CONFERENCE CALL PARTICIPANTS

Jami Rubin
Goldman Sachs - Analyst

PRESENTATION

Jami Rubin - Goldman Sachs - Analyst

Is this mike on? Can everybody hear me? Can we start? Okay, it's on. All right, great.

Everybody, thank you very much for joining us today in what should be an interesting discussion. My name is Jami Rubin. For those of you who don't know me, I'm the business unit leader at Goldman, and I cover the pharmaceutical space. And I have Geno Germano with me today, who is the President and General Manager of the Specialty Care and Vaccines business unit at Pfizer. Geno spent about, what, 20-some years at Wyeth, a couple years at J&J, went back to Wyeth. Jeff Kindler convinced him to join Pfizer -- we're going to ask him about that.

But before we start with the Q&A session, Geno will have a couple of remarks to make.

Geno Germano - Pfizer Inc. - President & GM, Specialty Business Unit

Thank you. Maybe I will just (multiple speakers).

Jami Rubin - Goldman Sachs - Analyst

Okay, good.

Geno Germano - Pfizer Inc. - President & GM, Specialty Business Unit

(multiple speakers), okay. So it's a pleasure to be here to talk to you a little bit about the Specialty Care business unit, and this is one of five business units under the biopharmaceutical business at Pfizer. It includes the products that are generally used by specialists in the vaccines business. It's a substantial part of Pfizer. It's about 25% of the biopharmaceutical revenues, and about 29% of our profits, so it's a significant piece of business and a growing piece of business.

So I'll first draw your attention to the forward-looking statements, and remind you that discussions during the presentation will include forward-looking statements, etc., and this information is available on our website, if you need further information.

So let me just provide a little bit of an overview of the Specialty Care business unit. This is a pretty substantial piece of business. We have a broad portfolio of products, about 20 products in 11 different disease areas, and relatively speaking, fairly low, long-term -- short-term exposure to loss of exclusivity on any of our assets. We have a significant piece of business in vaccines, and importantly, a very robust growing business in vaccines. And I'm going to comment a little bit more on that in just a minute, so I'll go by that now.

Strong late-stage pipeline. We have Prevnar 13 for adults in the late stages of Phase 3 development, Tasocitinib, our Jak-3 inhibitor in Phase 3 development for rheumatoid arthritis, and also, Bapineuzumab, which I would probably categorize as a
very significant opportunity -- maybe high risk, but certainly would be a very substantial opportunity is that’s successful, and it also is in late Phase 3. So three major programs in late stage 3.

We have some more modest stuff, Phase 3 programs, with Thelin, for pulmonary arterial hypertension, and Xiapex for Dupuytren's contracture, so additional Phase 3 programs, and then a number of important lifecycle management across three or four different therapeutic areas. So we have a lot of stuff going on in late stages of development, early registration.

The business units at Pfizer are responsible for post-proof of concept development of the medicines, so we’re intimately involved with selecting which candidates go forward, and designing and developing the development programs for those assets.

I think this one point I want to make is that the Specialty Care business unit at Pfizer, I think is unique among specialty care companies in the industry, in that the breadth of our portfolio enables us to participate in multiple different specialty care models. So what I mean by that is at one end of the spectrum, we have a business in the highly specialized areas like hemophilia and pulmonary arterial hypertension and translation, with a high concentration of prescribers on intimate relationships with them, a very strong commitment to research and development. So it’s really a business model in and of itself.

And then we have an institutional business with injectable antibiotics, and we have the vaccines business, that has different characteristics in distribution and who our customers are, and dealing with the government, and managing direct purchase by physicians in their offices. So, expertise across all three of those areas.

And then finally, the more traditional specialty care, in rheumatology and psychiatry, it’s a little more mainstream specialty.

So I think this differentiates our business from many of the other specialty companies that maybe have expertise in one or two of those business models, or commercial models. And we think that this is good for us, because we can pilot things, we can develop best practices and share them across the different businesses, and we think we’re also an attractive partner to a company developing specialty products looking for the right partner. We think we can do it justice, regardless of the business model.

This is the portfolio, and I think the only point I really want to make on this slide is that within our in-line portfolio, we’re not only [existing] 11 different therapeutic areas, we have leading physicians in these areas. In the infectious disease area, with Zvyox, and Tygacil, and even Zosyn, frankly, although Zosyn is now in the Established Products business unit. It’s a well recognized infectious disease leading product, both companies really, legacy Pfizer and legacy Wyeth, that strong heritage in infectious disease, so we consider that to be a real strength for us.

Moving down the list there, Prevnar, the number one vaccine in the world, is -- it’s certainly a leading product in the area of ophthalmics and the leading glaucoma treatment in the area of inflammation of the leading biologic in Enbrel.

And then in the middle of the slide, you see at the bottom there, sometimes the business model doesn’t fit into one of the four that I described earlier, and we are open to, in this case, a joint venture with GSK for our HIV business.

So we have the ability and the flexibility to run the businesses in the way that brings the most shareholder value, and prepares us well for our future.

