



FOR IMMEDIATE RELEASE

**NJ BIOTECHNOLOGY INDUSTRY SURVEY**  
**SEES GROWTH AND MATURITY**

**Number of New Jersey Companies Continues to Increase**

**Increases Also Seen in Employees, R&D Spending and Revenues;**

**Early-Stage Funding Remains an Issue**

**TRENTON, NJ** (June 30, 2008) — New Jersey's biotechnology industry continued to both grow and mature in 2007, according to the latest BioNJ industry survey. The industry expanded as measured by several important factors, with the number of public and private companies located in the State increasing beyond 2005 levels, while public companies experienced growth in the number of employees, revenues, research and development expenditures and market cap, according to *New Jersey Life Sciences... Where Science is Life*, a survey released today by BioNJ with assistance from Ernst & Young.

Among the highlights, the survey reported that:

- The number of companies operating in the State increased to 238 in 2008 from 226 in 2006 despite a trend toward mergers and acquisitions.
- The number of employees working at public companies at the end of 2007 was estimated at 6,155, representing an increase of 5 percent over the 2005 level of 5,824 employees.
- Eighty-six percent of the surveyed companies expect to hire on average an additional 20 employees in the next 12 months.
- R&D expenditures at public companies in 2007 were \$1.2 billion compared to the \$737 million spent in 2005.

- Funding for early-stage research remains an issue because it is still difficult to obtain. This is true industry-wide.
- New Jersey's 32 public companies in 2007 generated revenues in excess of \$3.2 billion, an increase of 113 percent from 2005. As one example, revenues for Celgene Corporation topped \$1.4 billion in 2007, a 161 percent increase from 2005.
- Revenues for both public and private companies were estimated to be well above \$5 billion.
- The aggregate market cap of public companies in the State at the end of 2007 was \$29.7 billion, compared to \$16.9 billion at the end of 2005.

“Despite disruptions in the credit markets and corresponding volatility in the equity markets, New Jersey’s biotechnology industry is increasing significantly and could be one of the biggest drivers of employment and economic growth in the State going forward,” said Michael D. Becker, President and CEO of VioQuest Pharmaceuticals and BioNJ Chairman. “Life sciences in general, and New Jersey’s firms in particular, continue to be a hotbed for investment along with merger and acquisition activity - after all, disease is relentless in both good economic times and bad. However, although the biotechnology industry is a significant and growing component of the States' economy, in view of increasing economic and regulatory pressure and political dynamics, the future prosperity of the industry and the State will rely on a concerted commitment to promote the growth of this industry and forge stronger partnerships between the public and private sectors.”

### **Fundamentals for a Robust Industry**

Conducted during the spring of 2008, the goal of the survey is to identify trends that point to industry strengths and what can be done to improve the industry in the future. Key trends as identified through survey respondents included strong and fundamentally sound science as demonstrated by both the variety of compounds in development and the continued strength of the licensing activity, a belief that New Jersey has the scientific talent needed to commercialize and manage current research and development projects and that companies expect to continue to hire more employees.

According to the survey, 86 percent of those surveyed said they expected to hire an additional 20 people within the next twelve months. In 2005, 86 percent of responding companies reported that they expected to hire 13 additional employees over a 12-month period.

The number of New Jersey's biotechnology and life sciences companies are growing rapidly with the number of startup, small, mid-size and fully integrated companies tripling in the past decade.

“As this survey demonstrates, with each year, New Jersey’s growing biotechnology industry becomes even more important to the State’s social and economic viability,” said Angie McGuire, Acting Chief of the Office of Economic Growth. "Recognizing this, our Economic Growth Strategy includes a significant emphasis on attracting and helping biotechnology companies to grow and prosper, which will help New Jersey maintain its position as a leader in the life sciences.”

### **State Programs Continue to Support Industry Growth**

With the fourth largest public company cluster, New Jersey remains a “hotbed” for biotechnology. In responding to questions that look at why companies locate and remain in New Jersey, a total of 96 percent of responding companies indicated that there are sufficient managerial personnel and 88 percent believe there is sufficient scientific personnel to meet their needs.

The overwhelming majority, 74 percent, also believe that there is opportunity for strategic collaborations with academic institutions and other industry laboratories within the State.

Sixty-one percent of the respondents also indicated that New Jersey State Government provides an environment that supports and promotes the industry; a measure that has increased with each survey since 2003.

