SEPRACOR

Fact Sheet

Building Momentum

Sepracor Pharmaceuticals

Sepracor Inc. is a research-based pharmaceutical company dedicated to treating and preventing human disease through the discovery, development and commercialization of innovative pharmaceutical products that are directed toward serving unmet medical needs. Sepracor's drug development program has yielded an extensive portfolio of pharmaceutical compounds including candidates for the treatment of respiratory and central nervous system disorders. Sepracor's corporate headquarters are located in Marlborough, Massachusetts.

Sepracor's corporate agreements include: Schering-Plough for CLARINEX®; Aventis for ALLEGRA®; UCB Pharma for XYZAL®/XUSAL™; and a co-promotion agreement for MedPointe Inc.'s ASTELIN®.

Commercial Operations

- **XOPENEX® brand levalbuterol HCl**. XOPENEX brand levalbuterol HCl inhalation solution is marketed through Sepracor's 450-person sales force. XOPENEX is a short-acting bronchodilator indicated for the treatment or prevention of bronchospasm in patients 6 years of age and older with reversible obstructive airway disease, such as asthma. XOPENEX is available for use in a nebulizer at 0.31 mg and 0.63 mg dosage strengths for routine treatment of children 6 to 11 years old, and in 0.63 mg and 1.25 mg dosage strengths for patients 12 years of age and older.
- **ASTELIN® brand azelastine HCl**. Through a co-promotion agreement with MedPointe Inc., Sepracor's sales force details ASTELIN brand azelastine HCl, a nasal-spray antihistamine, to pulmonologists, allergists, pediatricians and primary care physicians in the U.S. ASTELIN is the only antihistamine that has been approved by the U.S. Food and Drug Administration (FDA) for the treatment of symptoms of both seasonal allergic rhinitis in adults and children 5 years of age and older and non-allergic vasomotor rhinitis in adults and children 12 years and older.
- **ALLEGRA® brand fexofenadine HCl**. Sepracor earns royalties from Aventis for sales of ALLEGRA, a nonsedating antihistamine, in the U.S. and other countries where Sepracor holds patents relating to fexofenadine (including Japan, Europe, Canada and Australia).
- **CLARINEX® brand desloratadine**. Sepracor earns royalties from Schering-Plough Corporation on sales of all formulations of CLARINEX brand desloratadine in the U.S. and in other countries where Sepracor holds patents relating to desloratadine. CLARINEX is indicated for the treatment of allergic rhinitis and chronic idiopathic urticaria (CIU), also known as hives of unknown cause, in patients 12 years of age and older.
- **XYZAL®/XUSAL™ brand levocetirizine**. Sepracor earns royalties from UCB on sales of levocetirizine in European countries where the product is sold. Levocetirizine is marketed as XUSAL in Germany and is marketed under the brand name XYZAL in other E.U. Member States. A single isomer of ZYRTEC®, levocetirizine is indicated for the treatment of symptoms of seasonal and perennial allergic rhinitis and CIU, in adults and children aged 6 years and older.

NDA-Track Programs

- **ESTORRA™ brand eszopiclone**. On February 27, 2004, Sepracor received an "approvable" letter from the FDA for its New Drug Application (NDA) for ESTORRA™ brand eszopiclone 2 mg and 3 mg tablets for the treatment of insomnia characterized by difficulty falling asleep, and/or difficulty maintaining sleep during the night and early morning for adult (2 mg and 3 mg) and elderly (2 mg) patients, and a 1 mg tablet for elderly patients whose primary complaint is difficulty falling asleep. The FDA has not requested additional clinical or preclinical trials for final approval.

  The ESTORRA NDA, which was submitted to the FDA on January 31, 2003, contained a total of 24 clinical trials, which included more than 2,700 adult and elderly subjects, and more than 60 preclinical studies. A total of six randomized, placebo-controlled Phase III studies, including one with a positive control, for the treatment of chronic or transient insomnia were conducted in both adult and elderly patients and were part of the NDA package.

  In the fourth quarter of 2003, Sepracor initiated Phase IIIB studies of ESTORRA, which are designed to evaluate eszopiclone for the treatment of insomnia in patients suffering from depression, rheumatoid arthritis and in women who experience symptoms of perimenopause. Sepracor also began a second double-blind, placebo-controlled, 6-month safety and efficacy study for the treatment of insomnia as part of its Phase IIIB program.

