kansas commitments and DHS needs are being reviewed currently.*
 - *Potential enhancements will be proposed if need be to ensure that the Kansas cost-share is highly competitive.*

➤ **NBAF-Relevant Initiatives:**

Collaborative Biosecurity Research Initiative (CBRI): *The KBA has committed \$2.5 million to fund research in the Biosecurity Research Center (BRI) at K-State, which will jump-start research in the BRI.*

Eminent Scholar Juergen Richt: *The KBA has committed \$2.06 million to support K-State's recruitment of an internationally recognized infectious disease scientist to Kansas.*

Arthropod-Borne Animal Disease Research Laboratory: *The KBA has approved \$1.5 million to attract a 30-person research group to Kansas. It's still uncertain whether this will be accomplished, but it's another demonstration of the KBA's proactive recruitment philosophy.*

Upon the completion of Mr. Trewyn's testimony there was a question and answer session covering the following points.

- The location of the site for the Plum Island Animal Disease Center being adjacent to the Vet School is a real plus.
- Kansas State University has expertise and the workforce is ready today to start doing the mission.
- October will be decision time for a site to be announced for new location for the Plum Island Animal Disease Center.

Upon Conclusion of the question and answer session, Chairperson Jordan introduced Mr. Tony Barnes, Onclumme to give his testimony. A copy of Mr. Barnes' testimony is attached

(Attachment 4) and is incorporated into these minutes as a matter of record.

Tony Barnes, President, Oncimmune
Joint Hearing of the Kansas Senate Commerce
and House Economic Development Committees
January 16, 2008

Thank you for the chance to present Oncimmune's story.

Oncimmune is a small start up with a parent office in Nottingham, United Kingdom, on the grounds of the City Hospital there. The company was started by John Robertson and me in early 2003, with a goal of using the immune response to early cancer as a signal of high-risk cancer patients. We worked in relative obscurity until December 2005, when several influential angel investors from Europe invested both time and interest in us.

Cancer is a disease in which cells mutate into a malignant state, at which point they leave the initial tumor and plant themselves in a secondary site. It is this setting up of a second site that correlates most highly with the devastating effects we know as cancer. If one can detect the tumor early enough and confirm its location, surgery is often curative, with patients living full lives. There is data for breast cancer that shows that mammography followed by surgery cures one in five women who would have died of breast cancer without screening.

We as a company believe that we have shown the earliest rugged blood-based signal for most solid tumor cancers. We have shown the ability to see breast cancers as early as four years prior to mammography, and similar results have been shown for lung cancer. Furthermore, because we offer our signal from a simple sample of blood, we believe we offer a cost-effective first step which leads to radiological screening to find the actual site. I want to repeat this comment for emphasis. Our test will never be the confirmative test for invasive action, as we can only identify the probability that a patient has a given tissue cancer. We will always be confirmed by radiological step before any differential action will be taken by a managing physician. We have published papers in *Annals of Oncology* on breast cancer and in *Thorax* on lung cancer.

What is also important to know is that the majority of work focused on development of an assay such as ours is focused on producing reproducible and medically useful results. We have been working feverishly over the last year in Nottingham and are just this week starting a two-month pivotal clinical trial that will show our performance in a large and valid clinical population, while varying incoming test materials to show that we can trust our test month after month. We also have been working feverishly to set up two approvable laboratories in Kansas and getting ready to accept the test in its final developed configuration and rapidly get it to market in the U.S. It is important to know that it is the CLIA/CMS structure under which small reference labs can bring assays to market rapidly and safely that has allowed us to choose the U.S. for our first launch. We are aiming for a guarded launch of our product during the middle two quarters of this year, with an opening of our efforts to a broad physician market by the end of the year.

With this background, it became clear during 2006 that Oncimmune would benefit from a U.S. subsidiary from which to launch our first early cancer detection tests and also from which to develop academically aided programs for both basic and clinical research. We looked at several of the well-known sites to locate, and only late in the process did I inadvertently contact the Kansas City biobusiness development infrastructure. This effort was an afterthought while I was flying through MCI and was prompted by my previous experience of living in Kansas City during the late 1980s and having fond memories of that time.

The Kansas City representatives responded almost immediately, and we were welcomed by the Kansas City Area Development Council as well as contingents from both sides of the state line. We were exposed to the efforts of the KU Cancer Center and medical school, the KU Lawrence Higuchi Center, KTEC, the Stowers Institute, the Midwest Research Institute, our present partner, IBT Reference Labs of Lenexa, and the Kansas Bioscience Authority. The

more that we looked at the nature of help we could get from Kansas and the environs and how well it fit our needs, the easier it became for me to bring my UK partners into the discussion. At the end of a long courtship, with seven visits to KC, we were offered a “typical” benefit package of tax breaks and training benefits. This was quite a deflating day, after all the build up.

We made our concerns known to the people involved, and there was an immediate response from the Kansas Bioscience Authority. Within days, we had arranged a package that was similar to those offered by other biotech incubator settings, and, from that date forward, the relationship has been remarkable in its benefits to the company. We also believe that we continue to bring a similar benefit to Kansas and, to be quite honest, we consider the relationship with Kansas to be one of the bedrocks of our company.

