

2008

Annual Report

PUERTO RICO | Science, Technology
& Research Trust

LEADING PUERTO RICO
TOWARDS A KNOWLEDGE-
BASED ECONOMY BY
DEVELOPING ITS FULL
POTENTIAL IN THE LIFE
SCIENCES, RESEARCH
AND BIOTECHNOLOGY.





CONTENT

1 Message from the Executive Director

1 2 Trust Profile

- 8 Background
- 9 Creation of the Trust
- 10 Board of Trustees

2 15 Investing in our future

- 16 Ongoing Agenda of the Trust
- 17 The Knowledge Corridor
- 18 The Science City
- 21 Technology Transfer Unit
- 22 Outreach Program
- 23 Other Ongoing Projects of the Trust

3 25 Plans for the Year 2008-2009

- 26 Administrative Matters

4 27 Exhibits

- 28 Exhibit A: Awarded Contracts
- 29 Exhibit B: News Clippings
- 30 Exhibit C: Audited Financial Statements 2007-2008

Message from the Executive Director

Science as an Agent of Change

Puerto Rico is a global leader in science and its various disciplines, including, biotechnology, information technology, communications, and engineering, among others. As a pharmaceutical and medical device manufacturing powerhouse, and consistent with the current implementation of public policy aimed at advancing our presence in the global knowledge-based economy, Puerto Rico values science as an agent of change. Thus, by focusing on scientific research and development (R&D), we will create better jobs and more opportunities for our economic advancement and improved quality of life.

Puerto Rico already possesses the basic ingredients for success in the life science sector:

- ⌘ An average of 9,000 university students graduate yearly with degrees in the fields of science and/or engineering;
- ⌘ Over 20 of the world's leading pharmaceutical companies have either corporate offices and/or manufacturing plants in the Island;
- ⌘ One quarter of the world's biologics manufacturing capacity is located in the Island;
- ⌘ 50% of the medical devices sold in the US, and 13 of the 20 leading US prescription drugs are manufactured in Puerto Rico;
- ⌘ Skilled workforce in pharmaceutical, medical devices and biotechnology industries account for 40,000 direct jobs and 100,000 indirect jobs in supporting areas such as, legal services, regulatory compliance and banking; and
- ⌘ Over \$4 billion invested in the Island during the last 4 years in the life science sector alone.

The Puerto Rico Science, Technology and Research Trust was created in 2004 to develop and implement the Island's R&D public policy, as well as finance the necessary infrastructure. Our flagship project will consist in developing a Science City in the heart of San Juan which will serve to connect existing knowledge-based activities, to provide needed laboratory infrastructure, and to further capitalize the Trust Fund. In turn, the Trust Fund will help subsidize individual and institutional research, as well as strengthen science at the university and high school levels. Moreover, the Trust will fund and operate a technology transfer office which will serve the entire Island.

In sum, I am confident that the groundwork laid out by the Trust thus far, together with the initiatives planned for the next year will lead Puerto Rico to the forefront of the global knowledge-based economy.

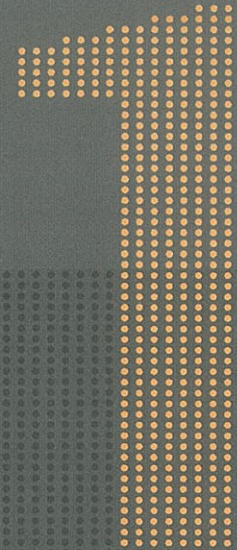
Warmest regards,

Luis E. Rodríguez-Rivera, Esq.

Executive Director, Puerto Rico Science, Technology and Research Trust



TRUST PROFILE



Background

The Commonwealth of Puerto Rico ("Puerto Rico") has decided to strengthen its economic development strategy by promoting knowledge-based economic activities. Diversifying and modernizing our economy, strengthening our human capital skills in science and technology, and investing in scientific research and development are essential components in order to continue our leadership in the global knowledge or innovation based economy.

Many international jurisdictions, as well as several states of the United States, are investing billions of dollars in these areas in order to attract and retain the world's best talents, and continue increasing their competitiveness and growing their economies.

Within this context, the Puerto Rico Government determined that the creation of a non-traditional organization was necessary in order to effectively develop and implement public policy for the development of a knowledge-based economy. Thus, an independent body, supported by government but free from partisan politics, was preferred as the vehicle to define and implement this change -- the idea of the Puerto Rico Science, Technology and Research Trust (the "Trust") was born.



Creation of the Trust

On August 18, 2004, Act Number 214 (“Act 214”) was approved authorizing the creation of the Trust through a public deed as a non for profit trust. The Trust would be created to, among other duties:

- ⌘ establish an alliance between the public and private sectors to promote and develop research, science and technology;
- ⌘ act as an agent to promote investment and financing of activities that strengthen science, technology and research in Puerto Rico, expected to have a positive impact in the economic, social and educational development;
- ⌘ serve as a liaison between Government, Academia and Industry;
- ⌘ promote the transfer of technology and commercialization of local creations, ideas and products; and
- ⌘ finance, sponsor and create strategies to draw to Puerto Rico world-class researchers, scientists, both individuals and entities, and make of Puerto Rico the home of new discoveries and initiatives.

Pursuant to Act 214, the President of the University of Puerto Rico and the Secretary of the Department of Economic Development and Commerce executed before Notary Public Jaime Arturo Riera Seivane public deed number twenty three (23) (the “Constituting Deed”) whereby the Trust was created in December 2004. The Constituting Deed, as the main document of the Trust, delineates the powers and duties of the Trustees and the Trust and includes provisions pertaining to the internal organization of the Trust.

Funding of the Trust:

The seed funding for the Trust (the “Trust Fund”) shall be nourished annually from the following sources:

- ⌘ 20% of the Economic Development Special Fund administered by the Puerto Rico Industrial Development Company
- ⌘ \$5,000,000 annual appropriation beginning in fiscal year 2005-2006, proceeding from the balance of the moneys collected on account of the federal excise taxes sent to the Department of the Treasury each fiscal year, according to Section 7652(a)(3) of the United States Internal Revenue Code of 1986,
- ⌘ private donations.

Also, upon its creation, as a one time non-recurring funding, Act 214 ordered the transfer of the following amounts to the Trust:

- ⌘ the remaining funds non disbursed (as of the approval of Act 214) by the Puerto Rico Industrial Development Company to the University of Puerto Rico for the “Centennial of the University of Puerto Rico Scientific Research Fund” and
- ⌘ a special one-time appropriation of \$5,000,000 from the Public Improvements Fund.