The response was attributed to several programs including the Tax Credit Transfer Program that allows companies that are not making a profit to sell Net Operating Losses (NOLs), a strong network of business incubators and the significant increase in the percentage of respondents who believe that there is sufficient Venture Capital (VC) to support the growth of the industry in New Jersey. Cited VC programs included the Garden State Life Sciences Venture Fund, which was proposed to State Government by BioNJ.

“Our experience has shown that all the elements necessary for attracting and growing biotech companies still remain in New Jersey,” said Debbie Hart, President of BioNJ. “Because of the economy, the historical issues with early-stage research funding and increased merger and acquisition activity, we are moving into new territory. We believe the growth will continue, and it will continue to come in all directions, including start-ups and spin-outs, and we must be vigilant in our efforts to maintain the practices that have brought us here while always seeking new strategies to improve our efforts.”

### **M&A Activity and Alliance and Collaborations Gaining More Prominence**

As the biotech industry evolves, mergers and acquisitions (M&A) are gaining more prominence and are seen as a new measure of strength and potential of the biotech industry.

Celgene’s \$2.7 billion acquisition of oncology-focused Pharmion Corporation was the third largest biotech M&A transaction announced in 2007. Also representing New Jersey was Ikaria’s \$670 million acquisition of INO Therapeutics, Glaxo SmithKline’s \$1.65 billion acquisition of Reliant Pharmaceuticals, Reckitt Benckiser’s \$2.2 billion acquisition of Adams Respiratory Therapeutics and the \$370 million acquisition of Esprit Pharma by Allergan, Inc.

According to Keith Brownlie, Life Science Partner at Ernst & Young, “The convergence of the biotech and pharmaceutical industries will continue unabated in 2008 and the years beyond. We expect the majority of the M&A activities will occur between pharmaceutical/large biotech companies and innovative emerging companies that have broadly exploitable platform technologies or with biotech companies that have achieved clinical proof of concept of a product candidate. This will be a boon for New Jersey’s biotechnology industry.”

Alliances and collaborative agreements are also essential to product development and funding. Successful product development typically cannot be accomplished without strategic collaborative arrangements. Collaborative arrangements can accelerate drug development timelines while substantially reducing the costs of drug and device development.

As one example, Amicus Therapeutics, Inc. announced in November 2007 a strategic collaboration with Shire Human Genetic Therapies, Inc., a subsidiary of Shire plc, to jointly develop Amicus' three lead pharmacological chaperone compounds for lysosomal storage disorders.

The use of large upfront payments in strategic alliances — such as those seen in the Amicus deal — are one more indication of the increasing bargaining power that biotechs are bringing to the negotiating table and represents good news for biotech companies, according to Brownline.

### **About BioNJ**

With nearly 200 member companies, BioNJ (formerly the Biotechnology Council of New Jersey) is singularly focused on the growth and prosperity of New Jersey's rapidly expanding biotechnology cluster.

Founded in 1994 by New Jersey biotechnology industry CEOs, BioNJ serves as the voice of biotechnology companies located in New Jersey, seeks to advance their economic growth and development and works to encourage new and established companies from around the world to locate to New Jersey. BioNJ represents companies engaged in biopharmaceutical, biomedical, bioagricultural and bioremedial endeavors.

For more information, visit the BioNJ Web site at [www.BioNJ.org](http://www.BioNJ.org).

### **About Ernst & Young**

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E&Y has a long standing commitment to the life sciences industry serving more than 50 percent of the public life science companies; we are the largest professional services practice serving the industry. The E&Y life sciences practice includes biotech, medical device, generic pharmaceutical, and specialty pharmaceutical companies. Our size and success has allowed us to make enormous investments in research and keep our professionals current on the evolving issues and trends facing the industry today and what is most likely to affect the life sciences industry moving into the future. Industry focus means we recruit, train and reward our professionals within the context of industry specialization. We develop technologies and processes that are guided by industry consideration

-- 30 --

**Editor's Note:** A full copy of the 2008 New Jersey Biotechnology Industry Survey, *New Jersey Life Sciences...Where Science is Life*, is available at the BioNJ Web site:

<http://www.BioNJ.org>. or at

[http://bionj.org/pdf/where\\_science\\_is\\_life\\_062508.pdf](http://bionj.org/pdf/where_science_is_life_062508.pdf).

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