Just to touch base very quickly on Prevnar, we had a very successful introduction in the first decade with Prevnar, the 7-valent product, and now, of course, we have the 13-valent product for pediatrics. You know, the kind of reddish or magenta bars there recognize additional serotypes that have been added to the 7-valent product, extending the coverage of Prevnar across a wider spectrum of disease causing pathogens. The ones at the far right, 3, 6A and 19A, are unique to Prevnar 13. There’s no other conjugate vaccine in the world that provides coverage against those pathogens. And 19A is now the most common cause of pneumococcal disease in the developed world.
So we have broad coverage, we’ve broadened that coverage with better economic value. We’re able to substantiate better pricing as a result of the better disease coverage. We’re better able to penetrate markets around the world with a 13-valent, because a disease is caused by different serotypes in different parts of the world, so we were able to broaden what we were able to do with the 7-valent. Now with the 13-valent, we’ve extended into the underdeveloped world with an agreement with the GAVI organization to bring Prevnar to the undeveloped world.

And then finally, the big opportunity, the short-term opportunity, is to capture the catch-up opportunity, and that is giving a 13-valent does to children who already completed the four dose series with the 7-valent. So we get the normal birth cohort, plus we get to administer a dose to children who have already been vaccinated.

So real growth opportunity in Prevnar 13 for children, and then, of course, extending that further, we have the 13-valent adult program which is in, again, late stage development right now. We think this is a substantial opportunity as well. There’s a high disease burden in people over the age of 50, and we know that there’s a high degree of mortality and morbidity associated with that disease, particularly with pneumococcal pneumonias. Half a million cases a year in the United States alone, and these pneumonias often result in hospitalization and extended follow-up care and very substantial costs. So bringing a preventative agent makes an awful lot of sense.

We think Prevnar 13 could become a standard of care in preventing pneumococcal disease in the over 50 population. And in the developed world alone, just in the US, Europe and Japan, that includes over 300 million people. And then when we get into the emerging markets, the numbers become fairly staggering.

Additional programs in late stage 3, Tasocitinib, our Jak inhibitor in rheumatoid arthritis, a novel mechanism of action, an oral agent with biologic-like activity. We’re excited about that compound.

Bapineuzumab, for Alzheimer’s Disease. You know, we now know that it effectively clears amyloid and amyloid plaque, and we’re anxious to see the clinical results when those trials complete.

And then Xiapex, a novel new therapy to replace a surgical procedure in patients with Dupuytren’s contracture.

So, just to kind of wrap up, we think we can be a substantial growth driver for Pfizer. We think we have a strong portfolio. We have a significant bench in our pipeline, our late-stage pipeline, and we have a business model that we think works to make us a strong partner for other companies that have molecules that they’d like to see commercialized effectively, regardless of the business model that it fits into.

So with that, Jami, I’ll --

**QUESTIONS AND ANSWERS**

**Jami Rubin - Goldman Sachs - Analyst**

Great, thank you. I do have questions, and I hope we have questions from the audience.

Given that your background was with Wyeth, and Jeff convinced you to join Pfizer, can you -- which is obviously a much bigger company -- can you compare, contrast the two cultures, and give us a sense for where you are in the integration process, and whether or not it’s working? Judging by the share price, it would appear to be working. But what can you provide that gives us some sense for where you are in that process.
Geno Germano - Pfizer Inc. - President & GM, Specialty Business Unit

Yes. Well, I mean personally, I think the integration of the two companies has gone fairly well. At Wyeth, I was involved with acquisitions and integrations of -- going back a few years now, but there was a company called A.H. Robins at one time, and a company called American Cyanamid, (inaudible) Laboratories, and a company called Genetic Institute, all of which were integrated into Wyeth over the years. So I had been through this a few times.

And frankly, I can tell you, as a Wyeth -- legacy Wyeth person, the thought of being acquired wasn't that appealing at the time that the news came out. But frankly, I think that the way that Pfizer went about this acquisition was very thoughtful, with a high emphasis and high premium on business continuity. The way that we developed the business unit in Specialty Care, it's a little bit of a hybrid model, and the reason for that was because we put the premium on business continuity.

We brought along a great deal of colleagues with a lot of experience in the types of businesses that Wyeth brought to Pfizer, in the vaccines area, in the inflammation area. There's a great number of people that were able to make the transition.

And we've advanced our agenda with the sales forces, with the manufacturing network, with R&D design and locations, and we're still in our first year.

So I would say, overall, I think the integration has actually gone relatively smoothly.

With regard to cultures, I mean, clearly, two different companies, two different sizes, two different corporate cultures. I think from my perspective, initially, you don't see and feel a lot of difference, you think you're kind of doing the same things, you're involved in the same business, you understand the language. After a few months, you start to realize maybe we're not exactly on the same page with how we're communicating, what our expectations are for things.

So I think people -- there is some period of time that you kind of get used to each other, and understand -- I think the thing that impressed me the most is the expectations that people have, understanding what those expectations are.