Once the first \$5,000,000 in funds mandated by Act 214 entered the Trust Fund in July 2006 and the Executive Director was appointed in August 2006, the executive team of the Trust took-on the monumental task mandated to it as described above. In June 2008, the Trust completed its second year of operations and, therefore, this Annual Report constitutes the second report to be submitted in accordance with Act 214.

Board of Trustees

The Board of Trustees is the body entrusted with the essential task of governing the Trust, establishing the general policy of the Trust to fulfill the objectives of the Act and the Constituting Deed, approving the strategic plan(s) of the Trust, determining the eligibility of benefited entities and projects, authorizing disbursement of funds and implementing the public policy of the Trust, among others.

Composition

Act 214 and the Constituting Deed provide that the Trust will be directed by a Board of Trustees consisting of eleven (11) members: six (6) non-Government trustees and five (5) ex officio Government trustees.

Non-Government Trustees

The six (6) non-Government Trustees must be individuals appointed by the Board of Trustees as per the following criteria:

- ⌘ Of the six, three (3) must be or must have been members of the university community as professors or researchers and three (3) must belong to the private sector in the field of high technology.
- ⌘ Of the same six, two (2) must be internationally recognized in their field and two (2) must have at least general knowledge of either the biological sciences, the health care sector or information and communications technologies and be proficient with respect to recent research developments in these areas and the technical and scientific mechanisms used to translate new knowledge into applications that stimulate and further growth.

Each non-Government Trustee shall be appointed for a six-year term and at no time shall serve for more than two consecutive six-year terms.

- ⌘ Dr. Paul Lizardi
- ⌘ Dr. Fabrizio Bonanni
- ⌘ Gil Medina
- ⌘ Dr. Lester Martínez-López

- ⌘ Dr. Mariano García Blanco
- ⌘ Dr. Emma Fernández Repollet

Ex Officio Government Trustees

The five (5) ex officio Government Trustees must be individuals holding the following positions in government: Secretary of the Department of Economic Development and Commerce, President of the University of Puerto Rico, President of the Government Development Bank of Puerto Rico, Executive Director of the Puerto Rico Industrial Development Company, and Executive Director of the Office of Management and Budget.

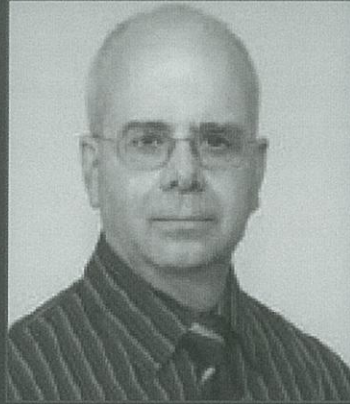
Each Government Trustee must hold his appointment for as long as he holds the government office that entitles him to that appointment

Ex Officio Government Trustees

- ⌘ University of Puerto Rico President, Antonio García Padilla, Esq.
- ⌘ Department of Economic Development and Commerce Secretary, Bartolomé Gamundi
- ⌘ Puerto Rico Industrial Development Company Executive Director, Boris Jaskille, Esq.
- ⌘ Government Development Bank for Puerto Rico President, Jorge Irizarry
- ⌘ Office of Management and Budget Director, Armando Valdés Prieto

Officers

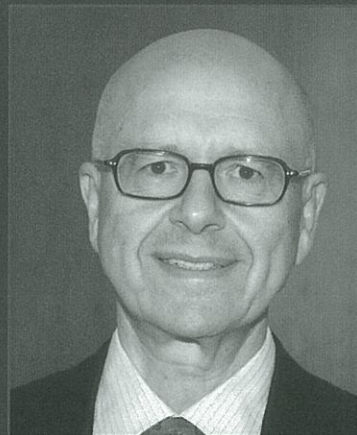
- ⌘ Bartolomé Gamundi, President
- ⌘ Gil Medina, Vice President and Secretary
- ⌘ Boris Jaskille, Esq., Deputy Secretary



Dr. Paul Lizardi

Yale University Professor of Pathology and Agilix Corporation Scientific Advisory Board Cofounder

Dr. Lizardi is a professor of pathology, biophysics and molecular biochemistry in the Department of Pathology at Yale University's School of Medicine. He is considered one of the leading experts in the study of cancer genetics and epigenetics (the study of reversible changes in genetic regulation). He is also well known for his technological innovations in the amplification of DNA. The work conducted in his laboratory has generated more than 30 patents in the field of Rolling Circle Amplification Technology (RCAT), in signal/guide molecular technology, the amplification of isothermal genomes, and GenCompass technology. His lab has also made significant contributions in the fields of cancer diagnostics and the development of therapeutic instruments. His professional interests include cancer biology, epigenetic abnormalities, analysis of molecular alterations in cancer development, quantitative biology, genome operating systems, and the role of science and public policy, among others. In 1999, the Nature Biotechnology journal named Dr. Lizardi as one of the scientific researchers with greatest impact in the field of technological innovation due to his advances in the detection of DNA mutation in human genomes. He has served on professional organizations such as the American Chemical Society, American Association for the Advancement of Science, and the Editorial Board of Laboratory Investigation. Dr. Lizardi holds a bachelor's degree from the University of Puerto Rico, a PhD from Rockefeller University in New York, and postdoctoral studies from the Carnegie Institution of Washington in Baltimore.



Dr. Fabrizio Bonanni

Executive Vice President, Operations, Amgen Inc.

Dr. Fabrizio Bonanni is Amgen's Executive Vice President of Operations, overseeing the company's global production and distribution activities as well as site and facilities management. Since joining Amgen in 1999, Dr. Bonanni has served as Senior Vice President, Manufacturing; Senior Vice President, Quality and Compliance; and Corporate Compliance Officer.

On behalf of Amgen, a biotechnology pioneer company that discovers, develops, manufactures, and delivers innovative human therapeutics, Dr. Bonanni has led the effort to expand the company's manufacturing capabilities in Puerto Rico and to support biotechnology education on the Island, believing that the Island has the potential to be one of the world's leading research, development and manufacturing hubs.

Previously, Dr. Bonanni was Corporate Vice President, Regulatory and Clinical Affairs and Corporate Vice President, Quality System for Baxter International Inc., a company he joined in 1974. His responsibilities at Baxter included quality and regulatory affairs, manufacturing, microbiology and sterilization engineering, and total quality management, for (bio)pharmaceuticals, blood derivatives, medical devices and in-vitro diagnostics.

Dr. Bonanni earned his doctorate in chemistry, Magna Cum Laude, from the University of Florence and has done postdoctoral work in physiological chemistry at the Massachusetts Institute of Technology. He is a state-certified chemist and a member of the Ordine dei Chimici of Tuscany. He is an alumnus of the Institute for International Management, Northwestern University, J.L. Kellogg Graduate School of Management, and of the Executive Program in Manufacturing, Harvard University, Graduate School of Business Administration. Dr. Bonanni serves on the Biotechnology Industry Organization's (BIO) Board of Directors. He also serves on the Board of Trustees for the Museum of Contemporary Art in Los Angeles, California.

