COWEN AND COMPANY

Therapeutic Categories Outlook

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Comprehensive Study

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Conclusion: The $600B 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 2013. 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 2013?

Market Share	Market Share Gain	Market Share Loss	Total Therapeutic Positions	Leading Therapeutic Positions
GlaxoSmithKline	Wyeth	Johnson & Johnson	Novartis (13)	Eli Lilly (3)
Sanofi-Aventis	Schering-Plough	Merck	Pfizer (11)	GlaxoSmithKline (3)
Roche	Abbott	Sanofi-Aventis	Johnson & Johnson (9)	Schering-Plough (3)
Pfizer	Genentech	AstraZeneca	Merck (9)	Wyeth (3)
Johnson & Johnson		Eli Lilly		

GLOBAL PHARMACEUTICAL INDUSTRY VALUATION PERSPECTIVE

				EPS		P/E Ratios				
			09/22/08	Calendar Year		Absolute		Relative		2007-13
	Ticker	Rating	Price	2008E	2009E	2008	2009	2008	2009	CAGR
LARGE CAP - US										
Abbott Laboratories	ABT	1	$59	$3.24	$3.69	18.1	15.9	143%	134%	+13%
AstraZeneca	AZN	2	47	4.80	4.85	9.7	9.6	77%	81%	+2%
Amgen	AMGN	1	58	4.40	4.65	13.1	12.4	103%	104%	+8%
Bristol-Myers Squibb	BMY	2	20	1.60	1.75	12.7	11.6	100%	98%	+5%
Eli Lilly	LLY	1	46	3.95	4.20	11.6	10.9	92%	92%	+1%
Genentech	DNA	2	91	3.45	3.95	26.5	23.2	210%	195%	+13%
GlaxoSmithKline	GSK	2	45	4.16	4.32	10.8	10.4	86%	88%	+5%
Johnson & Johnson	JNJ	1	68	4.44	4.70	15.3	14.5	121%	122%	+9%
Merck	MRK	1	31	3.20	3.45	9.6	8.9	76%	75%	+4%
Novartis	NVS	1	54	3.75	4.10	14.4	13.1	114%	111%	+6%
Pfizer	PFE	2	18	2.35	2.55	7.7	7.1	61%	60%	+1%
Schering-Plough	SGP	2	18	1.60	1.75	11.3	10.4	90%	87%	+11%
Wyeth	WYE	2	38	3.50	3.70	10.7	10.1	85%	86%	+6%