Let me describe some of the tangible results of the Kansas relationship. Our first goal was to find a laboratory partner that would help us develop a reference lab structure and let us act as a “lab within a lab.” We found a likely partner in IBT, but I think that without the steady support from the Kansas development programs, IBT would not have considered our overtures.

Second, the research vouchers from the KBA allowed us to develop a working relationship with several world-class researchers from Higuchi. From this work, we have been able to learn a great deal about our potential product and this data will support our regulatory submissions going forward.

As important as the data, the research vouchers have also allowed us to create friendships on the Lawrence campus, which have, in turn, allowed us a chance to hire Jayhawks as seminal staff members. Our two initial employees are Kansas graduates, and we would be several months late had these two not come in to the company and driven programs forward with only a touch of management. They have acted as true pioneers, and I am thankful at the practical and common-sense nature they have applied to their tasks.

Our company runs on automated equipment. We need to invest large amounts in these assets, while waiting for return years later. For most start-up companies, this investment would be crippling if not impossible. The loan that the KBA extended to us has allowed us to purchase this needed automated equipment in a timely fashion and garner the benefits of becoming a customer in good standing when it comes to service contracts and technical support. The benefits have been another cornerstone of our company.

In the end, our company needed to find space to move to as we gradually stand on our own legs. We have found and are developing a space for our lab in Desoto, along K-10. This lab space seems ideal for our company, and I am particularly impressed with the honest and straightforward nature of the relationship we have developed with our developer. I think there will be a long and friendly relationship between Desoto and our company.

Finally, I would like to comment on an issue that most people do not understand, but should, in order to help start up biotech companies thrive. One of the most surprising challenges to a small start up is the expense of the highly skilled professional services that companies like us face. We have a never-ending demand for patent and licensing legal advice, a need for contract development and somewhat complex accounting, as we are a lab within a lab and a U.S. subsidiary. In most areas, people pay the “retail” price for this advice, but as Kansas and Kansas City have focused on growth in the biotech area, these types of part-time overheads have proven to be supplied with competency and a reasonable cost. It is the local focus, with real backing as opposed to empty promises that allows people like our lawyers and accountants to invest time developing their own skills while giving us a discount price.

In return, our company has hired mostly KU grads, and we have worked to submit several meaningful grant applications that could bring significant funding to KU and also potentially world recognized research. We feel that we have been good partners.

So, in summary, Oncimmune feels well served by the faith we put in the promises made by

KUMC, KU-Lawrence, and the Kansas Bioscience Authority. Without an infrastructure that impressed a skeptical set of British businessmen, we would not be here, but since coming we have been really impressed by the support shown and promises kept. Kansas can stand toe to toe with other potential bioincubation sites and must exude that confidence in order to capture quality start up commitments.

I end by reiterating our thanks to the KBA for its support and to the members of this Legislature for creating the KBA as a partner for bioscience growth.

Upon the conclusion of Mr. Barnes' testimony there were no questions and Chairperson Jordan introduced Mr. Craig Knutze, ThermoFisher Scientific to give his testimony. A copy of Mr. Knutzen's testimony is (Attachment 5) and is incorporated into these minutes as a matter of record.

Thermo Fisher Scientific, Remel Products Testimonial

Joint Session Hearing
Kansas Senate Commerce Committee
And
House Economic Development Committee

On behalf of the Thermo Fisher Scientific, Remel Products leadership team, I am pleased to come before you to present a testimonial on behalf of the Kansas Bioscience Authority. Prior to beginning, I would like to thank Tom Thornton and Jan Katterhenry for inviting me to speak today and for their support of Thermo Fisher Scientific, Remel Products. I would also like to recognize Susan NeuPoth Cadoret of the Kansas Department of Commerce for her support over the past two years assisting the Remel products team in understanding and participating in the Kansas Incentive programs. Finally, special thanks to Senators Brownlee and Jordan, and to the many other legislators in this hearing, who had the vision and diligence to pass the Kansas Economic Growth Act, which makes the KBA's support possible.

Let me first tell you About Thermo Fisher Scientific

Newly formed in 2006 by the merger of Fisher Scientific International and Thermo Electron, Thermo Fisher Scientific is the world leader in serving science. We take great pride in the fact that what we do helps our customers make the world healthier, cleaner and safer. Globally we employ 30,000 people and serve over 350,000 customers within pharmaceutical and biotech companies, also hospitals, and clinical diagnostic labs, universities, research institutions and government agencies, as well as environmental and industrial process control settings. We serve customers through two premier brands, Thermo Scientific and Fisher Scientific, and a family of 21 different specialty brands to help solve analytical challenges from routine testing to complex research and discovery. Thermo Scientific offers customers a complete range of high-end analytical instruments as well as, laboratory equipment, software, services, consumables and reagents to enable integrated laboratory workflow solutions. Fisher Scientific provides a complete portfolio of laboratory equipment, chemicals, supplies and services used in healthcare, scientific research, safety and education.