Gil Medina

Former Secretary of Commerce of the State of New Jersey and current Executive Managing Director Cushman and Wakefield, Inc in New Jersey.



Gil Medina is an attorney and CPA who has developed extensive expertise in sales, technology, regulatory and administrative matters. He served for seven years as the Secretary of Commerce for the State of New Jersey. After public service, he became the Vice-President of Marketing for a Voice-Over-Internet-Protocol (VoIP) company and the President of a biotechnology start-up. He subsequently joined the global commercial real estate company, Cushman & Wakefield, Inc., as Director of Technology Enterprise Group, specializing in developing and implementing comprehensive real estate services for government, private and public scientific research organizations and corporations. He currently serves as the firm's Executive Managing Director and is responsible for managing the firm's New Jersey operations. Mr. Medina is also a member of various organizations, including Rutgers University School of Business Advisory Board, Board of Trustees of the New Jersey District Council of the Urban Land Institute, Board of Trustees of the Biotechnology Council of New Jersey and Board of Trustees of the New Jersey Health Care Quality Institute. Other professional achievements include:

- ⌘ The President of Brazil conferred upon Gil the rank of Commander in the Order of Cruzeiro do Sul. This is the highest honor bestowed on foreign nationals by the Republic of Brazil in recognition of valuable services rendered to the Republic and its citizens.
- ⌘ Elected Delegate-at-Large to the 1996 and 2000 Republican National Conventions.
- ⌘ Co-Chairman of the New Jersey State Republican Committee.
- ⌘ Served on the Informal Experts Group on IP Telephony of the International Telecommunication Union's World Policy Forum on IP Telephony. He was the presenter at the Policy Forum.
- ⌘ Resource person for the ITU, the Federal Communications Commission and the US Department of State on telecommunications policy.
- ⌘ In 2003 he received at the Biotechnology Council of New Jersey a Distinguished Service Award.
- ⌘ Received awards from various important trade associations, among others: the Biotechnology Industry Organization (State Executive of the Year) and the National Association of Industrial and Commercial Properties (Industry Service Award).
- ⌘ In 2004 he was appointed to the Small Business Administration's National Advisory Council by SBA's Administrator.
- ⌘ Advisor to state governments on economic development policy: New Jersey, New York, Oklahoma, Pennsylvania.



Dr. Lester Martínez-López

Former US Army Medical Research and Materials Command Commanding General

As commander of USAMRMC, Dr. Martínez-López was in charge of medical research and investigation initiatives that greatly benefited the U.S. Army and the Department of Defense. USAMRMC divides its research efforts into four areas: infectious disease research, battle injury treatment, operational medicine research, chemical and biological defense research. USAMRMC also manages specialized medical programs, including research related to breast, prostate, and ovary cancer, neurofibromatosis, telemedicine, and military health. Dr. Martínez-López had under his command the daily operations of six major USAMRMC research laboratories, all of which made up a large part of the Army's scientific and technological capacity. Under his direction, USAMRMC strengthened its reputation in biomedical research, contract research programs, and many collaborative efforts with the most prestigious research and development companies. With USAMRMC, Dr. Martínez-López managed an agency with a \$1.6 billion budget and more than 5,000 employees around the world. He is considered a pioneer in the development and global implementation of Information and Technology Management, which provides service in electronic medical records management, medical logistics systems, robotics, and other applications. He graduated from the University of Puerto Rico's School of Medicine and completed his master's degree in Public Health at Johns Hopkins University. He has been a medical doctor since 1978 and he is a Fellow of the American Academy of Family Practice and Board Certified in Aerospace Medicine.



Dr. Mariano García-Blanco

Distinguished Scientist at Duke University and National University of Singapore

Dr. Mariano García-Blanco, M.D., Ph.D. is Professor of Molecular Genetics and Microbiology, Professor of Medicine, and Director of the Duke Center for RNA Biology at Duke University School of Medicine, and Professor of Emerging Infectious Diseases at Duke-NUS Graduate Medical School, a joint venture of Duke University and the National University of Singapore.

He also serves as adjunct professor at the School of Medicine at the University of Puerto Rico's Medical Sciences campus.

The García-Blanco laboratory studies three aspects of the regulation of human and viral genes: i) the interface between synthesis and the processing of mammalian pre-messenger RNA, ii) the alternative processing of these RNA's to produce multiple proteins from one gene, and iii) the regulation of gene expression in human pathogenic flaviviruses. The first two are the focus of the group at the Duke University School of Medicine in Durham, North Carolina. The work on flaviviruses (dengue and Yellow Fever) is carried out at Duke and at the Duke-NUS Graduate Medical School in Singapore.

Dr. Emma Fernández Repollet

VicePresident for Research and Technology at the University of Puerto Rico

Dr. Fernández is considered a leading academic expert in her field. Her professional interests include research administration and pharmacology. Her passion for science stems from a desire and curiosity for knowing how the human body works and how it is both participant and creator of technological advancements.

Dr. Fernández-Repollet received her B.A. in Education from the University of Puerto Rico Río Piedras Campus, her M.S. and Ph.D. in Physiology from the University of Puerto Rico Medical Sciences Campus, and a postdoctoral training in renal physiology at Duke University and the University of North Carolina at Chapel Hill. She joined the faculty of the Department of Pharmacology at the University of Puerto Rico Medical School in 1982. Her academic experience includes teaching medical, graduate and dental students, as well as maintaining an active federally funded research program focusing on developing research infrastructure since 1986. Grant funds to this program since its inception exceeds \$40 million and are currently \$2 million per year. She is also the Principal Investigator of a Science Education Partnership Award from National Center for Research Resources, with the goal to stimulate the interest of K-12 students in biomedical research.

Dr. Fernández-Repollet has occupied her current position as Vice President for Research and Technology at the University of Puerto Rico since 2003. She also oversees the University of Puerto Rico Centennial Fund Initiative, a government-funded program designed to support the development of research infrastructure, the recruitment of competitive investigators, and the creation of a technology transfer unit. She is also co-inventor in two patents on the area of flow cytometry. Dr. Fernández-Repollet has served on a number of review groups and advisory committees of the National Institutes of Health, including the committee for developing the National Center for Research Resources Strategic Plan for 2009-2013. She was also the President of the National Research Centers in Minority Institutions (RCMI) Program Directors Association from 2003-2006, Secretary of the Board of Directors of the Center for Quantitative Cytometry from 1990-2004, and member the Board of Directors of the Alliance for the Economic Development of Puerto Rico. She currently serves as Vice President of INDUNIV, an industry-university research consortium.



