SG Cowen & Co.

Therapeutic Categories Outlook

October 2005

Comprehensive Study

Pharmaceuticals
(617) 946-3700

Biotechnology
(646) 562-1000

Medical Supplies & Devices
(646) 562-1000

Please see addendum of this report for important disclosures.

www.sgcowen.com

Conclusion: The $485B worldwide pharmaceutical industry is positioned to deliver tepid underlying growth, due to numerous patent expirations that tarnish the outlook. Nonetheless, R&D pipelines hold more promise than generally perceived, and innovative new products temper aggressive managed care pricing tactics, which is more important than ever given the formulary-based Medicare Drug Benefit. This comprehensive study forecasts trends in the major therapeutic drug categories through 2009. Each category is defined by therapeutic need, market size, growth outlook, major new compounds in development, and an assessment of individual company prospects. The companies predicted to lead in "Market Share", "Market Share Gain", "Market Share Loss", "Total Therapeutic Positions", and "Leading Therapeutic Positions" are detailed below.

Which Companies Will Lead Industry Through 2009?

Market Share	Market Share Gain	Market Share Loss	Total Therapeutic Positions	Leading Therapeutic Positions
GlaxoSmithKline	Roche	Pfizer	Pfizer (14)	AstraZeneca (4)
Pfizer	Genentech	Merck	Novartis (12)	GlaxoSmithKline (4)
Sanofi-Aventis	Amgen	Johnson & Johnson	GlaxoSmithKline (10)	Sanofi-Aventis (3)
Roche	GlaxoSmithKline	Abbott Labs	Johnson & Johnson (9)	
AstraZeneca	Sanofi-Aventis	Bristol-Myers Squibb	Merck (9)	
Novartis	Novartis		Sanofi-Aventis (9)	

Pharmaceutical Industry Valuation Perspective

		10/04/05	EPS		P/E Ratios		F04-09
	Ticker	Price	2005E	2006E	2005	2006	CAGR
Abbott Laboratories	ABT	$44	$2.49	$2.71	17.7	16.2	+10%
Amgen	AMGN	80	3.21	3.65	25.0	21.9	+15%
AstraZeneca *	AZN	48	2.82	3.09	16.9	15.4	+12%
Bristol-Myers Squibb	BMY	24	1.45	1.30	16.5	18.4	+1%
Eli Lilly	LLY	54	2.75	3.05	19.5	17.6	+11%
Genentech	DNA	86	1.18	1.70	72.5	50.3	+32%
GlaxoSmithKline*	GSK	51	2.80	3.02	18.3	16.9	+10%
Johnson & Johnson	JNJ	63	3.45	3.77	18.3	16.7	+10%
Merck	MRK	27	2.48	2.45	11.0	11.1	-6%
Novartis*	NVS	51	2.67	3.01	19.1	16.9	+12%
Pfizer	PFE	25	1.98	2.10	12.7	12.0	+3%
Roche*	RHHBY	71	2.35	2.90	30.1	24.4	+21%
Sanofi-Aventis*	SNY	42	2.86	3.22	14.6	13.0	+15%
Schering-Plough	SGP	22	0.40	0.70	NM	NM	NM
Wyeth	WYE	46	2.90	3.20	16.0	14.5	+2%

*Covered by Societe Generale
Source: SG Cowen & Co.

