

Therapeutic Categories Outlook

October 2007

Comprehensive Study

Pharmaceuticals
(617) 946-3700

Biotechnology
(646) 562-1000

Medical Supplies & Devices
(646) 562-1000

Conclusion: The \$560B 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 2012. 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 2012?

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

GLOBAL PHARMACEUTICAL INDUSTRY VALUATION PERSPECTIVE

TICKER	Rating*	09/28/07 Price	Diluted Cal. Year EPS		P/E Ratios Absolute		Relative			2006-12 CAGR	
			2007E	2008E	2007	2008	2006	2007	2008		
LARGE CAP - US											
Abbott Laboratories	ABT	1	\$54	\$2.84	\$3.26	18.9	16.4	123%	117%	108%	+13%
Amgen	AMGN	1	57	4.20	4.25	13.6	13.4	84%	84%	88%	+8%
AstraZeneca	AZN	2	50	4.10	4.25	12.2	11.8	75%	76%	78%	+4%
Bristol-Myers Squibb	BMJ	3	29	1.40	1.65	20.6	17.5	154%	128%	115%	+7%
Eli Lilly	LLY	1	57	3.45	3.65	16.5	15.6	103%	102%	103%	+7%
Genentech	DNA	2	78	2.95	3.55	26.4	22.0	202%	164%	145%	+16%
GlaxoSmithKline	GSK	2	53	3.84	3.88	13.9	13.7	82%	86%	90%	+4%
Johnson & Johnson	JNJ	1	66	4.04	4.40	16.3	14.9	101%	101%	98%	+10%
Merck	MRK	1	52	3.00	3.30	17.2	15.7	118%	107%	103%	+8%
Pfizer	PFE	2	24	2.10	2.30	11.6	10.6	68%	72%	70%	+1%
Schering-Plough	SGP	1	32	1.35	1.75	23.4	18.1	220%	145%	119%	+23%
Wyeth	WYE	2	45	3.48	3.65	12.8	12.2	82%	79%	80%	+3%

*Ratings: 1 Outperform; 2 Neutral; 3 Underperform
Source: Cowen and Company estimates and First Call

ESTIMATED WORLDWIDE MARKET FOR URINARY INCONTINENCE DRUGS BY CLASS (\$MM)

Drug Class	2006		2012P		\$ '06-12	NRx '87-06	Comments
	Market	% Total	Market	% Total	CGR	CGR	
Anticholinergic Agents	\$1,422	78%	\$522	15%	-15%	NA	- PFE's Detrol LA, JNJ's Ditropan XL
Newer Therapies	407	22%	2,905	85%	NM	NM	- NVS' Enablex, WPI's Oxytrol, Astellas/GSK's Vesicare, Indevus' Sanctura
Total Market	\$1,829	100%	\$3,427	100%	11%	16%	- Driven by switch to drug therapy

