



July 26, 2010

The Honorable Harry Reid
Majority Leader
United States Senate
S-221, the Capitol
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
S-230, the Capitol
Washington, DC 20510

Dear Majority Leader Reid and Minority Leader McConnell:

As members of the Biotechnology Industry Organization (BIO), the National Venture Capital Association (NVCA) and TechNet, we are writing to applaud the Senate for rejecting the rescission of \$2 billion from pandemic influenza and the BioShield Special Reserve Fund (SRF) that the House included in its amendment to HR 4899, the FY2010 Supplemental Appropriations Act. Further, we urge the Congress not to include such a rescission in any future measures. It is critical to ensure the integrity of these funds so that they are available to identify, develop and procure medical countermeasures for the treatment and prevention of a chemical, biological, radiological or nuclear disaster.

The ability of the nation to respond and recover from a biological, chemical, radiological or nuclear attack rests on our level of preparedness. While significant progress has been made, particularly over the last 10 years, in the development of new or improved medical countermeasures, there is still more that needs to be accomplished. The task of protecting the American people cannot be achieved without a significant investment through a long-term public-private partnership that leverages the latest scientific knowledge and technology to develop these key products. In the event of a biological attack or pandemic outbreak, the federal government represents the sole marketplace for almost all of the vaccines, treatments, diagnostics and devices needed to respond and safeguard American lives. This highlights the strategic importance of the Special Reserve Fund (SRF) and the Pandemic Influenza Preparedness funds.

Regarding the SRF, the Congress recognized the importance of preparedness for an intentional or accidental biological attack when in 2004 it passed the Project BioShield Act (P.L. 108-276) to procure medical countermeasures to "treat, identify and prevent harm from any biological, chemical, radiological or nuclear agent" that might be used against the American people. The availability of SRF funds is essential to ensure the continuation of countermeasure production. Without confidence that the government is committed to procuring countermeasures, companies will have to consider abandoning, or significantly scaling back, efforts to produce biosecurity

products, especially if their private investors conclude that a long-term investment in product development is untenable without government funds available to purchase the products. The SRF serves as a concrete demonstration of the federal government's commitment to procuring medical countermeasures. Diminishing or eliminating the SRF would call into question the credibility of that commitment, and by doing so make it difficult for the private sector to remain in the countermeasure business.

Concerning pandemic funding, as the nation learned over this last year, a response to a pandemic cannot be mounted overnight. The severity of the threat warrants robust disease surveillance, epidemiologic investigation, the development of medical interventions as well as communications programs and services. Ongoing, advanced funding has been responsible for expanding the nation's domestic vaccine production capacity, development of intravenous antivirals, influenza surveillance and laboratory testing capability, and planning at the federal, state and local levels. These investments were critical to mitigating the impact of the H1N1 influenza A outbreak in this country. The country mounted a successful response only with the aid of the H1N1 supplemental funding, existing vaccine manufacturing capacity and know-how and a well-informed, established public health infrastructure.

Even with these advantages the healthcare system strained to respond to a relatively mild disease outbreak. The recent experience with H1N1 illustrated gaps in the nation's preparedness for a more severe disease emergency, such a biological attack. The remaining pandemic funds are needed to replenish critical stockpiles of pharmaceutical and non-pharmaceutical medical supplies, modernize vaccine production, update pandemic plans, maintain enhanced influenza surveillance, and continue research into rapid diagnostics and other medical countermeasures.

We understand that these are extremely difficult budgetary times. However, using the SRF or pandemic influenza funds as an offset for the FY2010 Supplemental Appropriations Act or any other measure, or to fund any other program unrelated to the mission of the SRF, would have a devastating impact on efforts to develop countermeasures for chemical, biological, radiological, and nuclear threats. We urge you to oppose any use of pandemic or SRF funds for any purpose other than they were intended.

Sincerely,

Abbott
ARCA biopharma
Advanced BioHealing
Bavarian Nordic
BD
BioCryst Pharmaceuticals
Breathe Pharmaceuticals
Chimerix
Frazier Healthcare Ventures
GlaxoSmithKline

Helix Ventures
Juvaris BioTherapeutics, Inc.
Kleiner Perkins Caufield & Byers
Life Technologies Corporation
Nanotherapeutics
Nexus Dx
North Carolina Biosciences Organization
Novartis
Novavax Inc.
PharmAthene Inc.
Rapid Micro Biosystems
Sanderling Ventures
Sanofi Pasteur
Siga Technologies, Inc.
Tetraphase Pharmaceuticals Inc.
Tiber Creek Partners LLC
Trius Therapeutics
Vaxin Inc
VaxInnate
Washington Biotechnology & Biomedical Association
Xcellerex

CC: The Honorable Richard J. Durbin, Majority Whip
The Honorable Jon Kyl, Republican Whip
The Honorable Daniel K. Inouye, Chairman, Appropriations Committee
The Honorable Thad Cochran, Ranking Republican, Appropriations Committee
The Honorable Tom Harkin, Chairman, Health, Education, Labor & Pensions Committee
The Honorable Michael Enzi, Ranking Republican, Health, Education, Labor & Pensions Committee
The Honorable Nancy Pelosi, Speaker
The Honorable Steny Hoyer, Majority Leader
The Honorable John Boehner, Republican Leader
The Honorable David R. Obey, Chairman, Appropriations Committee
The Honorable Jerry Lewis, Ranking Republican, Appropriations Committee