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NEWS

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FOR IMMEDIATE RELEASE:

Thursday, June 18, 2009

“2009 REPORT: ECONOMIC IMPACT OF HINJ MEMBERS TOTALS A RECORD \$29.5 BILLION”

Impact Reflects an All-Time High, But Other Indicators Demonstrate That NJ's Biopharmaceutical and Medical Technology Industry Is Not Immune to Global Economic Woes and Business Policy Changes

ECONOMIC IMPACT STUDY ALSO REPORTS:

- **Industry provided 147,836 – 59,948 direct + 87,888 spin-off jobs**
- **Average base salary of \$112,297 (up 8.9% from 2007)**
- **Total Compensation (salary+benefits) is \$141,590 (up 12.3% over 2007)**
- **Payroll Impacts of \$8.5 billion**
- **Global Philanthropy reaches \$4.5 billion (up by nearly 10% over 2007)**
- **\$870 million in sales and income tax impacts (up 11 % from '07)**
- **Vendor Spending up 8.6% to 3.8 billion**

(State House, Trenton, N.J) — Reflecting the current climate of the state and national economy, New Jersey's biopharmaceutical and medical technology industry reported slowing economic activity in 2008 - although the overall economic impact of the sector reached an all-time high of \$29.5 billion - according to a study released today by the HealthCare Institute of New Jersey (HINJ), the industry's trade association. The economic survey, entitled, "Tough Medicine in Tough Times: New Jersey and the Biopharmaceutical and Medical Technology Industry," was commissioned by HINJ and conducted by Deloitte. It surveyed 22 HINJ member companies on a variety of key economic indicators.

"Like so many other industry sectors, our report reflects the current climate of the state and national economy. While the biopharmaceutical and medical technology community remains New Jersey's premier industry, this year's report serves as a stark reminder that we are not immune to global economic downturns, or to significant changes to the business model," said Bob Franks, President of HINJ.

One key indicator of the economic downturn is the loss of the sector's life science jobs, which slipped below 60,000 for the first time in almost a decade, to 59,948 – a loss of almost 1,400 jobs.

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HINJ 2009 Economic Report/ Add One

The contraction of jobs, however, is not exclusive to the life sciences sector or the current economic climate. In previous years, employment reductions due to merger and acquisition activity, downsizing, or other factors accounted for significant job losses in the state. For the past several years, the industry was able to stabilize employment figures as the industry steadied itself after consolidation and cutbacks.

Despite the losses in full-time headcount, however, the industry contributed greatly to the development of other employment in the state, creating approximately 88,000 “spin-off” jobs. Through the purchase of goods and services, capital construction projects, and other industry activity, the state benefited by the creation of these additional high-quality jobs. In total, HINJ member companies provided 147,836 jobs: 59,948 from direct employment and another 87,888 through spin-off employment. For each HINJ member job, an additional 1.5 jobs were created in the state’s economy.

Notably, HINJ members invested \$4.5 billion in Global Charitable Contributions - with an estimated \$221 million directly benefiting New Jersey causes. This Global Contributions figure is an increase of nearly 10 percent over last year, with product donations accounting for a significant category of giving; worldwide product donations totaled \$3.7 billion and in NJ amounted to \$129 million.

Conversely, HINJ members saw slowdowns, decreases in or stabilization in the following areas: capital spending, R&D spending, and product development and clinical trials.

Capital expenditures decreased by approximately 6 percent over last year, from \$1.7 billion to \$1.6 billion. Similarly, R&D spending dropped from \$7.9 billion to \$7.5 billion – a 5 percent decline. The Product Trials currently underway decreased by almost 15 percent (down to 4,765 from 5,570) and Medical Device Trials saw a steep decline of 40 percent – down to 78 from 130 last year.

Underscoring the importance of medical innovation, Franks issued a cautionary note:

“New Jersey’s biopharmaceutical and medical technology community has faced significant challenges over the past year – some of which are endemic solely to our industry, others of which affect the broader business community as a whole. Although we remain New Jersey’s premier industry, we are working hard to prevent any negative developments which might affect our position as the state’s economic engine. Our most important mission is to pursue promising medical breakthroughs and discoveries for the enhancement of world health.”

This is the thirteenth annual study commissioned by HINJ to assess the impact of the industry on New Jersey’s economy. HINJ first commissioned Coopers & Lybrand to conduct an economic impact study in 1997 and has commissioned annual updates since then with PWC, IBM Business Consulting, and Deloitte. Data is collected from HINJ members and the study employs a variety of widely accepted economic multiplier formulas from sources such as the New Jersey Council of Economic Advisors, NJ IMPLAN, and others.

Founded in 1997, the HealthCare Institute of New Jersey serves as a unified voice for the state’s research-based biopharmaceutical and medical technology industry. Deloitte, one of the nation’s leading professional services firms, provides audit, tax, financial advisory services and consulting through nearly 30,000 people in more than 80 U.S. cities.

To obtain a copy of the 2009 report, please visit the HINJ website at www.hinj.org.