Now about the Remel products brand

We are one of the specialty brands and part of the Microbiology division of Thermo Fisher Scientific. We were originally founded in 1973 as Regional Media Labs in Lenexa and have grown into a leading brand in the field of microbiology. We provide high quality products used by clinical, industrial, research, and academic laboratories around the world. The Remel products brand manufactures and distributes dehydrated and prepared culture media, collection and transport systems, diagnostic rapid direct specimen tests, quality control products and a variety of other laboratory supplies. We have an extensive product portfolio with highly trusted and market-leading brand names and we believe superior product performance over our competition. All of this is complemented by a team of experts that span across the country and that are trained to provide the highest levels of quality, technical support and customer service possible.

The Remel brand has grown consistently through the years, organically and through strategic acquisitions, mostly during the 90's. Our exceptional growth has resulted in capacity expansion in facilities, equipment, and staff. Currently in Lenexa, Thermo Fisher Scientific employs almost 500 employees in line operations, technical support, customer service, marketing, sales, administrative and management positions. In Lenexa alone we occupy four separate buildings totaling approximately 284,000 sq. ft. of owned and leased space. We utilize every square foot of our current facility space and look forward to continuing our

expansion efforts.

Where the Kansas Biosciences Authority and You come in

Our vision is to be the preferred partner for our customers and a world leader in Microbial Diagnostics. We plan to accomplish this by continuing to provide exceptional product quality and service to our 3,000 some customers and by continuing to meet the needs of our customers by offering a broad portfolio of over 6,000 different product solutions. To be successful, we need to take measures that will continue our exceptional growth. Our Lenexa operations must be enhanced via infrastructure expansion, upgrades, and continued staff additions including skill development and training.

Our current manufacturing facility is located on Santa Fe Trail Drive in Lenexa. It is over 35 years old and in need of significant investment to continue to meet our anticipated growth and the challenges that come with it. In order to expand our facilities, without disrupting our existing production operations or reducing our current capacity, we would need to relocate a portion of our operations while making renovations. In 2007, we acquired an adjacent facility located next door to our administrative building also located on Santa Fe Trail Drive. The recently acquired facility provides us with an option to expand our campus and increase our production capacity and staff expansion. This facility addition provides us the opportunity to relocate existing production operations to this neighboring facility allowing us to make necessary renovations of our current manufacturing facility over the next 2-3 years. In addition, we have identified the need for additional space to accommodate a Research & Development - Product Support laboratory. The new facility satisfies this need while also providing employee training and meeting rooms, which today are quite limited.

In a cooperative effort between Thermo Fisher Scientific, the Kansas Bioscience Authority, and the Kansas Department of Commerce, a capacity expansion plan was detailed for our Lenexa operations and facilities. As a result of the support provided by the Kansas Bioscience Authority and the Kansas Department of Commerce, Thermo Fisher Scientific, Remel products is in the process of renovating and upgrading our newly acquired facility in Lenexa, and we expect completion of the first phase in March 2008. Upon completion of this Phase I renovation, we will continue plans to renovate our primary manufacturing facility, which will include upgrades to our current production suites and renovation of open space to accommodate anticipated capacity expansion. We project staff expansion over the next five years to be between 95-120 new jobs, including line operators, technical, and management positions.

On behalf of the entire executive and leadership team at Thermo Fisher Scientific, Remel products, we appreciate the recognition and support from the Kansas Bioscience Authority, the Kansas Department of Commerce, and now, the Kansas Senate Commerce Committee and the House Economic Development Committee. Thank you for recognizing us, and our company as a key biotechnology employer in the state of Kansas. We appreciate the opportunity to speak to you today and present a testimonial on behalf of the Kansas Bioscience Authority. We look forward to continued growth of the Remel product line and our efforts to create new jobs, advance scientific knowledge, improve quality of life for Kansas residents, and to help our customers across the globe make the world healthier, cleaner, and safer.

Upon the completion of Mr. Knutzen's testimony a question and answer session followed covering the following:

- ThermoFisher Scientific has developed programs for employees to learn more about the business on their premisses with the Junior College and the Junior College to develop a biotech printing program.
- Pay scale for the line operators and also technical staff

Chairperson Jordan thanked the KBA for their testimony and adjourned the meeting at 4:55 p.m.

Joint mtg
House Economic Development
Senate Commerce Committee

Guest List

Date: Jan 16, 2008

Ron Trevyn - K-State	
SUE PETERSON	K-State
KATE FIREBAUGH	KEMNEM & ASSOC.
John Peterson	Capital Strategies
Tony Barber	Orchimmune (USA) LLC
Stan Ahlerich	Ks. Inc
Keun Can	KTEC
Austin Hayden	Horn Law Firm
JAY KAMEN	Carter Group
Lolita Desch	PMCA of KS
Sandra Lawrence	KBA
Chad Bettes	KBA
Craig Knutzen	Thermo Fisher Scientific Rental
William P. Darran	KC Area Life Science Institute
Quentin B. KUBICEK	VENTRIA Bioscience
Sandy Braden	Gaheo, Braden, Barber
Tom Thornita	Kansas Bioscience Authority
Whitney Damm	KS Securities Industry Assn
JEFF CONWAY	DEPT OF COMMERCE
Rebecca Rice	Thorne Media

Kansas Bioscience Authority

Chairwoman Sandra Lawrence

Testimony for a Joint Hearing of the Senate Commerce Committee
and House Economic Development Committee

January 16, 2008

Chairwoman Brownlee, Chairman Jordan, and Chairwoman Gordon, thank you for calling this special joint hearing of your committees. We are honored to be here, and it is a very special way for us to end our first-ever Kansas Bioscience Day at the Capitol.