Source: Cowen and Company estimates

ESTIMATED U.S. MARKET FOR URINARY INCONTINENCE DRUGS*

	2006	2007E	2008E	2009E	2010E	2011E	2012E	CGR	Comment
U.S. Population/Prescriptions (000's)									
Overactive Bladder Sufferers	21,517	22,163	22,827	23,512	24,218	24,944	25,692	+3%	- 20MM+ Americans with overactive bladder
% Growth	+3%	+3%	+3%	+3%	+3%	+3%	+3%	+3%	- Modest growth assumed
% Growth	+3%	+3%	+3%	+3%	+3%	+3%	+3%	+3%	
% Incontinence Pts Seeking Treatment	49%	50%	50%	50%	51%	51%	51%		- Patients seeking treatment increase with better diagnosis, availability of newer treatments
Incontinence Pts Seeking Treatment	10,584	11,070	11,471	11,815	12,290	12,659	13,039	+4%	
Drug Therapy Market Share	41%	43%	43%	44%	45%	45%	45%		- Drug therapy market share expands modestly
Incontinence Pts Placed On Drug Tx	4,359	4,742	4,963	5,143	5,476	5,640	5,809	+5%	
Drug Therapy Retention Factor	40%	38%	40%	41%	42%	44%	44%		- Newer products with fewer side effects and longer duration drive usage
Incontinence Pts Compliant With Tx	1,742	1,821	1,976	2,124	2,320	2,466	2,533	+6%	
% Incontinence Pts Compliant With Tx	16%	16%	17%	18%	19%	20%	20%		
Total Prescriptions	16,373	17,241	18,758	20,222	22,189	23,671	24,794	+7%	- Newer products for urge incontinence drive growth
% Growth	+8%	+5%	+9%	+8%	+10%	+7%	+5%		
Detrol LA (PFE) Market Share	42%	41%	38%	34%	31%	29%	9%		- Tolterodine; 1x daily
Prescriptions (000's)	6,915	7,063	7,194	6,976	6,976	6,976	2,180	-18%	- Launched 1/01
Price Therapy/Day	\$3.21	\$3.21	\$3.21	\$3.21	\$3.21	\$3.21	\$3.21		- Improved side-effect profile compared to Detrol
Price/Prescription	\$114.68	\$114.68	\$114.68	\$114.68	\$114.68	\$114.68	\$114.68		- Priced similar to Ditropan XL
Detrol LA Sales (\$MM)	\$793	\$810	\$825	\$800	\$800	\$800	\$250	-18%	
Ditropan XL (JNJ) Market Share	16%	3%	2%	1%	1%	1%	1%		- Oxybutynin
Prescriptions (000's)	2,662	529	355	298	256	215	182	-36%	- Launched 2/99 for overactive bladder
Price Therapy/Day	\$3.45	\$3.45	\$3.45	\$3.45	\$3.45	\$3.45	\$3.45		- Generics launched 11/06
Ditropan XL Sales (\$MM)	\$322	\$64	\$43	\$36	\$31	\$26	\$22	-36%	
Oxytrol (WPI) Market Share	3%	3%	3%	3%	3%	3%	3%		- Oxybutynin patch; improved side-effect profile
Prescriptions (000's)	441	462	513	564	615	667	718	+8%	- WPI has reduced marketing support
Price Therapy/Day	\$2.95	\$2.95	\$2.95	\$2.95	\$2.95	\$2.95	\$2.95		
Oxytrol Sales (\$MM)	\$43	\$45	\$50	\$55	\$60	\$65	\$70	+8%	
Enablex (NVS) Market Share	7%	7%	8%	9%	10%	10%	11%		- Darifenacin
Prescriptions (000's)	1,104	1,263	1,544	1,824	2,152	2,339	2,620	+15%	- Launched in Q1 05; co-promoted by P&G
Price Therapy/Day	\$3.05	\$3.05	\$3.05	\$3.05	\$3.05	\$3.05	\$3.05		- Sold by Pfizer to Novartis in Q1 03
Enablex Sales (\$MM)	\$118	\$135	\$165	\$195	\$230	\$250	\$280	+15%	- Side-effect profile expected to clip potential
Sanctura/XR (Esprit/IDEV) Market Share	2%	4%	7%	10%	12%	14%	15%		- Trosipium
Prescriptions (000's)	389	773	1,289	1,933	2,578	3,222	3,609	+45%	- Current formulation 2x daily dosing
Price Therapy/Day	\$2.22	\$2.22	\$2.22	\$2.22	\$2.22	\$2.22	\$2.22		- Esprit licensed via Indevus/ Odyssey July '05
Sanctura Sales (\$MM)	\$37	\$60	\$100	\$150	\$200	\$250	\$280	+40%	- 1x daily formulation approved
Vesicare (Astellas/GSK) Market Share	8%	9%	11%	12%	12%	13%	13%		- Solifenacin
Prescriptions (000's)	1,297	1,621	1,982	2,342	2,702	2,972	3,243	+16%	- Launched in Q1 05
Price Therapy/Day	\$3.17	\$3.17	\$3.17	\$3.17	\$3.17	\$3.17	\$3.17		- GlaxoSmithKline co-markets in U.S.
Vesicare Sales (\$MM)	\$144	\$180	\$220	\$260	\$300	\$330	\$360	+16%	- Astellas holds rights
Fesoterodine (PFE) Market Share				2%	5%	6%	8%		- U.S. approval in early 2009
Prescriptions (000's)				444	1,111	1,481	2,037	NM	
Price Therapy/Day				\$4.50	\$4.50	\$4.50	\$4.50		
Fesoterodine Sales (\$MM)				\$60	\$150	\$200	\$275	NM	
Detrol (PFE) Market Share	4%	2%	2%	1%	1%	1%	1%		- Tolterodine
Prescriptions (000's)	597	373	332	290	249	249	249	-14%	
Price Therapy/Day	\$3.42	\$3.42	\$3.42	\$3.42	\$3.42	\$3.42	\$3.42		
Detrol Sales (\$MM)	\$72	\$45	\$40	\$35	\$30	\$30	\$30	-14%	
Generic Oxybutynin Market Share	17%	29%	29%	27%	24%	23%	22%		- Ditropan XL generics launched 11/06
Prescriptions (000's)	2,835	5,023	5,417	5,417	5,417	5,417	5,458	+12%	
Oxybutynin Generics Sales (\$MM)	\$54	\$60	\$65	\$65	\$65	\$65	\$65	+3%	
Generic Detrol LA Market Share							18%		- Share decline with launch of new therapies
Prescriptions (000's)							4,500		- Detrol LA generic expected 2012
Detrol LA Generics Sales (\$MM)							\$45		
Other Therapies Sales (\$MM)	\$2	\$2	\$2	\$2	\$2	\$2	\$2	+0%	- Other generics (flavoxate, imipramine, etc.)
U.S. Incontinence Drug Sales (\$MM)	\$1,585	\$1,401	\$1,510	\$1,658	\$1,868	\$2,018	\$1,679	+1%	- Improved treatments, better compliance
% Growth	+12%	-12%	+8%	+10%	+13%	+8%	-17%		- Clipped in 2006 by Ditropan XL generics; in 2012 by Detrol LA g

