

**MORGAN STANLEY EQUITY RESEARCH**  
**AMGEN: SOME SETBACKS FOR COMPETITORS IN EU**  
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**Quick Comment:** While EU competition in the erythropoietin market is inevitable over the next

several years, potential competitors have had two setbacks in the past 24 hours. Pliva, an Eastern

European company, and Mayne, its Australian partner, announced that they are no longer pursuing a biogeneric strategy for this market, and Shire announced that its expected launch of

Dynepo has been delayed from 2H06 to 1H07. Given the size of this market and the profits to

Amgen, all delays in competition in the US and EU are positive for the value of the company.

**What's New:** Mayne stated that it believes running the clinical trials and building the manufacturing capacity for a biogeneric erythropoietin (issues for all potential entrants in this

market) would be prohibitively expensive (Pliva could still partner somewhere else), and it is no

longer pursuing this market. Shire stated on its 4Q conference call this morning that it is delaying its Dynepo EU launch until 2007 as it pursues additional stability tests.

**Implications:** Potential competitors have faced several setbacks in the past several weeks (beyond these, Roche is delaying its oncology launch and J&J is cutting its US Procrit sales

force). As we have written previously, we view Amgen's position in the erythropoietin market as

the second best monopoly of our generation (behind Microsoft's Windows), and any delay to

competitors is accretive to the value of this company. The next major set of information in this

market is likely Phase III data from Stada in late March.

Stock Rating: Equal-weight

Industry View: In-Line

ModelWare EPS actual: (Dec 2004) USD 2.37; (Dec 2005) USD 3.20

ModelWare EPS estimate: (Dec 2006) USD 3.50; (Dec 2007) USD 4.02

Consensus EPS actual: (Dec 2004) USD 2.41; (Dec 2005) USD 3.20

Consensus EPS estimate: (Dec 2006) USD 3.47; (Dec 2007) USD 3.99

Share Price: USD 75.08 (Feb 22, 2006)

Target Price: USD 73.00

Market Cap (mm): USD 92,578

**END OF RESEARCH ABSTRACT**

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