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R&D Spending by U.S. Biopharmaceutical Companies Reaches Record \$58.8 Billion in 2007

Washington, D.C. (March 24, 2008) — America's pharmaceutical and biotechnology research companies invested a record \$58.8 billion last year in the research and development of new life-changing medicines and vaccines – an increase of nearly \$3 billion from 2006, according to analyses by the Pharmaceutical Research and Manufacturers of America (PhRMA) and Burrill & Company. The release of the report coincides with PhRMA's 50th anniversary, which it observes today.

This record R&D investment reflects the continued commitment of America's pharmaceutical research companies to lead the world in the pursuit of new, life-saving and life-enhancing medicines.

PhRMA-member companies alone spent an estimated \$44.5 billion on pharmaceutical R&D last year – up from the previous record of \$43 billion in 2006, according to the PhRMA survey. The Burrill & Company analysis shows that non-PhRMA pharmaceutical research companies in the United States spent an estimated \$14.3 billion on R&D last year, compared with \$12.2 billion in 2006.

Investment in research and development by America's pharmaceutical research companies grew modestly last year, despite a challenging economic environment and a continuing sharp deceleration in drug spending growth. Although the rate of R&D growth was slower than in prior years, research spending as a percentage of sales remained high. Over the past seven years, America's pharmaceutical research companies have consistently invested around 18 percent of sales on R&D activities.

As in past years, there are an increasing number of potential new drugs entering clinical testing. Today, there are more than 2,700 medicines in development in the U.S. for nearly 4,600 different indications. Five years ago, there were about 2,000 medicines in development.

U.S. pharmaceutical companies' dedication to research has been observed by many independent, objective experts. For instance, the nonpartisan Congressional Budget Office (CBO) stated in a recent report: "The pharmaceutical industry is one of the most research-intensive industries in the United States. Pharmaceutical firms invest as much

as five times more in research and development, relative to their sales, than the average U.S. manufacturing firm.”

Importantly, this investment has produced results. According to CBO, "Many examples exist of major therapeutic gains achieved by the industry in recent years.... [A]necdotal and statistical evidence suggests that the rapid increases that have been observed in drug-related R&D spending have been accompanied by major therapeutic gains in available drug treatments.”

“America’s pharmaceutical and biotechnology research companies continue to pave the way for the development of future treatments and cures,” said PhRMA President and CEO Billy Tauzin. “Simply put, R&D is the lifeblood of pharmaceutical research companies. Last year’s investment builds on over 25 years of growth in R&D spending as our researchers continue the search for new and improved therapies to tackle a wide range of diseases and conditions, such as cancer, heart disease, HIV/AIDS and Alzheimer’s.”

The current pipeline includes more than 600 medicines to treat cancer, over 300 specific to rare diseases and more than 275 medicines for heart disease and stroke. This activity dwarfs the pipelines in other parts of the world, such as Europe and Japan, partly reflecting existing policies in the U.S. that foster innovation.

“The preservation and strengthening of these policies – including our market-based health care system, incentives for research and strong intellectual property rights – are critical if we as a nation are serious about maintaining our leadership in pharmaceutical R&D,” said Tauzin. “Patients in the U.S. and around the world deserve no less.”

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PhRMA Internet Address: <http://www.phrma.org>

For information on stories of hope and survival, visit: <http://sharingmiracles.com/>

For information on how innovative medicines save lives, visit: <http://www.innovation.org>

For information on the Partnership for Prescription Assistance, visit: <http://www.pparx.org>

For information on the dangers of imported drugs, visit: <http://www.buysafedrugs.info>