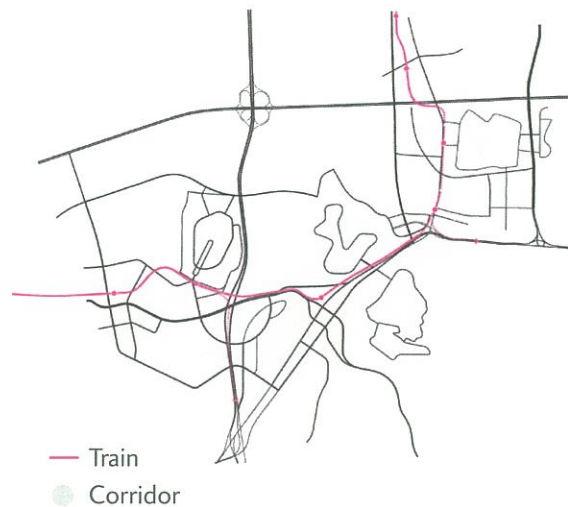
INVESTING IN OUR FUTURE



Ongoing Agenda of the Trust

- ⌘ Developing and promoting a culture and infrastructure that will recognize the value of science and technology in the economic and social development of Puerto Rico
- ⌘ Strengthening public and private contributions to the Trust Fund through a comprehensive outreach program and other activities
- ⌘ Promoting the collaboration between government, academic and industrial sectors in the development of science, technology and research
- ⌘ Promoting technology transfer and the commercialization of products and ideas that result from local research
- ⌘ Financing and creating coherent strategies to attract world-class researchers and scientists to Puerto Rico in order to promote local discoveries and initiatives.

Interconnectivity map of the corridor



Curtailing the exodus of local talent

The continued exodus of some of the best talent in high technology fields deprives Industry and Academia in Puerto Rico of the critical human resources necessary to advance a robust life sciences economy. This trend is of significant proportions as indicated by the following data:

- ⌘ 33% of all medical graduates from the University of Puerto Rico Medical Sciences School go to the mainland US to complete their residence requirements;
- ⌘ 40% of all University of Puerto Rico graduates in Engineering are hired by multinational corporations from the mainland US;
- ⌘ 50% of Puerto Ricans graduating with a PhD in Puerto Rico or the mainland US are employed outside the Island.

Research performed by Trust consultants indicates that this talent would return to the Island given the right conditions.

As part of its ongoing agenda, the Trust is committed to the development of activities that have a positive impact in the retention of the talent educated in the Island and in attracting those who have emigrated due to lack of specialized opportunities within our boundaries.

The further development of the Knowledge Corridor, and within it the Science City, will be a valuable initial step in building upon Puerto Rico's most valuable natural resources—its people.

Knowledge Corridor

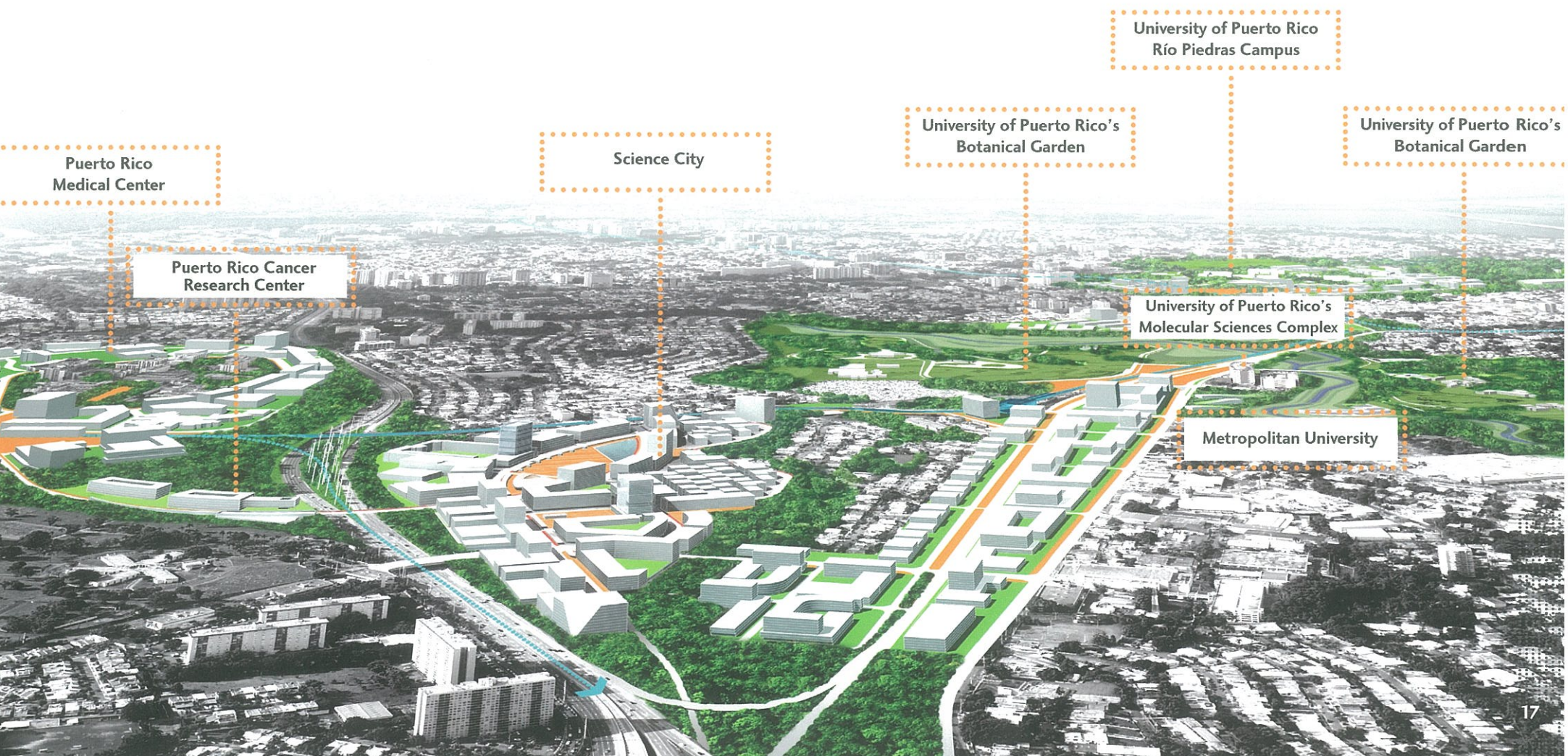
The Knowledge Corridor is the centerpiece for the advancement of Puerto Rico's Knowledge Economy - the Government of Puerto Rico's effort to capitalize on Puerto Rico's strength in the sciences and its growing life sciences industry. Investment and development in this area will strengthen the Island's position in the global economy, attracting and retaining new scientific talent as well as generating capital.