ESTIMATED U.S. MARKET FOR URINARY NCONTINENCE DRUGS*

	2007	2008P	2009P	2010P	2011P	2012P	CGR	Comment
U.S. Population/Prescriptions (000's)								
Overactive Bladder Sufferers	22,163	22,827	23,512	24,218	24,944	25,692	+4%	- 18MM+ Americans with overactive bladder
% With Urge UI Symptoms	50%	50%	50%	50%	50%	50%		
Urge/Urge Predominant UI Sufferers	11,081	11,414	11,756	12,109	12,472	12,846	+4%	- Includes portion of patients with mixed UI
% Growth	+3%	+3%	+3%	+3%	+3%	+3%		
% UUI Patients Seeking Treatment	47%	48%	48%	49%	49%	49%		
UUI Patients Seeking Treatment	5,253	5,479	5,643	5,933	6,111	6,295	+5%	
Drug Therapy Market Share	72%	72%	72%	73%	73%	73%		- NAFC survey (100K members) showed 50%+
UUI Patients Placed On Drug Tx	3,782	3,945	4,063	4,331	4,461	4,595	+5%	
Drug Therapy Retention Factor	43%	44%	44%	45%	45%	46%		- Newer products with lower side effects and longer
UUI Patients Compliant With Tx	1,636	1,774	1,889	1999	2066	2044		duration improve compliance and retention
% UUI Patients Compliant With Tx	15%	16%	16%	17%	17%	16%		
Number of Scrips Filled/Year	17,313	18,838	20,069	21,279	22,004	22,181	+6%	- Products with lower side effects improving
% Growth	+6%	+9%	+7%	+6%	+3%	+1%		retention and pharmacotherapy usage
Detrol LA (PFE) Market Share	39%	35%	32%	29%	28%	9%		- Tolterodine; 1x daily
Prescriptions (000's)	6,776	6,603	6,403	6,202	6,202	2,001		- Competitive pressures due to new product launches in recent months
% Growth	-2%	-3%	-3%	-3%	+0%	-68%		
Price Therapy/Day	$3.31	$3.50	$3.50	$3.50	$3.50	$3.50		
Price/Prescription	$118.06	$124.95	$124.95	$124.95	$124.95	$124.95		
Detrol LA Sales ($MM)	$800	$825	$800	$775	$775	$250	+1%	- Less dry mouth, once-daily profile still keeps it a leader until 2012
Enablex (NVS) Market Share	9%	8%	8%	8%	8%	8%		- Rx share has seen little change in past 12 months
Prescriptions (000's)	1,539	1,576	1,626	1,675	1,724	1,773		
% Growth	+39%	+2%	+3%	+3%	+3%	+3%		
Price Therapy/Day	$2.78	$2.90	$2.90	$2.90	$2.90	$2.90		
Price/Prescription	$97.47	$101.50	$101.50	$101.50	$101.50	$101.50		
Enablex Sales ($MM)	$150	$160	$165	$170	$175	$180	NA	
Ditropan XL (JNJ) Market Share	2%	2%	1%	1%	1%	1%		- Genericized in 2006
Prescriptions (000's)	362	299	251	216	181	153		
% Growth	-86%	-17%	-16%	-14%	-16%	-15%		
Price Therapy/Day	$4.09	$4.09	$4.09	$4.09	$4.09	$4.09		
Price/Prescription	$143.6	$143.6	$143.6	$143.6	$143.6	$143.6		
Ditropan XL Sales ($MM)	$52	$43	$36	$31	$26	$22	+1%	
Detrol (PFE) Market Share	3%	2%	1%	1%	1%	1%		- Genericized
Prescriptions (000's)	509	328	287	246	246	246		
% Growth	-15%	-35%	-13%	-14%	+0%	+0%		
Price Therapy/Day	$3.45	$3.45	$3.45	$3.45	$3.45	$3.45		-
Price/Prescription	$121.8	$121.8	$121.8	$121.8	$121.8	$121.8		
Detrol Sales ($MM)	$62	$40	$35	$30	$30	$30	-21%	
Oxytrol (WPI) Market Share	2%	2%	2%	2%	2%	2%		- Oxybutynin patch; improved side-effect profile
Prescriptions (000's)	395	395	395	395	395	395		- Marketed by Women's Health, GP Division & CSO
% Growth	-10%	+0%	+0%	+0%	+0%	+0%		
Price Therapy/Day	$2.69	$2.69	$2.69	$2.69	$2.69	$2.69		
Oxytrol Sales ($MM)	$35	$35	$35	$35	$35	$35	NA	
Vesicare (YM-905) Market Share	12%	13%	13%	13%	13%	14%		- Launched in Q1:05
Prescriptions (000's)	2,065	2,529	2,697	2,824	2,950	3,034		- GlaxoSmithKline co-markets in U.S. with Astellas; strong launch
% Growth	+59%	+22%	+7%	+5%	+4%	+3%		
Price Therapy/Day	$3.39	$3.39	$3.39	$3.39	$3.39	$3.39		
Vesicare Sales ($MM)	$245	$300	$320	$335	$350	$360	NA	- 2007A based on IMS sales data
Sanctura/XR (Allergan) Market Share	2%	5%	9%	11%	12%	14%		- Approved 5/04; launched Q3:04
Prescriptions (000's)	429	858	1,716	2,360	2,574	3,003		
% Growth	+10%	+100%	+100%	+38%	+9%	+17%		- Allergan markets via acquisition of Esprit in 2007
Price Therapy/Day	$3.33	$3.33	$3.33	$3.33	$3.33	$3.33		
Sanctura Sales ($MM)	$50	$100	$200	$275	$300	$350	NA	
Toviaz (PFE) Market Share			2%	5%	7%	9%		- Fesoterodine; overactive bladder; approvable; H2 08 in EU, early 2009
Prescriptions (000's)			444	1,111	1,481	2,037		- Improved side-effect profile compared to Detrol
% Growth				+150%	+33%	+38%		-
Price Therapy/Day			$4.50	$4.50	$4.50	$4.50		
Toviaz Sales ($MM)			$60	$150	$200	$275	NA	
Generic Oxybutynin Market Share	30%	33%	31%	29%	28%	23%		- Share decline with launch of new therapies
Prescriptions (000's)	5,238	6,250	6,250	6,250	6,250	5,038		
Oxybutynin Generics Sales ($MM)	$100	$75	$75	$75	$75	$65		
Generic Detrol LA Market Share						20%		- Share decline with launch of new therapies
Prescriptions (000's)						4,500		- Detrol LA generic expected 2012
Detrol LA Generics Sales ($MM)						$45		
Other Therapies Sales ($MM)	$0	$0	$0	$0	$0	$0	-8%	- Other generics (flavoxate, etc.)
Total UUI Drug Sales ($MM)	$1,494	$1,578	$1,726	$1,876	$1,966	$1,612	+6%	- Improved treatments, better compliance
% Growth	-1%	+6%	+9%	+9%	+5%	-18%		(Market sales include generics)

Source: Cowen and Company estimates, IMS America.

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

Addendum

STOCKS MENTIONED IN IMPORTANT DISCLOSURES

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

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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.

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Rating	Pct of companies under coverage with this rating	Pct for which Investment Banking services have been provided within the past 12 months
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Hold (c)	45.9%	1.9%
Sell (d)	3.4%	0.0%

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