

2010 Tax Incentive Program Information Session

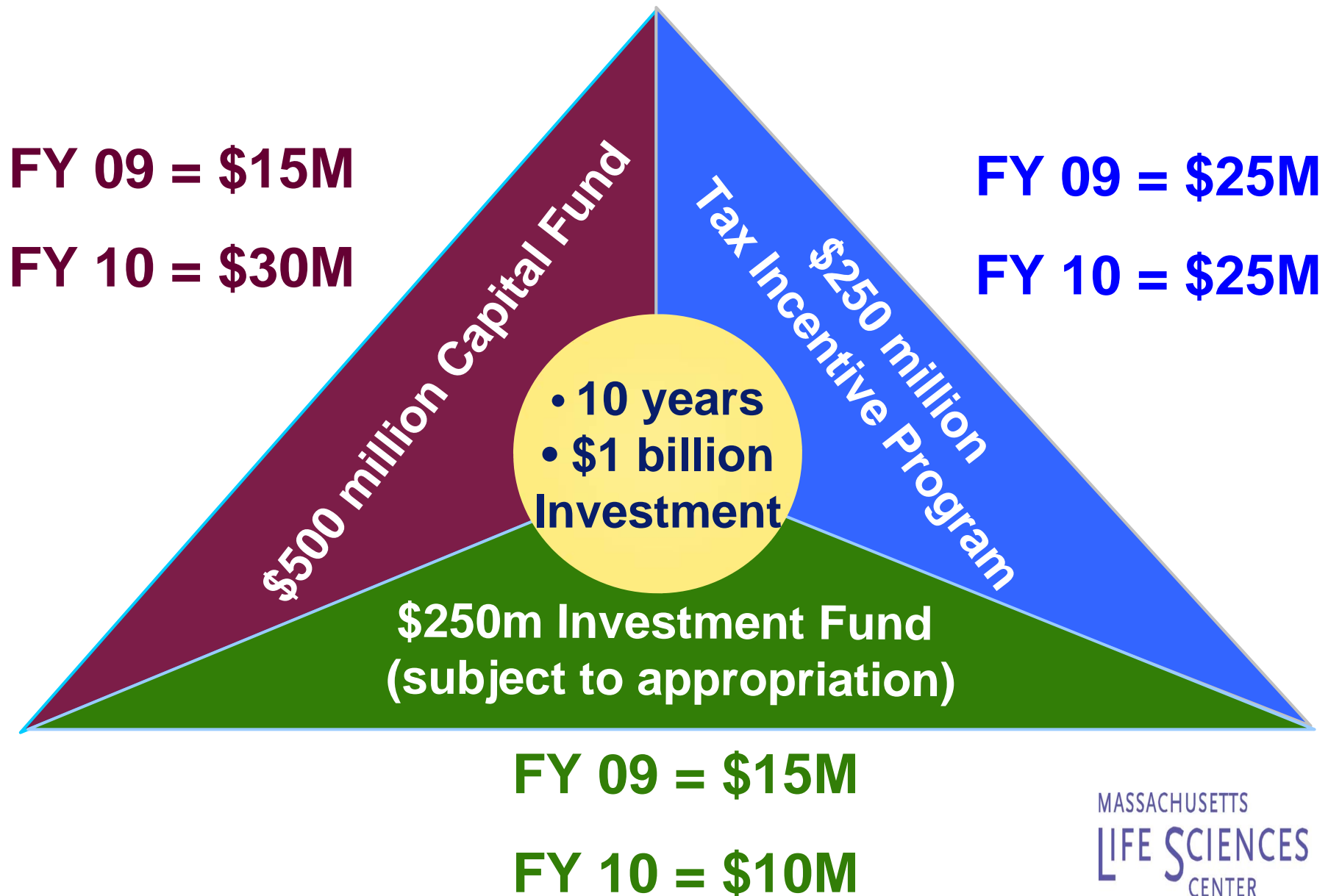
Brad Rosenblum, Chief Financial Officer

The Massachusetts Life Sciences Initiative – Major objectives

State investments in the life sciences “Super Cluster”:

- **Promote economic development**
- **Support the Commonwealth’s world-class academic medical centers, research institutions, universities and industry leaders**
- **Promote a highly skilled and educated workforce**
- **Create an industry-friendly environment**
- **Strengthen and protect Massachusetts’ global leadership position in the Life Sciences**
- **Support the development of treatments, therapies and cures**