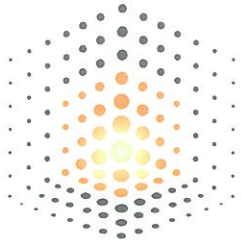
Nearly 2,000 acres are incorporated into the Corridor, which is located along the Tren Urbano mass transit system and includes:

Attracting Investment Capital

Investment capital in the biotechnology field is no longer interested solely in isolated science parks set in suburban settings, but is now moving towards urban locations offering unique and appealing lifestyles that promote interaction as well as intellectual and social exchange. In order to attract this capital, the Knowledge Corridor must provide exceptional urban spaces where this interaction can flourish.

In this context, the Trust has engaged in the development of its flagship project—the Puerto Rico Science City.





PUERTO RICO
Science City
...where everything comes together

The Puerto Rico Science City will be located in the heart of the Knowledge Corridor in a 69.9 acre land parcel where the former Río Piedras State Penitentiary (Oso Blanco) was located.

The cutting-edge concept of the Science City is a state of the art enclave that integrates high-tech research and development facilities with commercial laboratories, an efficient transportation network, and vibrant urban neighborhoods.

A center of innovation and academic exploration, the Science City will include 1,000,000 square feet of laboratory and incubator space, a hotel and conference center; office space; a civic center with school facilities; a museum and library; commercial space; residential buildings and recreational areas, all while maintaining the historic structure of the former Oso Blanco in place. In addition, there will be landscaped open spaces and a walkway (paseo lineal) that will connect the Science City to the Río Piedras Medical Center, the Cancer Research Center, the Botanical Gardens and the Molecular Sciences building (presently under construction). All these features, when combined with the existing cultural and social amenities of the Metro Area and its accessibility, will make the Science City very attractive to both researchers and investors.

Construction of the Science City project will take place in stages and will last approximately 20 years.

By providing a clear strategic agenda for the development of the Science City, the Trust is contributing to the development of a new economic vision for Puerto Rico – a 21st Century Knowledge Economy.



Developing Puerto Rico's full potential in science, research and technology and securing its active participation in the global knowledge-based economy.



Before



2007-08 Highlights:

Land Transfer - On October 22, 2007, the Transfer Deed for the 69.9 acres of land donated by the Government of Puerto Rico to the Trust was executed. This land parcel previously housed the Río Piedras State Penitentiary (Oso Blanco).

Master Plan - The master plan outlining all details for the redevelopment of the lands contained within the former Río Piedras State Penitentiary site was completed by Field Operations, Toro Ferrer Arquitectos, ARCHUD and Halcyon, Ltd., among other consultants.

Architectural Renderings - The architectural design envisioned for the redevelopment of the former State Penitentiary structure and adjacent parcel was completed, as well as renderings illustrating the project's adjacencies and relationship to other institutions within the Knowledge Corridor.

Land- Use Consultation - During FY 2007-2008, the Trust's consultants, including CMA Architects & Engineers and Pietrantonio Méndez & Alvarez, worked on the Land-Use Consultation (Rezoning Application) and the Environmental Impact Statement necessary in order to amend the parcel's classification and zoning status. The Trust subsequently submitted both documents to the Planning Board and the Environmental Quality Board for approval.

Adjacent Communities - The Trust met with representatives of communities adjacent to the project to discuss development plans for the area, answer questions and incorporate their concerns to the planning process.

Financing - To date, the Trust collected \$7.1 MM in private contributions.

Implementation Plan - The Trust developed and has been following a schedule-driven implementation plan aimed at starting construction activities in two (2) years.

Security Plan - The Trust negotiated agreements with the Puerto Rico Police Department and the Corrections Department for the implementation of a security plan for the site.



Conceptual design focusing on open, green spaces

1. urban lung - central park
2. urban lung- cooling basin
3. cultural core - school and library
4. civic plaza
5. oso blanco courtyard
6. river walk
7. institutional gateway
8. comprehensive cancer center

Technology Transfer Unit



The protection and commercialization of scientific intellectual property - be it inventions, new processes or production methods – require highly specialized practices and procedures which are usually carried out by a technology transfer unit staffed with highly qualified personnel.

In order to successfully transform our economy into a knowledge-based economy, it is imperative that we offer first rate technology transfer services. With this in mind, the Trust has directed its efforts to the establishment of a Technology Transfer Unit for Puerto Rico.

The **Technology Transfer Unit** will be a streamlined and effective structure for the commercialization of science and technology research. It may be used by academic institutions and private parties to protect intellectual property, improve production capacity, and develop new products. Students, professors, young entrepreneurs, and established industries could take advantage of this new opportunity to set up enterprises based on their own research. It will also help promote and showcase inventions, patents and research performed in Puerto Rico.

This year, the Trust has been actively searching for specialized professionals in the field of Technology Transfer. Although these are highly difficult recruiting positions, our goal is to complete this task by early 2009.

2007-08 Highlights:

Throughout the year, the Trust participated in a series of science and technology conventions and activities that allowed us to interview potential candidates for positions in our Technology Transfer Unit as well as meet with personnel and officials of various Technology Transfer Offices in the mainland US.

In December 2007, the Trust's Executive Director and Dr. Emma Fernández-Repollet, Trustee, participated in a workshop organized by the United Nations Educational, Scientific and Cultural Organization titled: "From the laboratory to the product: Practices in support of Innovation and R & D in Universities in the Caribbean and Central America". Dr. Fernández-Repollet served as the Local Organizer for the activity. This workshop served to learn best practices in the technology transfer field.

In February 2008, the Trust's Executive Director and Dr. Emma Fernández-Repollet, Trustee, attended the Association of University Technology Managers (AUTM) Convention for professionals in the technology transfer field, where they were able to interview potential candidates for the position of Director of the Puerto Rico Technology Transfer Unit.

In March 2008, the Trust's Executive Director visited the University of Florida, Gainesville, in order to study their very successful technology transfer operations.

In June 2008, the Trust participated in BIO San Diego, the largest convention of Biotechnology Industry Organizations in the world. Here again, potential candidates for positions in our Technology Transfer Unit were interviewed and given information about Puerto Rico and its biotechnology industry and facilities.

In June 2008, the Trust met with William Decker, Director of the Technology Transfer Office of the University of California, San Diego, who gave us valuable information and recommendations for the establishment of a similar office in Puerto Rico. His contribution, added to other information obtained at previous meetings with technology transfer directors from Harvard University, the Massachusetts Institute of Technology (MIT), the University of North Carolina and other institutions have become useful tools in our efforts to establish our own Technology Transfer Unit.