Our goal today is to bring to life the success and progress achieved by our state in the bioscience sector over the past year. With the Bioscience Innovation in Kansas exhibition in the Capitol rotunda, we sought to introduce you firsthand to some of the amazing scientists, entrepreneurs, and businesspeople who are benefiting from the tangible support you provided in the Kansas Economic Growth Act. And we sought to show you how the vision you set forth for the Kansas Bioscience Authority is already having a positive impact.

As you made your way through the exhibition, you may have heard about the **research and development** work supported by the KBA at companies such as Edenspace Systems and Kansas Environmental Management Associates.

Edenspace is developing biofuels with the idea of generating less waste, more fuel, and more profits for farmers. The company is doing this by using the entire corn plant, including the leaves and stalk, for ethanol production to generate additional fuel from each acre of corn. Edenspace is conducting promising research on biofuels applications of sorghum as well.

Kansas Environmental Management Associates is working with K-State researchers on technologies to reduce phosphorous levels at cattle feedlots in order to meet environmental regulations and create a valuable fertilizer resource. This will help cattlemen prevent contamination of their land and water while creating a potentially profitable byproduct.

Walking through the exhibition, we hope you also had the chance to learn about how we are supporting the **commercialization** of bioscience products in Kansas. Companies such as Innovia Medical and KC BioMediX are great examples of this.

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Innovia has been successful in developing and taking to market an FDA-approved product called EarCheck. This device is being sold to physicians, parents, and others who want to rapidly detect ear infections in young children. You can now find the easy-to-use EarCheck on the shelves of Wal-Mart.

KC BioMediX is also helping improve the health of children, in fact the smallest and most vulnerable of children — premature infants. The company is commercializing technologies developed at the University of Kansas to help preemies get the nourishment they need to quickly gain strength and grow.

Another area you may have enjoyed hearing about at the Bioscience Innovation in Kansas exhibition today was our success in **expanding and attracting** bioscience companies, which is the third and final facet of the approach you outlined in the Kansas Economic Growth Act.

Notably, we have been able to help attract two very promising foreign companies to establish North American headquarters in Kansas. In addition to the jobs and economic development this will bring, we are highly anticipating the quality of life improvements the companies' scientific advances will provide.

IdentiGEN is an Irish company now doing business in Kansas with its unique DNA-based system that enables meat producers to verify the quality of meat products and identify their precise origin. The tracing system enhances food safety and consumer confidence.

You will hear from OncImmune later in this hearing, so I will let the company speak for itself. However, we are thrilled to have this British company in Kansas to further develop its technologies for the early detection of breast cancer.

That's just a glimpse of what's going on in bioscience in Kansas, but we hope you'll agree it is an insightful and exciting one. We see companies partnering for growth with the Kansas Bioscience Authority from early stage research and development to commercialization to expansion and attraction.

The result will be a vibrant bioscience economy that supports success throughout the business cycle. You provided us with the tools to effectively take this comprehensive approach, and, as chairwoman of the KBA, I assure

you we are pursuing each track aggressively to achieve the goal of advancing Kansas' leadership in bioscience research and industry.

Thank you again for this invitation, and, with your permission, I now yield to my colleague Tom Thornton, president of the KBA.

Kansas Bioscience Authority

Tom Thornton, President

Testimony for a Joint Hearing of the Senate Commerce Committee
and House Economic Development Committee

January 16, 2008

Senators Jordan and Brownlee, Representative Gordon, and other distinguished committee members, thank you for inviting me once again before you to share the news about exciting developments going on in bioscience in Kansas thanks to your leadership and commitment.

If I may, I also would like to take this chance to publicly applaud Sandra Lawrence for her leadership as chairwoman of the KBA board of directors. In this volunteer capacity, she has given freely of her time and energy and expertise, and our state is better for it.

Other board members are with us here as well today in Topeka, and I tip my hat to each of them for the significant contributions they make in their service to the KBA.

When I last appeared before you in September, we spoke about the KBA's operational and programmatic development, as well as issues of board governance. We discussed the nuts-and-bolts of how the KBA has moved forward with concrete programs to reflect the direction you outlined in the Kansas Economic Growth Act — and to make it easy for researchers and entrepreneurs to access the support they need to thrive.

The result of all of these efforts is a solid organizational infrastructure that allows us to keep our unstinting focus on what you created us to do: advance Kansas' leadership in bioscience research and business so we create jobs, attract capital and equity investment, and support scientific breakthroughs to improve the lives of the people of our state.

As you heard in Sandra's remarks, achievement of this mission is underway, and we hope you will see more tangible progress reflected in the first-ever Kansas Bioscience Authority Progress Report, which we released today and delivered to the Legislature.

