

KEY FACTS 2011

RESEARCH AND DEVELOPMENT (R&D)

Time to develop a drug 10-15 years

DEVELOPMENT COSTS

Cost to develop a drug 2005 = \$1.3 billion
2001 = \$802 million
1987 = \$318 million
1975 = \$138 million

Cost to develop a biologic 2005 = \$1.2 billion

R&D SPENDING

| Year | PhRMA Members | Total Industry |
|------|-----------------------|-----------------------|
| 2010 | \$49.4 billion (est.) | \$67.4 billion (est.) |
| 2009 | \$46.4 billion | \$65.9 billion |
| 2008 | \$47.4 billion | \$63.7 billion |
| 2007 | \$47.9 billion | \$63.2 billion |
| 2006 | \$43.4 billion | \$56.1 billion |
| 2005 | \$39.9 billion | \$51.8 billion |
| 2004 | \$37.0 billion | \$47.6 billion |
| 2000 | \$26.0 billion | not available |
| 1990 | \$8.4 billion | not available |
| 1980 | \$2.0 billion | not available |

PERCENTAGE OF SALES THAT WENT TO R&D IN 2010

Domestic R&D as a percentage
of domestic sales = 20.5%

Total R&G as a percentage of total sales = 17.0%

ECONOMIC IMPACT OF THE BIOPHARMACEUTICAL SECTOR

Direct Jobs = 655,025 in 2008 (most recent data)

Total Jobs (including indirect and induced
jobs) = 3.1 million in 2008 (most recent data)

APPROVALS

- Drugs and biologics approved in 2000-2010 = 333
- In the 28 years since the Orphan Drug Act was established, more than 360 drugs have been approved.
- Only 2 of 10 marketed drugs return revenues that match or exceed R&D costs

MEDICINES IN DEVELOPMENT

2010 = 3,050 compounds

2011 = 2,040 compounds

VALUE OF MEDICINES

Cancer: Since 1980, life expectancy for cancer patients has increased about 3 years, and 83% of those gains are attributable to new treatments, including medicines. Another study found that medicines specifically account for 50% to 60% of increases in survival rates since 1975.

Cardiovascular Disease: According to a 2010 statistics update by the American Heart Association (AHA), death rates for cardiovascular disease fell a dramatic 28% between 1997 and 2007.

HIV/AIDS: Since the approval of the antiretroviral treatments in 1995, the U.S. AIDS death rate has dropped by more than 75%.

SALES

Generic share of market:

2000 = 49%

2010 = 78%