The Trust contracted the services of Jack Granowitz as special consultant for the recruitment of the Technology Transfer Unit's director, and the development of a strategic plan for said Technology Transfer Unit. Mr. Granowitz was formerly in charge of Columbia University's technology transfer operations.

Outreach Program

To help achieve Puerto Rico's economic development goals and secure a leadership position in the world's knowledge-based economy, the Trust has developed and implemented a comprehensive outreach program whose purpose is manifold and includes:

- Identifying and enrolling investors and public and private donors for the Trust and its projects
- Getting Academia, Government, Industry and non-profit and private organizations actively involved in the development of an R & D public policy for Puerto Rico
- Meeting with academic researchers, administrators and organizations in the biotechnology field, both locally and abroad, in order to obtain input, advice and recommendations that will further assist us in developing Puerto Rico's R & D public policy.
- Disseminating information about the Trust's projects and promoting Puerto Rico as an attractive destination for high-level biotechnology undertakings.

During 2007-2008, the Trust has achieved considerable progress in its outreach efforts both locally and in the mainland US.

Locally, we participated actively in professional conventions of organizations such as the Association of General Contractors (AGC), Puerto Rico Association of Chemists, Pharmaceutical Industry Association (PIA), International Association of Businessmen (AIHE), and the Puerto Rico Chamber of Commerce. This year, we also held meetings with top executives from financial institutions; biotechnology companies who are potential investors and tenants of the project; companies interested in establishing research programs for students; and experienced professionals in the field of Economics interested in Puerto Rico's economic development.

Our outreach efforts in the mainland US included participation in prestigious conferences and conventions of the biotechnology industry in order to present the Trust's projects and promote Puerto Rico as a desirable destination for high-level science R & D undertakings. The Trust also visited several biotechnology sites and college campuses with excellent results.

2007-08 Highlights:

Presentations - In October 2007, the Trust's Executive Director was invited as a panelist to the Urban Land Institute Annual Meeting in Las Vegas, Nevada to present the Science City project as an innovative mixed-use development where new uses and cutting edge design were applied in order to give new uses to an obsolete structure. Each project in the Meeting represented a repositioning of previously under-utilized sites that will now combine mixed-use, with special emphasis on public spaces and other amenities. The organizers of this event were so impressed by the Science City project that our panel was one of only four conferences transmitted live via webcast.

Visits to BIOCOM - In February 2008, members of the Trust met with corporate executives from top biotechnology companies in the San Diego area, as well as BIOCOM, Southern California's leading biotechnology trade association. This was an opportunity to gain exposure to potential biotech investors and to promote the Island as an attractive investment destination. In addition, a wealth of information was obtained and valuable working relationships were established. BIOCOM has agreed to sign a Partnership Agreement sharing our commitment to growing the industry.

Global Connect - During our visit in February to BIOCOM, members of the Trust established contact with Connect's president pursuant to a collaboration

agreement. As a result of this visit, in June 9, 2008, the Trust was invited to be a part of Global Connect, which is responsible for the success of the San Diego area as a biotechnology site.

BIO San Diego - This is the largest convention of Biotechnology Industry Organizations and it took place June 2008. The Trust secured a space within the PRIDCO booth in the convention where audiovisual and graphic materials were used to promote the Trust's projects and Puerto Rico as a leading player and attractive destination for scientists and investors. The area also provided a meeting space where important contacts were established.

BayBIO Visit - The Executive Director of BayBIO, Northern California's leading biotechnology trade association, visited the Trust's Executive Director and Antonio García Padilla, Trustee, in order to exchange best practices and learn about the Trust's development of the Knowledge Corridor and Science City. The visit took place on October 2007.

Visit to University of California - During this visit, in June 2008, members of the Trust met with William Decker, Director of the Technology Transfer Office of the University of California San Diego, who gave us valuable information and recommendations for the establishment of a similar office in Puerto Rico.

Promotion Materials - The Trust secured the services of communications specialists to prepare a video and graphic materials illustrating the Science City project and promoting Puerto Rico as a biotechnology powerhouse. These are valuable marketing tools for use in conventions and presentations to potential investors.

Other Ongoing Projects of the Trust

Research Grants Programs

The Trust has separated funds for a grants program aimed at promoting high-level academic scientific research in Puerto Rico, and funds for a grants program aimed at promoting high-level corporate scientific research in Puerto Rico. Specifically, the Research Grants Programs would offer matching funds to improve the competitive position of promising research proposals that are submitted to the National Science Foundation and/or the National Institute of Health, and that represent areas of interest for the development of Puerto Rico's knowledge-based economy.

The Research Grants Program will be available to researchers in public and private universities, colleges, and affiliated non-profit research institutions located in Puerto Rico. A similar program will be launched for corporate institution researchers.

Academic Researcher Incentive Program

The Trust has separated funds for a researcher incentive program aimed at promoting the recruitment of world-class researchers by public and private universities and colleges located in Puerto Rico. In particular, the Academic Researcher Incentive Program would support local universities and colleges that recruit world-class researchers by subsidizing portions of their salaries and/or laboratory equipment needed for their particular research necessities.

The Academic Researcher Incentive Program will be available to public and private universities, colleges, and affiliated non-profit research institutions located in Puerto Rico.

High School Science Laboratories Program

Together with the Puerto Rico Infrastructure Financing Authority ("PRIFA"), the University of Puerto Rico and the Department of Education, the Trust is collaborating in a project aimed at equipping all high schools in the public education system with science laboratories in order to increase quantitative and qualitative curricular scientific activities.