  Among the data presented at medical society meetings in 2003 were the results of:

  - the first long-term (six-month), double-blind, placebo-controlled efficacy and safety study ever performed in patients with insomnia;
  - a large-scale, six-week, randomized, double-blind, multi-center, placebo-controlled, parallel-design study in adult patients with chronic insomnia;
  - a six-month, open-label extension to the six-month, placebo-controlled study; and
  - a 231-patient, multi-center, randomized, double-blind, placebo-controlled, parallel-group study of elderly patients with chronic insomnia.

  The results of the six-month, double-blind, placebo-controlled study were also published in the November 2003 issue of the journal *SLEEP* (rapid review), the official publication of the Associated Professional Sleep Societies (APSS).

  In the first half of 2004, more than 20 abstracts and several oral presentations of ESTORRA data will be introduced at upcoming medical society meetings, including the American Psychiatric Association (APA), the APSS, the American Geriatrics Society, the American Association for Geriatric Psychiatry, the American Academy of Neurology and the American College of Obstetricians and Gynecologists.

- **XOPENEX® MDI**. In 2003, Sepracor completed its Phase III studies in both adults and children for a XOPENEX hydrofluoroalkane (HFA) metered-dose inhaler (MDI). Sepracor's MDI development program includes over 1,800 pediatric and adult subjects in 12 clinical studies of which three are large-scale, pivotal studies. Sepracor and 3M Drug Delivery Systems Division are collaborating under an agreement that includes scale-up and manufacturing for the MDI. The collaboration combines Sepracor's short-acting bronchodilator, XOPENEX, and 3M's expertise in manufacturing MDIs, the device most commonly used by patients for the treatment of asthma and chronic obstructive pulmonary disease (COPD).
- **Arformoterol**. Sepracor has completed more than 100 preclinical studies and has initiated or completed 15 clinical studies for arformoterol, formerly known as (R,R)-formoterol, inhalation solution as maintenance therapy for patients with COPD. Sepracor has recently completed a Phase III study of arformoterol and a second pivotal Phase III trial continues.

Phase I/II Clinical Candidates

- **(S)-Amlodipine**. In 2001, Sepracor submitted an Investigational New Drug Application (IND) to the FDA for (S)-amlodipine. Sepracor is investigating (S)-amlodipine as a potential treatment for hypertension and has conducted both Phase I and Phase II studies. Amlodipine, marketed by Pfizer Inc. as NORVASC®, is the leading calcium antagonist approved for use for the treatment of hypertension and angina. The evolving paradigms for hypertension treatment are focusing on the use of multiple mechanistic approaches as initial therapy, such as the use of calcium channel blockers (CCBs) with angiotensin converting enzyme (ACE) inhibitors or angiotensin II receptor blockers (ARBs). In 2004, Sepracor plans to expand the (S)-amlodipine program to include development of (S)-amlodipine in combination with other mechanistic approaches for the treatment of hypertension.
- **SEP-226330**. SEP-226330 is a norepinephrine and dopamine reuptake inhibitor (NDRI). In 2004, Sepracor intends to conduct a Phase II proof-of-concept study in support of SEP-226330 for the treatment of restless leg syndrome, a condition that is reported to afflict up to 15 percent of the U.S. adult population.
- **SEP-226332**. SEP-226332 is an antagonist of the 5-HT_3 receptor, a serotonin receptor subtype in the brain. Sepracor intends to conduct a Phase II proof-of-concept study in support of SEP-226332 for the treatment of sleep apnea.

