

DIRECTORS' MESSAGE



Message from the SCN's Board Chair, Scientific Director and Executive Director



In challenging economic times, we look to continued investment and progress in research for innovations and developments that help drive future prosperity. In this respect, Canada and the Stem Cell Network did not disappoint. While investment from private and industry sources slowed, stem cell research and innovation continues to accelerate.

The past year saw important and field-changing developments, such as the discovery of a viral-free method of inducing pluripotent stem cells from the skin (iPS) by the Dr. Andras Nagy lab, Dr. Mick Bhatia's method for early identification of cancer stem cells and Dr. Connie Eaves' breakthrough in isolating mammary stem cells. Network investigator Tim Caulfield took on the challenge presented by rogue stem cell clinics offering unsubstantiated "cures" for a myriad of diseases by assessing false website claims

and drawing attention to the potential risks of stem cell tourism.

Following its renewal in 2007, the Network launched a core research competition and announced funding of 12 projects in October of 2008. These projects, in areas such as multiple sclerosis, pulmonary arterial hypertension, diabetes, spinal cord injury and hemophilia will continue to advance the Network's strategic plan to bridge the gap between the lab and the clinic. By 2015, these projects should result in at least 12 clinical trials, as well as new patents to attract increased industry partnership.

A new research program was introduced in early 2009 to further accelerate clinical translation. The new Impact Grant program aims to foster greater collaboration among researchers and between research and industry partners by requiring partnership with health charities, NGOs or industry. This builds on the success of the Catalyst Grant program, which funded 16 short-term projects between 2005 and 2009 and attracted nine commercial partners with cash and in-kind contributions of more than \$500,000. These are programs that have been emulated by other funding agencies within Canada and abroad and that continue to help Canadian stem cell researchers leverage funding and remain among the top echelon in their field.

The stories within this year's annual report reflect both the scientific excellence and the overall progression of the stem cell field. As technologies continue to be developed and refined, the Stem Cell Network is anticipating and meeting the challenges presented in social and ethical, business and clinical settings.

Indeed, the past year has been one in which the Network has made significant commercial inroads, both nationally and internationally. More than 20 new partners joined in SCN projects in 2009. In addition, the International Consortium of Stem Cell Networks, a SCN-led initiative, has started to have major impacts in coordinating international research projects and combating the serious issue of medical tourism.

On the international front, the federal government made it a priority to support stem cell partnerships and international investment. In collaboration with the Stem Cell Network, Canada and Stem Cell Network investigators were placed at the forefront of stem cell meetings with researchers in China and with venture capitalists in the United States. Both sets of meetings were positively received and show strong indication of future research collaborations and industry investment.

Early in 2008, the Stem Cell Network Board began long-term strategic planning to ensure the continuation of funding for stem cell research in Canada. From this, the Canadian Stem Cell Foundation was born. The Foundation will be an independent, charitable organization, with a mission to support research into stem cells, and their translation into clinical applications, as

well as to educate students and the public about the science and advances in the field. With a number of initiatives in the planning stages, the Foundation will be ready to publicly launch in fall of 2009.

Lastly, a note from Drew and Michael: we'd like to thank outgoing Board Chair, Frank Gleeson, and welcome a new Chair, Verna Skanes. As one of the Network's founding Directors and Board Chair since 2006, Frank has seen a great deal of change and progress in the Network. Through this time he has provided invaluable guidance and support, particularly in the successful strategic repositioning of the Network during the renewal process in 2007. We wish him every success as he steps down to pursue a new business venture, Verio Therapeutics Inc.

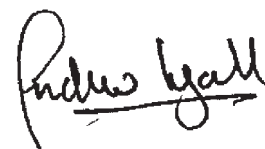
Verna has been a member of the Stem Cell Network Board since 2005, and is also Chair of the Canadian Blood Services Board. She previously held the position of Assistant Dean for Research and Graduate Studies in the Faculty of Medicine at Memorial University, and remains associated with them as Adjunct Professor of Medicine since her retirement in 1999. She currently serves on the Advisory Board of the Institute for Circulatory and Respiratory Health, and the Selection Committee of the Networks of Centres of Excellence Program. We look forward to having her aboard as we continue to catalyze new opportunities for the translation of Canadian scientific excellence into commercial, policy and therapeutic benefits.



Frank Gleeson
Chair of the Board of Directors



Michael Rudnicki
CEO and Scientific Director



Drew Lyall
Executive Director