ESTIMATED U.S. MARKET FOR URINARY INCONTINENCE (STRESS + URGE) DRUGS*

	2004	2005E	2006E	2007E	2008E	2009E	CGR	Comment
U.S. Population/Prescriptions (000's)								
Overactive Bladder Sufferers	20,262	20,890	21,517	22,163	22,827	23,512	+3%	- 20MM+ Americans with overactive bladder
% Growth	+3%	+3%	+3%	+3%	+3%	+3%		- Modest growth assumed
Stress/Stress Predominant UI Sufferers	15,197	15,668	16,138	16,622	17,121	17,634	+3%	- Includes portion of patients with mixed UI;
% Growth	3%	3%	3%	3%	3%	3%		approximately 25% of patients suffer from mixed UI
Urge/Urge Predominant UI Sufferers	10,131	10,445	10,759	11,081	11,414	11,756	+3%	- Includes portion of patients with mixed UI
% Growth	+3%	+3%	+3%	+3%	+3%	+3%		
% Incontinence Pts Seeking Treatment	46%	47%	49%	50%	50%	50%		- Patients seeking treatment increase with better
Incontinence Pts Seeking Treatment	9,367	9,766	10,584	11,070	11,471	11,815	+5%	diagnosis, availability of newer treatments
Drug Therapy Market Share	40%	41%	41%	43%	43%	44%		- Drug therapy market share expands modestly
Incontinence Pts Placed On Drug Tx	3,712	4,044	4,359	4,771	4,963	5,174	+7%	
Drug Therapy Retention Factor	37%	41%	42%	41%	42%	43%		- Newer products with fewer side effects and longer
Incontinence Pts Compliant With Tx	1,387	1,662	1,826	1,953	2,099	2,231	+10%	duration drive usage
% Incontinence Pts Compliant With Tx	14%	16%	17%	18%	18%	19%		
Total # of Rx's	**14,722**	**17,575**	**19,523**	**20,868**	**22,395**	**23,777**	+10%	- Newer products for urge incontinence drive
% Growth	**+9%**	**+19%**	**+11%**	**+7%**	**+7%**	**+6%**		
Detrol LA (PFE) Market Share	**40%**	**38%**	**37%**	**37%**	**38%**	**38%**		- Once-daily LA launched 1/01
Prescriptions (000's)	5,873	6,706	7,300	7,809	8,488	9,082		- Improved side-effect profile compared to Detrol
Price Therapy/Day	$3.30	$3.30	$3.30	$3.30	$3.30	$3.30		
Detrol LA Sales ($MM)	**$690**	**$790**	**$860**	**$920**	**$1,000**	**$1,070**	+9%	
Ditropan XL (JNJ/AZA) Market Share	**21%**	**20%**	**4%**	**4%**	**3%**	**3%**		- New treatments with lower side effects clip
Prescriptions (000's)	3,150	3,538	878	744	712	673		- Launched 2/99 for overactive bladder
Price Therapy/Day	$3.60	$3.60	$3.60	$3.60	$3.60	$3.60		- Patent exclusivity lost in 2006
Ditropan XL Sales ($MM)	**$400**	**$450**	**$110**	**$94**	**$90**	**$85**	-27%	
Oxytrol (WPI) Market Share	**4%**	**4%**	**4%**	**5%**	**5%**	**3%**		- Oxybutynin patch; improved side-effect profile
Prescriptions (000's)	533	671	821	1,010	1,073	802		- WPI has reduced marketing support
Price Therapy/Day	$2.25	$2.35	$2.40	$2.40	$2.40	$3.40		
Oxytrol Sales ($MM)	**$39**	**$52**	**$65**	**$80**	**$85**	**$90**	+18%	
Enablex (NVS) Market Share		**2%**	**3%**	**4%**	**4%**	**5%**		- Sold by Pfizer to Novartis in Q1:2003
Prescriptions (000's)		346	563	736	909	1,082		- Launched in Q1:05; co-promoted by P&G
Price Therapy/Day		$3.30	$3.30	$3.30	$3.30	$3.30		- Darifenacin; M3 antagonist
Enablex Sales ($MM)		**$40**	**$65**	**$85**	**$105**	**$125**		- Side-effect profile expected to clip potential
Sanctura (Esprit) Market Share	**1%**	**2%**	**2%**	**3%**	**4%**	**4%**		- Approved 5/04; Q3:2004 launch
Prescriptions (000's)	76	312	476	649	866	1,039		- Twice-daily dosing may limit uptake
Price Therapy/Day	$3.30	$3.30	$3.30	$3.30	$3.30	$3.30		- Esprit licensed via Indevus/ Odyssey July '05
Sanctura Sales ($MM)	**$8**	**$35**	**$55**	**$75**	**$100**	**$120**	+72%	- Once-daily XR version is in Phase III trials
Vesicare (Astellas/GSK) Market Share		**4%**	**4%**	**5%**	**5%**	**5%**		- NDA Filing 12/02; launched in Q1:05
Prescriptions (000's)		624	779	952	1,126	1,299		- GlaxoSmithKline co-marketing in U.S.
Price Therapy/Day		$3.30	$3.30	$3.30	$3.30	$3.30		- Astellas (Yamanouchi + Fujisawa) holds rights
Vesicare Sales ($MM)		**$70**	**$90**	**$110**	**$130**	**$150**		
Detrol (PFE) Market Share	**5%**	**5%**	**5%**	**5%**	**5%**	**5%**		- Continued conversion to LA
Prescriptions (000's)	734	858	944	944	1,030	1,116		
Price Therapy/Day	$3.30	$3.30	$3.30	$3.30	$3.30	$3.30		- Price increases bolster switch to Detrol LA
Detrol Sales ($MM)	**$90**	**$100**	**$110**	**$110**	**$120**	**$130**	+8%	
Generic Oxybutynin Market Share	**17%**	**14%**	**28%**	**26%**	**25%**	**24%**		- Share decline with launch of new UUI therapies
Prescriptions (000's)	2,500	2,500	5,500	5,500	5,600	5,750		- Ditropan XL patent exclusivity lost in 2006
Oxybutynin Generics Sales ($MM)	**$30**	**$30**	**$70**	**$70**	**$70**	**$70**	+18%	
Other Therapies Sales ($MM)	**$28**	**$30**	**$33**	**$44**	**$44**	**$46**	+10%	- Other generics (flavoxate, imipramine, etc.)
U.S. Incontinence Drug Sales ($MM)	**$1,285**	**$1,600**	**$1,460**	**$1,590**	**$1,740**	**$1,890**	+8%	- Improved treatments, better compliance
% Growth	**+14%**	**+25%**	**-9%**	**+9%**	**+9%**	**+9%**		- Clipped in 2006 by Ditropan XL generics

Source: SG Cowen estimates, IMS Monthly Prescriptions.
** Patient population and scrips in 000's; sales in $MM.*

Notes

Notes

Notes

DOCKET ALARM

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts

Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research

With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips

Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.