

Industry Return = (Net Income + Fixed Charges)/Total Capitalization
Industry Risk = Average Inter-company Dispersion

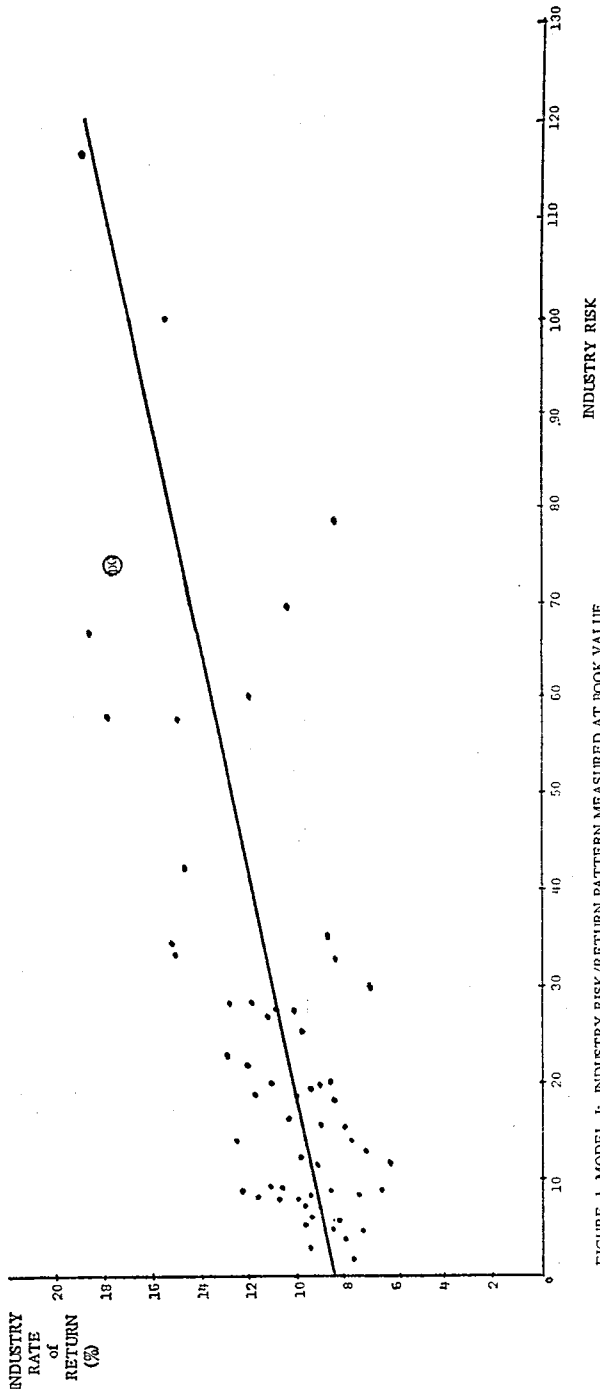


FIGURE 1. MODEL 1: INDUSTRY RISK/RETURN PATTERN MEASURED AT BOOK VALUE
NOTE: (DG) REPRESENTS POSITION OF PHARMACEUTICAL INDUSTRY