COWEN AND COMPANY

Therapeutic Categories Outlook

October 2006

Comprehensive Study

Pharmaceuticals
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Biotechnology
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Medical Supplies & Devices
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Conclusion: The $500B worldwide pharmaceutical industry is positioned to deliver mid single-digit growth supported by promising R&D pipelines. This comprehensive study forecasts trends in the major therapeutic drug categories through 2010. 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 2010?

Market Share	Market Share Gain	Market Share Loss	Total Therapeutic Positions	Leading Therapeutic Positions
Sanofi-Aventis	Sanofi-Aventis	Pfizer	Pfizer (12)	AstraZeneca (3)
Pfizer	Roche	GlaxoSmithKline	Novartis (11)	Eli Lilly (3)
GlaxoSmithKline	Novartis	Johnson & Johnson	GlaxoSmithKline (9)	GlaxoSmithKline (3)
Roche	Amgen	AstraZeneca	Johnson & Johnson (9)	Sanofi-Aventis (3)
Novartis	Eli Lilly	Merck	Merck (9)	
AstraZeneca	Schering-Plough	Bristol-Myers Squibb	Sanofi-Aventis (9)	

GLOBAL PHARMACEUTICAL INDUSTRY VALUATION PERSPECTIVE

	Ticker	Rating	10/02/06 Price	EPS 2006E	EPS 2007E	P/E Ratios 2006	P/E Ratios 2007	F05-10 CAGR
Abbott Laboratories	ABT	1	$48	$2.53	$2.92	18.8	16.3	+11%
Amgen	AMGN	1	71	3.70	4.30	19.2	16.5	+16%
Bristol-Myers Squibb	BMY	3	25	0.95	1.15	26.1	21.5	+5%
Eli Lilly	LLY	1	57	3.12	3.30	18.2	17.2	+11%
Genentech	DNA	2	83	2.05	2.55	40.5	32.6	+28%
GlaxoSmithKline	GSK	2	55	3.46	3.62	15.9	15.2	+5%
Johnson & Johnson	JNJ	1	65	3.68	3.98	17.7	16.4	+8%
Merck	MRK	2	42	2.47	2.30	17.0	18.2	+1%
Pfizer	PFE	3	28	2.00	2.05	14.1	13.8	+4%
Schering-Plough	SGP	1	22	0.70	0.90	NM	NM	+34%
Wyeth	WYE	1	51	3.12	3.25	16.2	15.6	+5%