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A quick review of this report will highlight for you how it's happening now in Kansas:

- Foreign companies are choosing our state for their North American headquarters;
- Academia, business, and government are working together seamlessly on projects such as the Kansas Bioscience Park in Olathe;
- Kansas is achieving growing recognition of its leadership in plant and animal health, as evidenced by our Top 5 showing in the National Bio and Agro-Defense Facility attraction effort;
- Innovations in biofuels are setting Kansas apart; and
- Pharmaceutical and nutraceutical developments are improving health and, we believe, saving lives.

These success stories show how the comprehensive approach of supporting research and development; commercialization; and attraction and expansion is paying dividends for Kansas bioscience.

The good news doesn't stop with our progress report, however. Hot off the presses from today's meeting of the Kansas Bioscience Authority board of directors are some truly exciting new investments and opportunities. Let me briefly run through them for you.

Eminent scholars

Today we officially named to first two Kansas Bioscience Eminent Scholars: Dr. Blake Peterson at the University of Kansas and Dr. Juergen Richt at Kansas State University.

Dr. Peterson is a professor of medicinal chemistry who joined KU from Pennsylvania State University after previously completing a prestigious cancer research fellowship at Harvard University. Among the objectives of his research are developing synthetic cell receptors as a new tool for drug delivery and studying small molecule-protein interactions to generate potential therapeutic leads. At KU, his research will focus on developing anti-cancer drugs and delivery systems, combining his passions for chemistry, biology, and medicine.

Dr. Richt is a world-class animal health researcher who will join K-State's faculty in April, coming from the U.S. Department of Agriculture's National Animal Disease Center and Iowa State University. Recently he has worked in two important areas: emerging viral diseases of swine and prion diseases, such as mad cow disease. He brings that expertise, and his work in diagnostics and vaccinations, to K-State's Biosecurity Research Institute, where his research is expected to attract research funding approaching \$1 million annually within several years of his arrival.

Kansas Bioscience Centers of Innovation

The hub of the KBA's investment strategy to build research capacity is the Kansas Bioscience Center of Innovation program that we announced in the fall. Today, I'm pleased to announce the first three planning grants to develop centers of innovation.

One is the *Kansas Center for Biomaterials Innovation and Design*. This center of innovation will establish a premier Kansas-based institution for biomaterials research and education — and commercialization of the research into innovative medical devices. The University of Kansas and Wichita State University, with Pittsburg State University's Polymer Research Institute, plan to collaborate with the research centers of Via Christi Health System and over 20 other private industries, educational institutions, and public organizations. This will be a catalyst in bringing together leading medical and bioengineering research with advanced manufacturing and materials development applications from the aviation industry.

Secondly, the *Kansas Biosciences Innovation Center in Drug Delivery* was approved to transform outstanding drug-delivery capabilities at KU into an integrated, high-performance drug-delivery organization.

Third, the *Kansas Innovation Center for Advanced Plant Design* will focus on the emerging commercial opportunities for wheat, sorghum, small grains, and native plants and grasses. It would be headquartered at Kansas State University, collaborating with the Kansas Wheat Commission and research programs at KU.

For now, the headline is that the Centers of Innovation program will help us build world-class bioscience research centers in Kansas' areas of strength while assisting bioscience industries with product and production functions. These planning grants are a first step, and we hope to announce more in the coming months as we build research excellence that will lead to high commercial payoff.

New investments

The KBA also approved three new investments this morning:

- We will provide \$2 million in matching funds over six years to KU and Wichita State University if they are successful in winning funding from the National Science Foundation to establish the Materials by Advanced Technologies and Research Innovation Center, or MATRIC. MATRIC is built upon the state's strong regional expertise in biomaterials; the goal is to take advanced materials typically used by aviation engineers, modify them through science, and then use them in medical applications.
- We will provide up to \$375,000 in matching funds to Pinnacle Technology, a Lawrence company that specializes in wireless biosensors that enable the simultaneous, real-time measurement of brain activity in small laboratory animals. This technology is important in the development of drugs to treat diseases such as Parkinson's, Huntington's, and Alzheimer's related to brain degeneration.
- Finally, we will provide Lenexa-based XenoTech up to eight acres for expansion at the Kansas Bioscience Park in Olathe. XenoTech will invest millions of dollars in a new headquarters at the park, where it will continue building its extensive selection of products for drug metabolism-related research, including liver, intestinal, renal and pulmonary microsomes. Another thing we're excited about with XenoTech is that the company regularly holds scientific symposia at its headquarters that attract hundreds of scientists from around the world — scientists who will now be exposed to the amazing growth going on at the Kansas Bioscience Park with XenoTech, Fort Dodge Animal Health, the K-State Olathe Innovation Campus, and others.

Collaborative Biosecurity Research Initiative

Finally, I would like to briefly mention the Collaborative Biosecurity Research Initiative, or CBRI. I will be brief because Dr. Trewyn will provide a full update on the National Bio and Agro-Defense Facility, but the CBRI is yet another way the KBA is aggressively supporting the NBAF attraction effort in every way it can.

In the CBRI, the KBA is investing \$2.5 million to bring top researchers nationwide into collaboration with K-State scientists on the development of products that protect Americans from the intentional use of animal-borne diseases to infect humans or to disrupt the national economy. These research projects will jump-start the work of K-State's Biosecurity Research Institute by making Kansas' expertise and superior facilities available to researchers around the country.

