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New Jersey Initiatives Promote Life Sciences Growth

Recently, Novo Nordisk, a world leader in hemostasis therapy, announced it would open a first-of-its-kind hemostasis research center in New Jersey. This cutting edge facility which will focus primarily on discovering new pharmacological targets for hemostasis and related complications is representative of the continued vitality growth and of life sciences companies in the "Medicine Chest of the Nation".

One factor in their decision was more than \$230 million in financing assistance, business and tax incentives, venture fund and real estate investments that were made to life sciences and technology companies in 2005. This job creating financial support is designed to encourage location, expansion and growth of life sciences companies and related jobs in New Jersey. Funds for these projects are provided by the New Jersey Economic Development Authority (EDA). In an effort to expand and streamline State support for technology and life sciences a new initiative called Technium was introduced in 2005. This EDA initiative provides customized, streamlined, long-term assistance as these businesses advance through their life cycles of growth.

"The life sciences are a driving force leading New Jersey's economy." comments William P. Steffens, Vice President of PSE&G's PSEG Area Development LLC, and a leading advocate for life sciences growth in New Jersey. "The importance of training, technical assistance, financing and business incentives to growing life sciences companies cannot be overstated." To promote business growth and job creation, PSEG Area Development works closely with the EDA and other network resources and provides a wide range of real estate and economic development assistance to life sciences firms, regardless of size or development stage.

One such program in which PSE&G is heavily involved is the State of New Jersey's Emerging Technology and Biotechnology Financial Assistance Program. To foster high-tech growth, the State of New Jersey offers this option - often called the Tax Benefit Transfer Program - to life sciences and technology firms. It enables them to sell unused net operating loss (NOLs) and R&D credits (Benefits) to established companies that have need for them. These losses and R&D credits are customarily incurred by firms during their crucial developmental stage. As a result, fledgling companies can trade their tax losses for much-needed cash. PSE&G, the largest purchaser in the program, has bought some \$70 million in Benefits from high-tech firms since the State began the program in 1999.

To be eligible to sell under the Transfer Program, a company must be a new or expanding life sciences or technology business with a maximum of 225 employees and have at least 75 percent of its workforce in New Jersey. They can sell the credits to other profitable New Jersey corporations for at least 75 percent of their value. A company is deemed ineligible if it had a profit within the two most recent years, if ongoing revenue exceeded 110 percent of expenses, or if it has a profitable parent business. Companies have until June each year to apply. Last year, the State expanded the Tax Credit Transfer program by \$20 million to a total of \$60 million annually.

Alteon, Inc., a company engaged in the discovery and development of pharmaceuticals for the treatment of diabetes and age-related diseases; AlgoRx Pharmaceuticals, Inc., an emerging pharmaceutical firm focused on the development and commercialization of various products;



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and Cytogen Corporation, an oncology company focused on detection of prostate cancer, are examples of companies in New Jersey that participated in this program in 2005. From PSE&G's point of view, this program is an important tool that supports the life sciences sector and creates high-level jobs that will sustain New Jersey's future technological leadership and economic growth. "This program is a great deal for developing life sciences companies and the State itself, since it nourishes fledgling firms into profitability and enables them to employ more people and pay taxes", said Steffens.

To learn more about New Jersey's life sciences landscape and the pro-growth business support available in the state visit www.locationNJ.com.