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

Addendum

STOCKS MENTIONED IN IMPORTANT DISCLOSURES

Ticker	Company Name
ABT	Abbott
AMGN	Amgen
AZN	AstraZeneca PLC (ADR)
BMJ	Bristol-Myers Squibb
DNA	Genentech
GSK	GlaxoSmithKline plc (ADR)
JNJ	Johnson & Johnson
LLY	Eli Lilly
MRK	Merck
PFE	Pfizer
SGP	Schering-Plough
WYE	Wyeth

ANALYST CERTIFICATION

Each author of this research report hereby certifies that (i) the views expressed in the research report accurately reflect his or her personal views about any and all of the subject securities or issuers, and (ii) no part of his or her compensation was, is, or will be related, directly or indirectly, to the specific recommendations or views expressed in this report.

IMPORTANT DISCLOSURES

Cowen and Company, LLC and or its affiliates make a market in the stock of AMGN securities.

The author(s) of this report own a Long position in the Common shares issued by MRK, PFE, PFE.

A member of author's household owns a Long position in the Common shares issued by AMGN.

Cowen and Company, LLC compensates research analysts for activities and services intended to benefit the firm's investor clients. Individual compensation determinations for research analysts, including the author(s) of this report, are based on a variety of factors, including the overall profitability of the firm and the total revenue derived from all sources, including revenues from investment banking. Cowen and Company, LLC does not compensate research analysts based on specific investment banking transactions.

DISCLAIMER

This research is for our clients only. Our research is disseminated primarily electronically and, in some cases, in printed form. Research distributed electronically is available simultaneously to all Cowen and Company, LLC clients. All published research, including required disclosures, can be obtained on the Firm's client website, www.cowenresearch.com.

Further information on any of the above securities may be obtained from our offices. This report is published solely for information purposes, and is not to be construed as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Other than disclosures relating to Cowen and Company, LLC, the information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete statement or summary of the available data. Any opinions expressed herein are statements of our judgment on this date and are subject to change without notice.

Notice to UK Investors: This publication is issued in the United Kingdom by or through Cowen International Limited. In the United Kingdom, Cowen and Company is a Trading Name of Cowen International Limited.

This communication has been issued in the U.K. only to persons of a kind described in Article 19 and 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 ("relevant persons"). It must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is only available to relevant persons and will be engaged in only with relevant persons.

Copyright, User Agreement and other general information related to this report

© 2007 Cowen and Company, LLC. Member NYSE, FINRA and SIPC. All rights reserved. This research report is prepared for the exclusive use of Cowen clients and may not be reproduced, displayed, modified, distributed, transmitted or disclosed, in whole or in part, or in any form or manner, to others outside your organization without the express prior written consent of Cowen. Cowen research reports are distributed simultaneously to all clients eligible to receive such research prior to any public dissemination by Cowen of the research report or information or opinion contained therein. Any unauthorized use or disclosure is prohibited. Receipt and/or review of this research constitutes your agreement not to reproduce, display, modify, distribute, transmit, or disclose to others outside your organization the contents, opinions, conclusion, or information contained in this report (including any investment recommendations, estimates or price targets). All Cowen trademarks displayed in this report are owned by Cowen and may not be used without its prior written consent.

Cowen and Company, LLC. New York (646) 562-1000 **Boston** (617) 946-3700 **San Francisco** (415) 646-7200 **Chicago** (312) 516-4690 **Cleveland** (440) 331-3531 **London (affiliate)** 44-207-071-7500 **Geneva (affiliate)** 41-22-707-6900

COWEN AND COMPANY RATING DEFINITIONS (a)

Rating	Definition
Outperform (1)	Stock expected to outperform the S&P 500
Neutral (2)	Stock expected to perform in line with the S&P 500
Underperform (3)	Stock expected to underperform the S&P 500

(a) Assumptions: Time horizon is 12 months; S&P 500 is flat over forecast period.

COWEN AND COMPANY RATING ALLOCATION (a)

Rating	Pct of companies under coverage with this rating	Pct for which Investment Banking services have been provided within the past 12 months
Buy (b)	50.4%	10.2%
Hold (c)	46.7%	4.1%
Sell (d)	2.9%	0.0%

(a) As of 09/30/2007. (b) Corresponds to "Outperform" rated stocks as defined in Cowen and Company, LLC's rating definitions (see above). (c) Corresponds to "Neutral" as defined in Cowen and Company, LLC's ratings definitions (see above). (d) Corresponds to "Underperform" as defined in Cowen and Company, LLC's ratings definitions (see above). Note: "Buy," "Hold" and "Sell" are not terms that Cowen and Company, LLC uses in its ratings system and should not be construed as investment options. Rather, these ratings terms are used illustratively to comply with NASD and NYSE regulations.

To view price charts, please see <http://pricecharts.cowen.com/pricechart.asp> or call 1-800-221-5616