Life Sciences Initiative Investment Tools



The “Bottom Line”

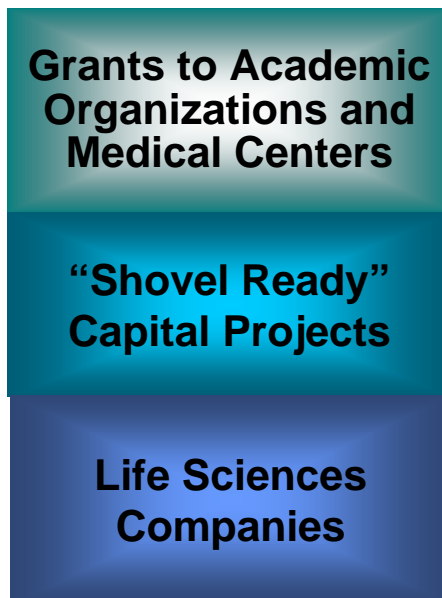
Life Sciences Center’s Impact: June ‘08 – March ‘10

**Matching Investments
Attracted
= \$704 M**

**Job Potential
= 6,464**

**Public Dollars Invested
= \$186.6 M**

4 X multiplier



Life Sciences Tax Incentive Program

- **The Life Sciences Initiative authorizes the Center to grant \$25 million per year in tax incentives, starting on January 1, 2009.**
- **First round applications were accepted between January 1- May 15, 2009**
- **84 companies applied**
 - Diversity across industry segments
 - Geographic representation
 - Small and large companies
- **The Center convened a roundtable of stakeholders, state agencies and academic experts to develop the criteria for awarding the incentives**
- **The first round of tax incentives, totaling \$24.4 million, was awarded to 26 companies in December, 2009. These companies have committed to creating more than 800 new jobs during calendar year 2010.**
- **46% of 2009 awardees had 100 or fewer MA employees.**