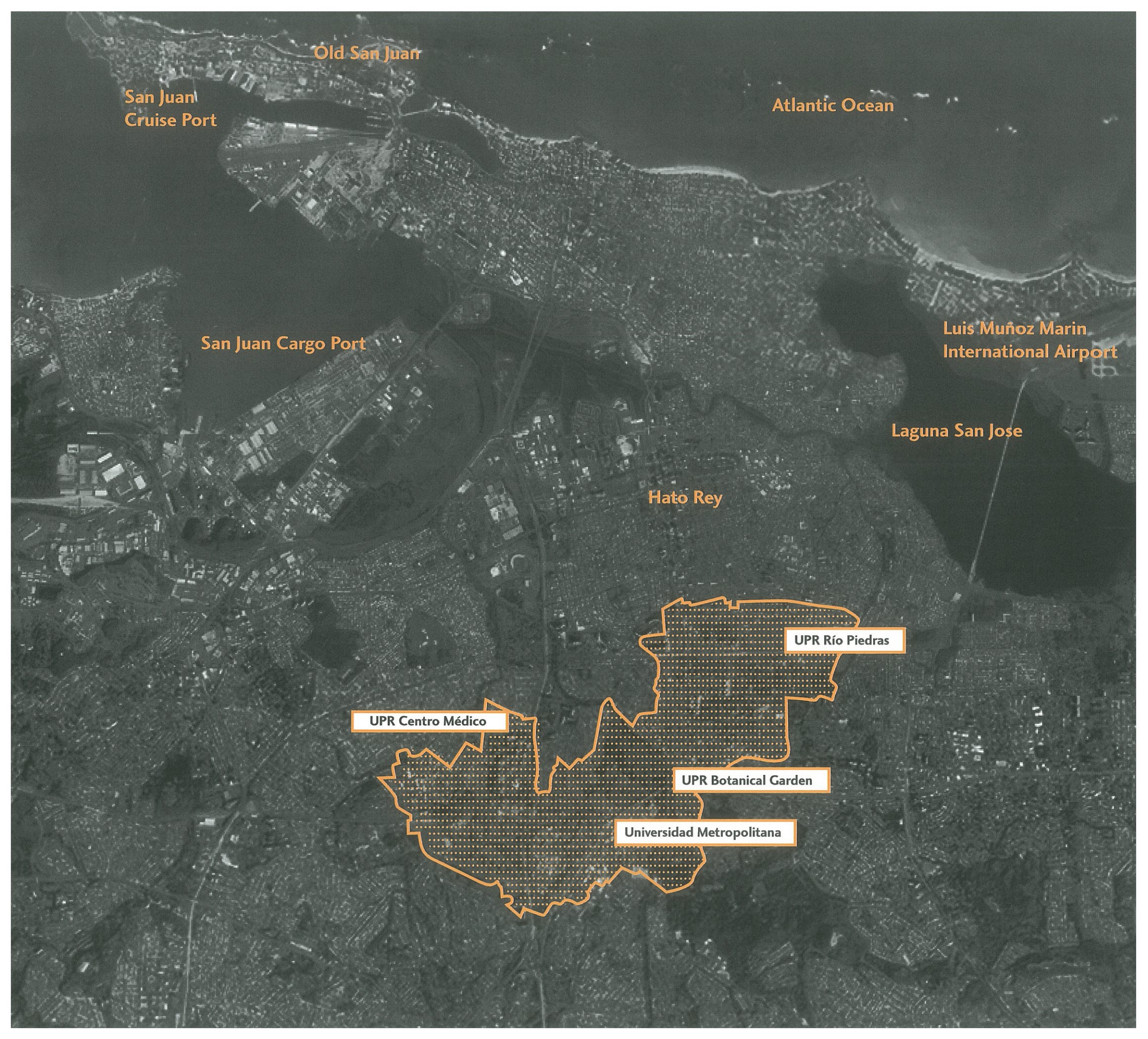
Thus far, the Trust and PRIFA are coordinating efforts with 15 Municipalities to build and equip 32 laboratories. More specifically, the municipalities of Caguas and Toa Baja have completed their 4 laboratories, while Coamo completed one laboratory and is in the process of equipping a second.

Contracts between PRIFA and the municipalities of Barceloneta, Cayey, Dorado, Ponce, Mayagüez and Yauco have been completed, leading to the bid-auction process of six additional laboratories. Twenty more laboratories will be scheduled for completion once PRIFA and the municipalities of Manatí, Isabela, Humacao, San Germán, Villalba and Jayuya finalize the contract negotiations currently underway.

As part of the High School Science Laboratories Program, the University of Puerto Rico and the Department of Education aim to provide comprehensive and systemic support to schools and to make of each science and math teacher an expert in its area, bringing quality education to all students. Schools with laboratories are receiving training in the areas of biotechnology, biology, physics, chemistry, and general science.

The Trust, the University of Puerto Rico and PRIFA continue working with other interested municipalities in order to formalize additional agreements between these municipalities and PRIFA.





Old San Juan

San Juan
Cruise Port

Atlantic Ocean

San Juan Cargo Port

Luis Muñoz Marín
International Airport

Laguna San José

Hato Rey

UPR Río Piedras

UPR Centro Médico

UPR Botanical Garden

Universidad Metropolitana

PLANS FOR THE FUTURE



Looking Forward

Plans for the years 2008-2009

During the current Fiscal Year, the Trust will continue implementing the development plans for the Science City, focusing on securing private funding and investors and fine-tuning our financial and business strategy for the project.

We will also continue directing our efforts at finding private funding, donations and investors for the development of the Technology Transfer Unit, the High School Science Laboratories Program, the Research Grants Program and the Academic Researcher Incentive Program, including funding and subsidies to individual and institutional researchers and scientists.

As to the Technology Transfer Unit, we expect to hire the Director of the Unit and begin operating during fiscal year 2008-2009. We will also continue to establish contact and working relationships with other technology transfer units in the mainland and Europe.

During the upcoming year, we will continue our outreach efforts with all sectors and stakeholders, in order to incorporate their recommendations and concerns into our work. In addition, we will establish an advisory committee, composed of private and public academic researchers and administrators, from which to receive more input and advice that will further assist us in developing Puerto Rico's R & D public policy.

High in our priorities is the design of a Business Plan for the development of the Oso Blanco parcel.

For FY 2008-09, the Trust has scheduled its participation in several trade and development conferences in order to reinforce its outreach program and promote the Island as an important participant in the global knowledge-based economy.

We will also continue our efforts towards the development of the Technology Transfer Unit, the High School Science Laboratories Program, the Research Grants Program and the Academic Researcher Incentive Program, including funding and subsidies to individual and institutional researchers and scientists.

Administrative Matters

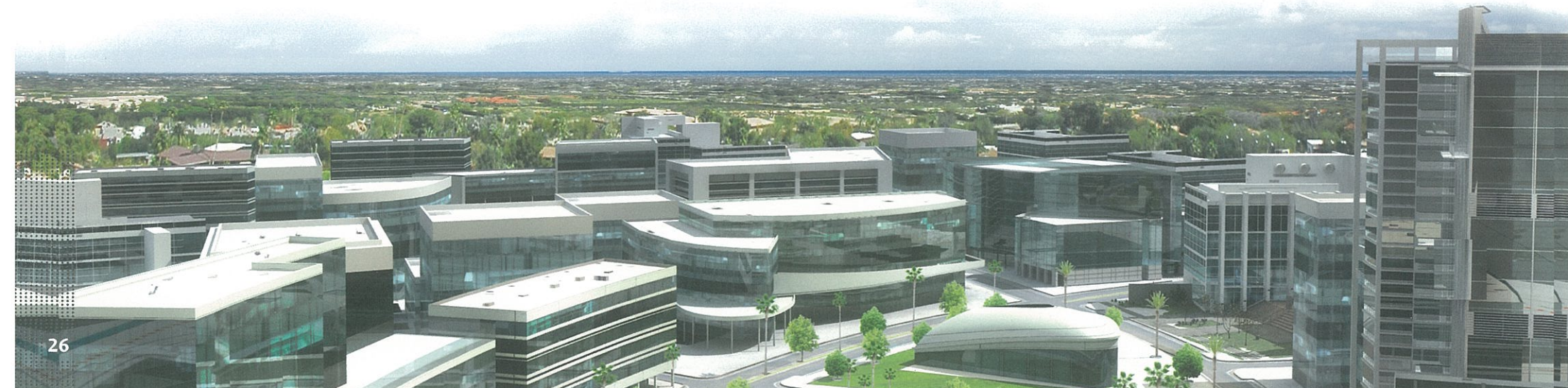
The Trust is continuing the process of creating a well-planned and lean administrative structure, adopting relevant modern rules and regulations and establishing its organizational agenda. Currently four individuals under the leadership of the Executive Director and the Trustees perform all the duties assigned to the Trust.