Pharmaceuticals on the Market and Additional Assets

LAUNCHED		
COMPOUND: XOPENEX® inhalation solution	Asthma/COPD	MECHANISM: Short-acting β-agonist
APPROVABLE LETTER		
COMPOUND: ESTORRA™ (eszopiclone)	Insomnia	MECHANISM: $GABA_A$ agonist
NDA PREP		
COMPOUND: XOPENEX® HFA MDI	Asthma/COPD	MECHANISM: Short-acting β-agonist
PHASE 3		
COMPOUND: Arformoterol	COPD	MECHANISM: Long-acting β-agonist
PHASE 2		
COMPOUND: (S)-Amlodipine	Hypertension	MECHANISM: Calcium Channel Blocker
PHASE 1/2		
COMPOUND: SEP-226330	Restless leg syndrome	MECHANISM: Norepinephrine and Dopamine Reuptake Inhibitor
COMPOUND: SEP-226332	Sleep apnea	MECHANISM: $5HT_3$ antagonist
COMPOUND: SEP-174559	Anxiety Muscle spasms/spasticity	MECHANISM: α_2 selective $GABA_A$ agonist
PARTNERED PRODUCTS		
COMPOUND: ALLEGRA® (fexofenadine) [1]	Allergy	MECHANISM: Antihistamine
COMPOUND: CLARINEX® (desloratadine) [2]	Allergy	MECHANISM: Antihistamine
COMPOUND: XYZAL®/XUSAL™ [3]	Allergy	MECHANISM: Antihistamine
COMPOUND: ASTELIN® [4]	Allergy	MECHANISM: Antihistamine

1 Fexofenadine product developed and marketed by Hoechst Marion Roussel, Inc. ("HMRI"), now Aventis, as ALLEGRA® brand fexofenadine hydrochloride. Sepracor has licensed or assigned its related patents worldwide to HMRI.
2 Product developed and marketed by Schering-Plough.
3 Product developed and marketed by UCB Pharma.
4 A MedPointe product co-promoted by Sepracor.

- **SEP-174559**. SEP-174559 is a $GABA_A$ agonist with a selectivity profile that favors the α_2 subunit of the GABA receptor. The term "$GABA_A$" refers to a specific neurotransmitter receptor in the central nervous system. In 2002, the company completed a Phase I clinical study for SEP-174559. In 2004, the company intends to conduct Phase II proof-of-concept studies, which are expected to include trials for the treatment of anxiety, muscle spasm and spasticity. Preclinical data suggest that SEP-174559 has the potential to provide a rapid onset of action with less sedation than currently marketed anxiolytics for acute anxiety.

Financial Performance

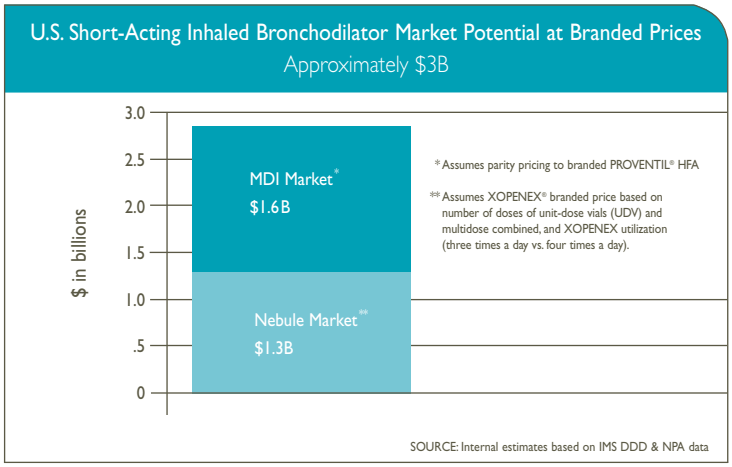
For the three months ended December 31, 2003, Sepracor's consolidated revenues were approximately $112.3 million, of which revenues from pharmaceutical product sales (XOPENEX® brand levalbuterol HCl) were approximately $100.2 million. The net loss for the fourth quarter of 2003 was approximately $33.9 million, or $0.40 per share. These consolidated results compare with consolidated revenues of $78.9 million, of which revenues from pharmaceutical product sales (XOPENEX) were approximately $65.6 million, and a net loss of $44.3 million, or $0.53 per share, for the three months ended December 31, 2002.