Ratings: 1 Outperform; 2 Neutral; 3 Underperform

Source: Company reports and Cowen and Company estimates

ESTIMATED U.S. MARKET FOR URINARY INCONTINENCE DRUGS*

	2005	2006E	2007E	2008P	2009P	2010P	CGR	Comment
U.S. Population/Prescriptions (000's)								
Overactive Bladder Sufferers	20,890	21,517	22,163	22,827	23,512	24,218	+3%	- 20MM+ Americans with overactive bladder
% Growth	+3%	+3%	+3%	+3%	+3%	+3%		- Modest growth assumed
% With Urge Symptoms	50%	50%	50%	50%	50%	50%		- Approximately 50% urge and 50% stress
Stress/Stress Predominant UI Sufferers	15,668	16,138	16,622	17,121	17,634	18,163	+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	10,445	10,759	11,081	11,414	11,756	12,109	+3%	- Includes portion of patients with mixed UI
% Growth	+3%	+3%	+3%	+3%	+3%	+3%		
% Incontinence Pts Seeking Treatment	47%	49%	50%	50%	50%	51%		- Patients seeking treatment increase with better
Incontinence Pts Seeking Treatment	9,766	10,584	11,070	11,471	11,815	12,290	+5%	diagnosis, availability of newer treatments
Drug Therapy Market Share	41%	41%	43%	43%	44%	45%		- Drug therapy market share expands modestly
Incontinence Pts Placed On Drug Tx	4,044	4,359	4,742	4,963	5,143	5,476	+6%	
Drug Therapy Retention Factor	41%	43%	42%	43%	45%	45%		- Newer products with fewer side effects and longer
Incontinence Pts Compliant With Tx	1,677	1,871	1,981	2,113	2,304	2,480	+8%	duration drive usage
% Incontinence Pts Compliant With Tx	16%	17%	18%	19%	20%	20%		
Total # of Rx's	**17,723**	**19,875**	**21,065**	**22,497**	**24,491**	**26,317**	+8%	- Newer products for urge incontinence drive
% Growth	**+6%**	**+12%**	**+6%**	**+7%**	**+9%**	**+7%**		growth; Medicare drug benefit an opportunity
Detrol LA (PFE) Market Share	**40%**	**40%**	**40%**	**38%**	**37%**	**36%**		- Once-daily LA launched 1/01
Prescriptions (000's)	7,016	7,962	8,366	8,654	9,116	9,520		- Improved side-effect profile compared to Detrol
Price Therapy/Day	$2.43	$2.43	$2.43	$2.43	$2.43	$2.43		
Detrol LA Sales ($MM)	**$608**	**$690**	**$725**	**$750**	**$790**	**$825**	+6%	
Ditropan XL (JNJ/AZA) Market Share	**20%**	**9%**	**4%**	**1%**	**1%**	**1%**		- Generics expected to clip in 2006
Prescriptions (000's)	3,562	1,805	855	142	142	142		- Launched 2/99 for overactive bladder
Price Therapy/Day	$3.00	$3.00	$3.00	$3.00	$3.00	$3.00		- Patent exclusivity lost in 2006
Ditropan XL Sales ($MM)	**$375**	**$190**	**$90**	**$15**	**$15**	**$15**	-47%	
Oxytrol (WPI) Market Share	**3%**	**3%**	**3%**	**3%**	**3%**	**3%**		- Oxybutynin patch; improved side-effect profile
Prescriptions (000's)	492	586	644	703	762	820		- WPI has reduced marketing support
Price Therapy/Day	$2.59	$2.59	$2.59	$2.59	$2.59	$2.59		
Oxytrol Sales ($MM)	**$42**	**$50**	**$55**	**$60**	**$65**	**$70**	+11%	
Enablex (NVS) Market Share	**2%**	**4%**	**6%**	**8%**	**10%**	**11%**		- Sold by Pfizer to Novartis in Q1:2003
Prescriptions (000's)	385	883	1,354	1,765	2,354	2,942		- Launched in Q1:05; co-promoted by P&G
Price Therapy/Day	$2.60	$2.43	$2.43	$2.43	$2.43	$2.43		- Darifenacin; M3 antagonist
Enablex Sales ($MM)	**$35**	**$75**	**$115**	**$150**	**$200**	**$250**	+48%	- Side-effect profile expected to clip potential
Sanctura (Esprit) Market Share	**2%**	**2%**	**2%**	**2%**	**4%**	**6%**		- Approved 5/04; Q3:2004 launch
Prescriptions 000's)	354	413	472	531	886	1,476		- Twice-daily dosing; XR formulation in Phase III
Price Therapy/Day	$2.42	$2.42	$2.42	$2.42	$2.42	$2.42		- Esprit licensed via Indevus/ Odyssey July '05
Sanctura Sales ($MM)	**$30**	**$35**	**$40**	**$45**	**$75**	**$125**	+33%	- Once-daily XR version is in Phase III trials
Vesicare (Astellas/GSK) Market Share	**3%**	**5%**	**8%**	**10%**	**12%**	**12%**		- NDA Filing 12/02; launched in Q1:05
Prescriptions (000's)	459	1,059	1,648	2,295	2,825	3,178		- GlaxoSmithKline co-marketing in U.S.
Price Therapy/Day	$2.80	$2.43	$2.43	$2.43	$2.43	$2.43		- Astellas (Yamanouchi + Fujisawa) holds rights
Vesicare Sales ($MM)	**$45**	**$90**	**$140**	**$195**	**$240**	**$270**	+43%	
Detrol (PFE) Market Share	**4%**	**3%**	**2%**	**2%**	**2%**	**1%**		- Continued conversion to LA
Prescriptions (000's)	780	582	524	466	408	349		
Price Therapy/Day	$2.43	$2.43	$2.43	$2.43	$2.43	$2.43		- Price increases bolster switch to Detrol LA
Detrol Sales ($MM)	**$67**	**$50**	**$45**	**$40**	**$35**	**$30**	-15%	
Generic Oxybutynin Market Share	**15%**	**22%**	**23%**	**24%**	**21%**	**19%**		- Share decline with launch of new UUI therapies
Prescriptions 000's)	2,654	4,323	4,745	5,349	5,135	4,878		- Ditropan XL patent exclusivity lost in 2006
Oxybutynin Generics Sales ($MM)	**$30**	**$85**	**$85**	**$80**	**$75**	**$70**	+19%	
Other Therapies Sales ($MM)	**$30**	**$35**	**$35**	**$40**	**$40**	**$45**	+9%	- Other generics (flavoxate, imipramine, etc.)
U.S. Incontinence Drug Sales ($MM)	**$1,262**	**$1,300**	**$1,330**	**$1,375**	**$1,535**	**$1,700**	+6%	- Improved treatments, better compliance
% Growth	**+11%**	**+3%**	**+2%**	**+3%**	**+12%**	**+11%**		- Clipped in 2006 by Ditropan XL generics

Source: Cowen and Company estimates, IMS Monthly Prescriptions.

** Patient population and scrips in 000's; sales in $MM.*

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