As Kansans know best, agricultural and food infrastructure is a key component of U.S. economic productivity and growth, accounting for 12 percent of the nation's gross domestic product and representing one in six jobs in direct or related employment. We cannot afford to be unprepared for a deliberate assault or natural outbreak that would damage America's confidence in this infrastructure.

Perhaps Senator Pat Roberts said it best when he said, "We put the food on America's dinner table, so we take the responsibility of protecting the families around that table very seriously," Roberts said.

This is the right thing to do, and it also will continue to build the case that Kansas is the best home for the NBAF on the merits.

I close by reiterating my appreciation for your strong support of the KBA's work. There is a special spirit of teamwork and energy in this state because everyone is working together, and people around the country are taking notice.

I now look forward to hearing from the other panelists here today, the researchers and businesses who are actually making our state's innovation economy a reality.

**Testimony
Joint Meeting
Senate Commerce Committee
House Economic Development Committee**

Ron Trewyn
Vice President Research
Kansas State University
January 16, 2008

Madame Chairwoman, Members of the Senate and House Committees:

It is my pleasure to speak to you today to provide information regarding K-State's interactions with the Kansas Bioscience Authority (KBA) as a "real-world" grantee ... assuming a university can actually qualify as "real-world."

Because of the potential importance of the National Bio and Agro-defense Facility (NBAF) to Kansas bioscience initiatives near-term, I will start by providing some background information and describe the KBA's investment. All of the KBA commitments I will describe are NBAF-relevant; some are NBAF-specific.

➤ **NBAF-Specific Initiatives:**

- Twenty-nine (29) consortia responded to the DHS call for expressions of interest in 2006. No cost-share was indicated at that point.
- Eighteen (18) sites made the initial cut, and the follow-up DHS request for additional information required a cost-share at each site.
 - *The KBA stepped up with a significant cost-share commitment.*
 - Other partners contributed cost-share as well.
- Five (5) sites were selected as finalists for NBAF along with the Plum Island Animal Disease Center.
- A programmatic Environmental Impact Statement is ongoing currently, with data being collected and analyzed.
- A letter from DHS Secretary Chertoff is expected in the next month asking for a confirmation of the Kansas cost-share.
 - *Existing Kansas commitments and DHS needs are being reviewed currently.*
 - *Potential enhancements will be proposed if need be to ensure that the Kansas cost-share is highly competitive.*

➤ **NBAF-Relevant Initiatives:**

- Collaborative Biosecurity Research Initiative (CBRI): *The KBA has committed \$2.5 million to fund research in the Biosecurity Research Center (BRI) at K-State, which will jump-start research in the BRI.*
- Eminent Scholar Juergen Richt: *The KBA has committed \$2.06 million to support K-State's recruitment of an internationally recognized infectious disease scientist to Kansas.*
- Arthropod-Borne Animal Disease Research Laboratory: *The KBA has approved \$1.5 million to attract a 30-person research group to Kansas. It's still uncertain whether this will be accomplished, but it's another demonstration of the KBA's proactive recruitment philosophy.*

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Tony Barnes, President, Oncimmune
Joint Hearing of the Kansas Senate Commerce
and House Economic Development Committees
January 16, 2008

Thank you for the chance to present Oncimmune's story.

Oncimmune is a small start up with a parent office in Nottingham, United Kingdom, on the grounds of the City Hospital there. The company was started by John Robertson and me in early 2003, with a goal of using the immune response to early cancer as a signal of high-risk cancer patients. We worked in relative obscurity until December 2005, when several influential angel investors from Europe invested both time and interest in us.

Cancer is a disease in which cells mutate into a malignant state, at which point they leave the initial tumor and plant themselves in a secondary site. It is this setting up of a second site that correlates most highly with the devastating effects we know as cancer. If one can detect the tumor early enough and confirm its location, surgery is often curative, with patients living full lives. There is data for breast cancer that shows that mammography followed by surgery cures one in five women who would have died of breast cancer without screening.

We as a company believe that we have shown the earliest rugged blood-based signal for most solid tumor cancers. We have shown the ability to see breast cancers as early as four years prior to mammography, and similar results have been shown for lung cancer. Furthermore, because we offer our signal from a simple sample of blood, we believe we offer a cost-effective first step which leads to radiological screening to find the actual site. I want to repeat this comment for emphasis. Our test will never be the confirmative test for invasive action, as we can only identify the probability that a patient has a given tissue cancer. We will always be confirmed by radiological step before any differential action will be taken by a managing physician. We have published papers in *Annals of Oncology* on breast cancer and in *Thorax* on lung cancer.

What is also important to know is that the majority of work focused on development of an assay such as ours is focused on producing reproducible and medically useful results. We have been working feverishly over the last year in Nottingham and are just this week starting a two-month pivotal clinical trial that will show our performance in a large and valid clinical population, while varying incoming test materials to show that we can trust our test month after month. We also have been working feverishly to set up two approvable laboratories in Kansas and getting ready to accept the test in its final developed configuration and rapidly get it to market in the U.S. It is important to know that it is the CLIA/CMS structure under which small reference labs can bring assays to market rapidly and safely that has allowed us to choose the U.S. for our first launch. We are aiming for a guarded launch of our product during the middle two quarters of this year, with an opening of our efforts to a broad physician market by the end of the year.