During FY 2008-2009, the Trust contracted the necessary services to continue running its operations efficiently; namely external audit firm, RSM-ROC & Company; CMA Architects and Engineers, LLP for consulting services regarding the development of Oso Blanco; Puerto Rico Corrections Department for the transfer of the land. The Board of Trustees also has contracted the services of Jack Ganowitz as special consultant for the recruitment of the Technology Transfer Unit's director. For a complete list of awarded contracts and transactions performed, see exhibit A.

The Trust anticipates the creation of not more than seven (7) positions in Fiscal Year 2008-2009, including an internal accountant and a comptroller, to complement the work currently performed by the Executive Director and his limited staff, and a director for the Technology Transfer Unit.

For the development of the Science City, the Trust is also contemplating engaging professional specialized services in the area of science infrastructure development to assist the Trust in creating a Development Business Plan for the Science City.

Moreover, the Trust will search for professional services in order to implement its Science City pre-development efforts, its outreach activities, its Research Grants and Incentive Programs and its Technology Transfer initiative, among others.



EXHIBITS

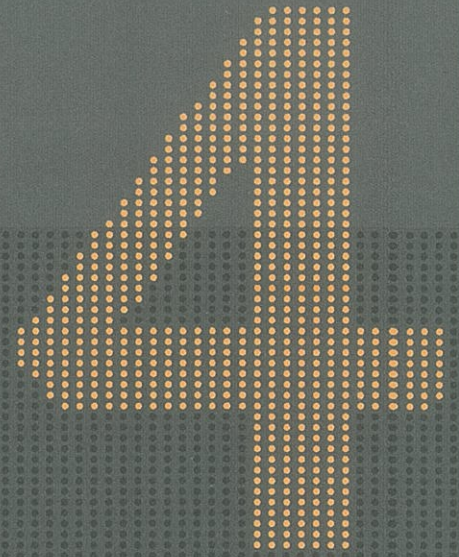


Exhibit A

Awarded Contracts

CONTRACT NUMBER	AWARDED TO	DATES		AMOUNT	SERVICES PROVIDED
		From	To		
2008-0001	RSM ROC & Company	August 29, 2007	December 31, 2007	\$46,000.00	Audit/ Consulting
2008-0002	Picó & Blanco	September 5, 2007	June 30, 2008	\$50,000.00	Legal Services
2008-0002A	Picó & Blanco		June 30, 2008	\$50,000.00	Legal Services
2008-0003	Colón, Jiménez & Asociados	September 5, 2007	June 30, 2008	\$12,500.00	Accounting Services
2008-0004	Pietrantonio, Méndez & Alvarez	September 10, 2007	June 30, 2008	\$100,000.00	Legal Services
2008-0004A	Pietrantonio, Méndez & Alvarez		June 30, 2008	\$100,000.00	Legal Services
2008-0005	DTOP / Dept. Corrección	October 22, 2007	February 29, 2007	\$ -	Transfer of the land
2008-0006	CMA Architects & Engineers LLP	April 11, 2008	June 30, 2009	\$407,500.00	Consulting Services
2008-0007	José Luis Mendoza & Company	May 7, 2008	June 30, 2008	\$6,000.00	Accounting Services
2008-0008	Halcyon Ltd	May 14, 2008	June 30, 2008	\$100,000.00	Consulting Services
2008-0009	Toro Ferrer Architects, PSC	May 7, 2008	June 30, 2009	\$100,000.00	Consulting Services
2008-0010	CineTrix	May 8, 2008	June 30, 2009	\$52,752.00	Professional Services (video)
2008-0011	Jack Granowitz	June 2, 2008	June 30, 2009	\$30,000.00	Consulting Services
2008-0012	José Martínez	June 11, 2008	June 30, 2009	\$25,000.00	Advertising, promotion, etc.

Exhibit B

News Clippings

DATE	MEDIA	PAGE	TITLE
Tuesday, October 23, 2008	Primera Hora	18	Para desarrollo de las ciencias Transfieren terrenos de cárcel Oso Blanco
Tuesday, October 23, 2008	El Vocero	8	Traspasan terrenos Oso Blanco
Tuesday, October 23, 2008	El Nuevo Día	8	Deja Oso Blanco la vida criminal
Thursday, October 16, 2008	El Vocero	61	PR en Tech Transfer Summit
Saturday, October 11, 2008	El Nuevo Día	40	La Bioisla pica la curiosidad Europea
Wednesday, July 9, 2008	El Nuevo Día	28	Fórmula para retener científicos
Tuesday, April 29, 2008	Primera Hora	12	Se deshace historia del Oso Blanco
Friday, April 25, 2008	El Vocero	20	Será sede de las Ciencias
Friday, April 17, 2008	Caribbean Business	24	The New Fomento Strategy
Tuesday, April 8, 2008	El Vocero	23	Pide investigar uso de terrenos
Sunday, April 6, 2008	El Nuevo Día	4	Estímulo para el Ecosistema Científico
Wednesday, March 5, 2008	The San Juan Star	18	Knowledge economy requires concrete steps
Sunday, March 2, 2008	El Nuevo Día	12	Alentador futuro para el Oso Blanco
Thursday, February 7, 2008	The San Juan Star	6	New fund would make island center for bi-science start- ups
Tuesday, February 5, 2007	El Vocero	38	Protagonista no espectador
Tuesday, February 5, 2007	El Nuevo Día	46	Firmes hacia una economía de ciencia

Exhibit C

Financial Statements

Enclosed please find the financial statements for the fiscal year 2007- 2008.



PUERTO RICO | Science, Technology
& Research Trust

Puerto Rico Science, Technology and Research Trust
P.O. Box 363475
San Juan, Puerto Rico 00936-3475

E-mail: info@prsciencetrust.org
www.prsciencetrust.org