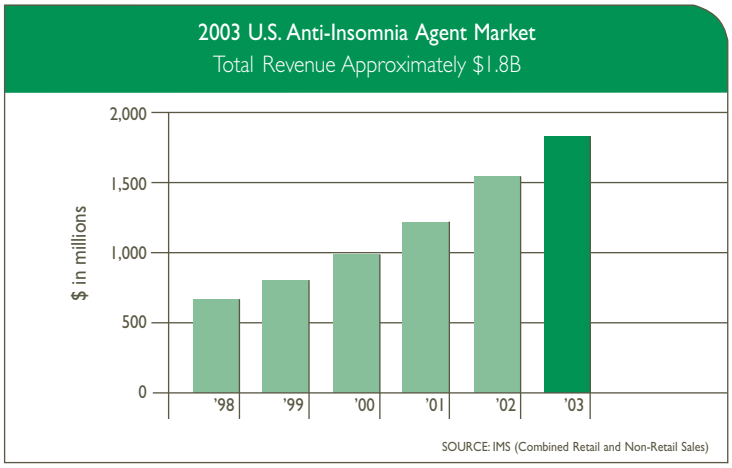
For the year ended December 31, 2003, Sepracor's consolidated revenues were approximately $344.0 million, of which revenues from pharmaceutical product sales (XOPENEX) were approximately $286.8 million, and the net loss was approximately $135.9 million, or $1.61 per share. This compares with consolidated revenues of $239.0 million, of which revenues from pharmaceutical product sales (XOPENEX) were approximately $190.2 million, and a net loss of $276.5 million, or $3.34 per share, for the year ended December 31, 2002.

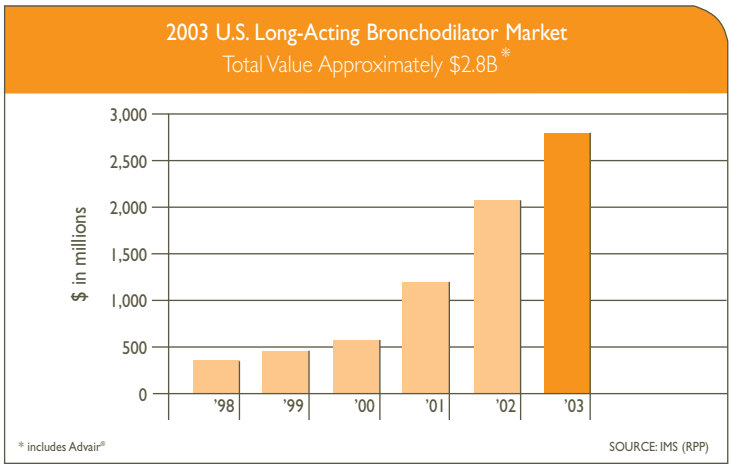
In the fourth quarter 2003, Sepracor completed a $600 million aggregate principal amount 0% Convertible Senior Subordinated Note offering (the "0% Notes"), including $200 million of 0% Series A Convertible Senior Subordinated Notes due 2008 (the "Series A Notes") and $400 million of 0% Series B Convertible Senior Subordinated Notes due 2010 (the "Series B Notes"). In January 2004, the initial purchasers of the $600 million aggregate principal amount of the 0% Notes exercised their option to purchase an additional $50 million principal amount of the Series A Notes and $100 million principal amount of the Series B Notes.

In 2003, Sepracor redeemed its remaining 7% Convertible Subordinated Debentures due 2005. In January 2004, Sepracor completed the redemption of its 5.75% Convertible Subordinated notes due in 2006 for an aggregate redemption price of approximately $433.7 million, which includes approximately $3.7 million in accrued interest.

As of December 31, 2003, Sepracor had approximately $840.4 million in cash and short- and long-term investments.







Stock Data (as of 3/11/04)

Nasdaq: SEPR
Founded: 1984; IPO: 1991
Employees: approximately 980
52-Week Trading Range:
High: $49.57 Low: $11.71
Shares Outstanding: approximately 85 million
Market Cap.: approximately $4 billion
Avg. Daily Vol.: 2,500,000 shares
Cash and Equiv.: approximately $840.4 million (as of 12/31/03)*

Institutional Investors

Fidelity Management
PRIMECAP Management
Capital Research & Management
J.P. Morgan Investment Management
Calamos Asset Management
Credit Suisse Asset Management
Jennison Associates
Sectoral Asset Management
Morgan Stanley & Company, Inc.
Barclay's Global Investors

Analyst Coverage

Deutsche Banc Alex. Brown
J.P. Morgan
Leerink Swann & Company
Lehman Brothers
Merrill Lynch
Morgan Stanley Dean Witter
Sturza's Medical Research
SunTrust Robinson Humphrey
Wachovia Securities

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