With this background, it became clear during 2006 that Oncimmune would benefit from a U.S. subsidiary from which to launch our first early cancer detection tests and also from which to develop academically aided programs for both basic and clinical research. We looked at several of the well-known sites to locate, and only late in the process did I

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inadvertently contact the Kansas City biobusiness development infrastructure. This effort was an afterthought while I was flying through MCI and was prompted by my previous experience of living in Kansas City during the late 1980s and having fond memories of that time.

The Kansas City representatives responded almost immediately, and we were welcomed by the Kansas City Area Development Council as well as contingents from both sides of the state line. We were exposed to the efforts of the KU Cancer Center and medical school, the KU Lawrence Higuchi Center, KTEC, the Stowers Institute, the Midwest Research Institute, our present partner, IBT Reference Labs of Lenexa, and the Kansas Bioscience Authority. The more that we looked at the nature of help we could get from Kansas and the environs and how well it fit our needs, the easier it became for me to bring my UK partners into the discussion. At the end of a long courtship, with seven visits to KC, we were offered a “typical” benefit package of tax breaks and training benefits. This was quite a deflating day, after all the build up.

We made our concerns known to the people involved, and there was an immediate response from the Kansas Bioscience Authority. Within days, we had arranged a package that was similar to those offered by other biotech incubator settings, and, from that date forward, the relationship has been remarkable in its benefits to the company. We also believe that we continue to bring a similar benefit to Kansas and, to be quite honest, we consider the relationship with Kansas to be one of the bedrocks of our company.

Let me describe some of the tangible results of the Kansas relationship. Our first goal was to find a laboratory partner that would help us develop a reference lab structure and let us act as a “lab within a lab.” We found a likely partner in IBT, but I think that without the steady support from the Kansas development programs, IBT would not have considered our overtures.

Second, the research vouchers from the KBA allowed us to develop a working relationship with several world-class researchers from Higuchi. From this work, we have been able to learn a great deal about our potential product and this data will support our regulatory submissions going forward.

As important as the data, the research vouchers have also allowed us to create friendships on the Lawrence campus, which have, in turn, allowed us a chance to hire Jayhawks as seminal staff members. Our two initial employees are Kansas graduates, and we would be several months late had these two not come in to the company and driven programs forward with only a touch of management. They have acted as true pioneers, and I am thankful at the practical and common-sense nature they have applied to their tasks.

Our company runs on automated equipment. We need to invest large amounts in these assets, while waiting for return years later. For most start-up companies, this investment would be crippling if not impossible. The loan that the KBA extended to us has allowed us to purchase this needed automated equipment in a timely fashion and garner the benefits of becoming a customer in good standing when it comes to service contracts and technical support. The benefits have been another cornerstone of our company.

In the end, our company needed to find space to move to as we gradually stand on our own legs. We have found and are developing a space for our lab in Desoto, along K-10. This lab space seems ideal for our company, and I am particularly impressed with the honest and straightforward nature of the relationship we have developed with our developer. I think there will be a long and friendly relationship between Desoto and our company.

Finally, I would like to comment on an issue that most people do not understand, but should, in order to help start up biotech companies thrive. One of the most surprising challenges to a small start up is the expense of the highly skilled professional services that companies like us face. We have a never-ending demand for patent and licensing legal advice, a need for contract development and somewhat complex accounting, as we are a lab with in a lab and a U.S. subsidiary. In most areas, people pay the “retail” price for this advice, but as Kansas and Kansas City have focused on growth in the biotech area, these types of part-time overheads have proven to be supplied with competency and a reasonable cost. It is the local focus, with real backing as opposed to empty promises that allows people like our lawyers and accountants to invest time developing their own skills while giving us a discount price.

In return, our company has hired mostly KU grads, and we have worked to submit several meaningful grant applications that could bring significant funding to KU and also potentially world recognized research. We feel that we have been good partners.

So, in summary, Oncimmune feels well served by the faith we put in the promises made by KUMC, KU-Lawrence, and the Kansas Bioscience Authority. Without an infrastructure that impressed a skeptical set of British businessmen, we would not be here, but since coming we have been really impressed by the support shown and promises kept. Kansas can stand toe to toe with other potential bioincubation sites and must exude that confidence in order to capture quality start up commitments.

I end by reiterating our thanks to the KBA for its support and to the members of this Legislature for creating the KBA as a partner for bioscience growth.

Thermo Fisher Scientific, Remel Products Testimonial

Joint Session Hearing
Kansas Senate Commerce Committee
And
House Economic Development Committee

On behalf of the Thermo Fisher Scientific, Remel Products leadership team, I am pleased to come before you to present a testimonial on behalf of the Kansas Bioscience Authority. Prior to beginning, I would like to thank Tom Thornton and Jan Katterhenry for inviting me to speak today and for their support of Thermo Fisher Scientific, Remel Products. I would also like to recognize Susan NeuPoTh Cadoret of the Kansas Department of Commerce for her support over the past two years assisting the Remel products team in understanding and participating in the Kansas Incentive programs. Finally, special thanks to Senators Brownlee and Jordan, and to the many other legislators in this hearing, who had the vision and diligence to pass the Kansas Economic Growth Act, which makes the KBA's support possible.