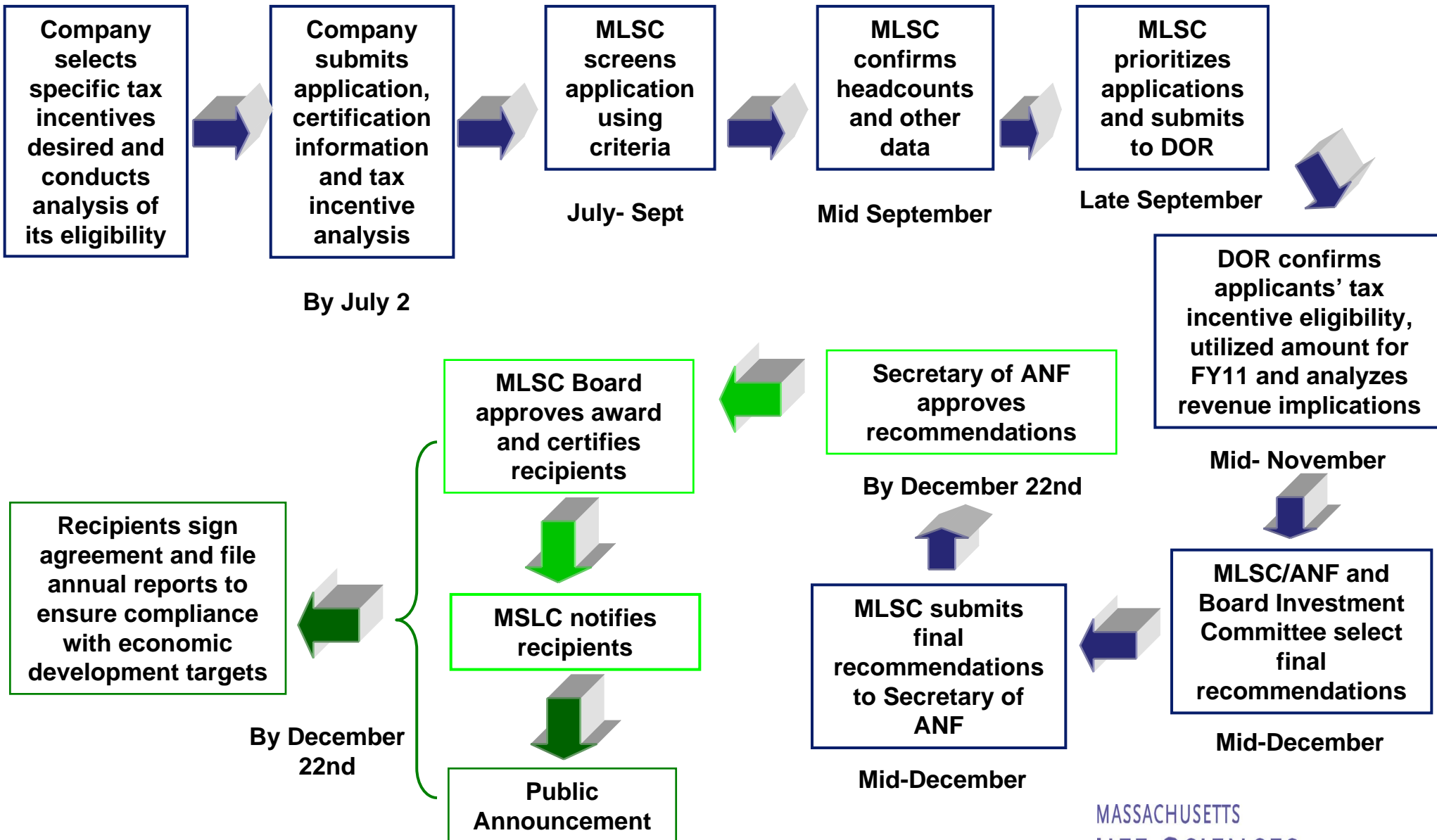
Tax Incentive Program At-a-Glance

- **\$25M annual cap**
- **Nine different incentives**
 - 10% Investment Tax Credit (90% refundable)
 - FDA user fees for drug applications (90% refundable)
 - Existing in-state research credit now (90% refundable)
 - New credit for out-of-state research
 - NOL extension – from 5 to 15 years
 - Elimination of throwback provision for sales tax calculation
 - Deduction for Orphan Drug Testing Expenses
 - R&D Corporations for Sales Tax Purposes
 - Sales Tax Exemption for Property Used in Development of Facilities
- **Timing and limit on use of award**
- **Certified Life Science company**
- **Clawback of tax award and/or refund provided**

2010 Tax Incentive Program Process Overview

FY10 Application deadline – July 2, 2010

The MLSC will review applications and award tax incentives by end December 2010



2010 Tax Incentive Program – Key dates

- **Online application portal opened on Monday, May 3, 2010**
- **Applications accepted through website only**
- **Four information sessions to be held:**
 - For Tax Professionals, Tuesday, May 11 8:30-10:00am at 1100 Winter St. Waltham
 - For Applicants, Thursday, May 20 8:30-10:00am at 1100 Winter St. Waltham
 - For Applicants, Tuesday, May 25 8:30-10:00am at Worcester Polytechnic Institute
 - For Applicants, Thursday, June 10 8:30-10:00am at 1100 Winter St. Waltham
- **Application deadline is noon on Friday, July 2, 2010**

Visit www.masslifesciences.com for more details

Other current programs for small businesses: 2010 Accelerator Program At-a-Glance

- Total investment for FY 10-11 is proposed at \$5.5 million from the Center's Investment Fund, to be awarded in two rounds
- 5-Year Loan
- \$100-\$750K target range
- 10% Interest rate
- Unsecured, Subordinated
- Warrant Coverage of 4%
- Payable on financing event of at least \$5M
- Must match other sources of capital
- Applicants have raised less than \$5M in equity financing
- Life science sectors as defined by the statute: device/diagnostics, biotech, pharmaceuticals, bioinformatics, etc.
- Board Observer Rights
- Adherence to MLSC reporting requirements

Other current programs for small businesses: 2010 Internship Challenge

- **Students submit their application online via the Center's website.**
- **Prospective host companies review applications by filtering based on major, location, etc. (information you enter in your application). It is anticipated that students studying STEM subjects are more likely to be of interest to companies, however there have been requests in the past for students with a Business background.**
- **Companies are responsible for contacting, interviewing, and hiring candidates.**
- **The Center is offering to reimburse companies with 100 or less employees for selected students at up to \$15 per hour for up to 12 weeks.**
- **After total allocation of the Center's funds, companies may still access the database of student candidates and offer paid or unpaid internships at the company's discretion.**

Keeping in Touch

www.masslifesciences.com

- News updates
- Program Information
- Application portal

Life Sciences Center Email List

- 2,000 recipients
- Quarterly E-Newsletter
- Sign up today!

Questions:

- **Email questions to:**
- **TaxProgram@Masslifesciences.com**