Let me first tell you About Thermo Fisher Scientific

Newly formed in 2006 by the merger of Fisher Scientific International and Thermo Electron, Thermo Fisher Scientific is the world leader in serving science. We take great pride in the fact that what we do helps our customers make the world healthier, cleaner and safer. Globally we employ 30,000 people and serve over 350,000 customers within pharmaceutical and biotech companies, also hospitals, and clinical diagnostic labs, universities, research institutions and government agencies, as well as environmental and industrial process control settings. We serve customers through two premier brands, Thermo Scientific and Fisher Scientific, and a family of 21 different specialty brands to help solve analytical challenges from routine testing to complex research and discovery. Thermo Scientific offers customers a complete range of high-end analytical instruments as well as, laboratory equipment, software, services, consumables and reagents to enable integrated laboratory workflow solutions. Fisher Scientific provides a complete portfolio of laboratory equipment, chemicals, supplies and services used in healthcare, scientific research, safety and education.

Now about the Remel products brand

We are one of the specialty brands and part of the Microbiology division of Thermo Fisher Scientific. We were originally founded in 1973 as Regional Media Labs in Lenexa and have grown into a leading brand in the field of microbiology. We provide high quality products used by clinical, industrial, research, and academic laboratories around the world. The Remel products brand manufactures and distributes dehydrated and prepared culture media, collection and transport systems, diagnostic rapid direct specimen tests, quality control products and a variety of other laboratory supplies. We have an extensive product portfolio with highly trusted and market-leading brand names and we believe superior product performance over our competition. All of this is complemented by a team of experts that span across the country and that are trained to provide the highest levels of quality, technical support and customer service possible.

The Remel brand has grown consistently through the years, organically and through strategic acquisitions, mostly during the 90's. Our exceptional growth has resulted in capacity expansion in facilities, equipment, and staff. Currently in Lenexa, Thermo Fisher Scientific employs almost

remel

500 employees in line operations, technical support, customer service, marketing, sales, administrative and management positions. In Lenexa alone we occupy four separate buildings totaling approximately 284,000 sq. ft. of owned and leased space. We utilize every square foot of our current facility space and look forward to continuing our expansion efforts.

Where the Kansas Biosciences Authority and You come in

Our vision is to be the preferred partner for our customers and a world leader in Microbial Diagnostics. We plan to accomplish this by continuing to provide exceptional product quality and service to our 3,000 some customers and by continuing to meet the needs of our customers by offering a broad portfolio of over 6,000 different product solutions. To be successful, we need to take measures that will continue our exceptional growth. Our Lenexa operations must be enhanced via infrastructure expansion, upgrades, and continued staff additions including skill development and training.

Our current manufacturing facility is located on Santa Fe Trail Drive in Lenexa. It is over 35 years old and in need of significant investment to continue to meet our anticipated growth and the challenges that come with it. In order to expand our facilities, without disrupting our existing production operations or reducing our current capacity, we would need to relocate a portion of our operations while making renovations. In 2007, we acquired an adjacent facility located next door to our administrative building also located on Santa Fe Trail Drive. The recently acquired facility provides us with an option to expand our campus and increase our production capacity and staff expansion. This facility addition provides us the opportunity to relocate existing production operations to this neighboring facility allowing us to make necessary renovations of our current manufacturing facility over the next 2-3 years. In addition, we have identified the need for additional space to accommodate a Research & Development - Product Support laboratory. The new facility satisfies this need while also providing employee training and meeting rooms, which today are quite limited.

In a cooperative effort between Thermo Fisher Scientific, the Kansas Bioscience Authority, and the Kansas Department of Commerce, a capacity expansion plan was detailed for our Lenexa operations and facilities. As a result of the support provided by the Kansas Bioscience Authority and the Kansas Department of Commerce, Thermo Fisher Scientific, Remel products is in the process of renovating and upgrading our newly acquired facility in Lenexa, and we expect completion of the first phase in March 2008. Upon completion of this Phase I renovation, we will continue plans to renovate our primary manufacturing facility, which will include upgrades to our current production suites and renovation of open space to accommodate anticipated capacity expansion. We project staff expansion over the next five years to be between 95-120 new jobs, including line operators, technical, and management positions.

On behalf of the entire executive and leadership team at Thermo Fisher Scientific, Remel products, we appreciate the recognition and support from the Kansas Bioscience Authority, the Kansas Department of Commerce, and now, the Kansas Senate Commerce Committee and the House Economic Development Committee. Thank you for recognizing us, and our company as a key biotechnology employer in the state of Kansas. We appreciate the opportunity to speak to you today and present a testimonial on behalf of the Kansas Bioscience Authority. We look forward to continued growth of the Remel product line and our efforts to create new jobs, advance scientific knowledge, improve quality of life for Kansas residents, and to help our customers across the globe make the world healthier, cleaner, and safer.