But we're at a point now where I think the Company wants to have a new culture, a combined culture. There's not kind of this idea that everybody that came from Wyeth has to adapt to Pfizer's culture, and the Pfizer people aren't trying to adapt to Wyeth's culture. We're trying to find a way to make things work, and to focus on the business priorities that we have.

So I would say, it's better than I expected, and I think it's gone fairly well so far.

Jami Rubin - Goldman Sachs - Analyst

You said earlier that the Specialty Pharma business unit accounts for 25% of revenues, about 29% of profits. I would argue that if you were to sort of provide a value, an overall value on this business, given that this is the business that will probably be one of the biggest, most important growth drivers for Pfizer going forward, that a sort of independent value of this company may be closer to 40% to 50% of the value of Pfizer.

Obviously, with Pfizer's valuation below seven times, investors are giving you no to negative credit for this business unit. How are you going to maximize the value, and why wouldn't the management team consider breaking this off as a separate company? It would seem a lot more fun, working for a smaller, independent -- I mean, worth a lot more -- (multiple speakers), and that seemed to work.
Geno Germano - Pfizer Inc. - President & GM, Specialty Business Unit

You know, I think -- what we're doing -- what we're doing is, for me, in the business unit and my leadership team, we're focused on delivering, and we've got a lot to work with. Again, we've got four or five Phase 3 programs, and we're fairly confident in most of them that they look likely to produce, to bear fruit.

So we're kind of focused on making sure that we do things right, and we deliver on the opportunities -- I mean, as I said, Prevnar 13, even the infants -- you would have thought it was just a replacement for the 7. It's not. It's an opportunity to expand that infant business substantially -- geographically, through price, through value, and through this catch-up opportunity. We now have to deliver on that. You know, we got the approval, we got it out in the marketplace, we're manufacturing it, we're delivering it to customers, but we've got to achieve the numbers, and bring the value to the shareholders. So that's what we're focused on.

The adult opportunity is a huge opportunity, I get very excited about it, but we've got to get all the blocking and tackling done, and prepare the market to accept that vaccine, and to make it the success it can be. Tasocitinib is the same way, and even some of the smaller opportunities that I mentioned in pulmonary arterial hypertension, and in this (inaudible) condition.

Every opportunity we have to optimize now. We can't consider modest products unimportant. We have to optimize our success on each of those.

So that's what we're focused on doing, because that's what we can do. That's what we can contribute most to Pfizer.

And why stay with Pfizer and not break out -- it's not my decision. But I think that being part of Pfizer is a huge advantage for me. I mean, I have the ability -- as I said, I think of it almost having a portfolio of companies within Specialty Care, because of the different types of businesses that we're in. And there's different opportunities, and they have different profiles of risks and opportunities, and you know, we have a broad research portfolio or platform within the organization that I can tap into, and bring new assets forward from many different places. If I was a standalone company, I would have more limited ability to do that.

So, I think having the scale of Pfizer is a huge advantage, and every day, we look for ways to leverage that.

Jami Rubin - Goldman Sachs - Analyst

Question from the audience?

Unidentified Audience Member

(Inaudible question - microphone inaccessible).

Geno Germano - Pfizer Inc. - President & GM, Specialty Business Unit

Yes. I think the product for (inaudible) Disease was a product that was licensed in by -- actually, by our Established Products organization. They found that opportunity and acted on it, and brought it into the organization.

Generally, Established Products, they have a multilayered strategy to optimize the value of the post-LOE assets, to build a generic portfolio, and to find opportunities that generally fall into a category of being either too small, or for some other reason, not interesting to any of the other business units -- a little bit of a catchall, kind of opportunistic flare to it.
So it’s the Established Products business unit that did that deal, and that product is in development, and they hope to make it a success. I can’t really give you too much more detail about that, though.

**Unidentified Audience Member**

(Inaudible question - microphone inaccessible).

**Geno Germano - Pfizer Inc. - President & GM, Specialty Business Unit**

Our expectation is that we will share some data by the end of this year, some Phase 3 data, I think at ACR later in the year, some of the initial Phase 3 data. So that will be the first glimpse at Phase 3. And then, timing for filing -- I don’t know that we communicate that.

**Jami Rubin - Goldman Sachs - Analyst**

There was a question right here? Maybe not. Let’s go -- oh, right here. A question (multiple speakers).

**Unidentified Audience Member**

I’m just curious, on the Jak-3 thing. Just given the success of the TNF drugs, how are you thinking about positioning it? Is it just simply, it’s an oral as opposed to an injectable, or what else from the data are you looking for to position?

**Geno Germano - Pfizer Inc. - President & GM, Specialty Business Unit**

Well, it’s -- you know, the Jak-3 is a new mechanism. It’s not been -- it’s the lead compound in its new class of drugs, and we’re going to need to see the data from the trial to determine what the profile of the drug is, and where it optimally fits into the treatment regimen.

We have a pretty big program underway, six major Phase 3 trials, so we’re exploring how the drug performs in different patient types before and after TNF inhibitors, and Methotrexate naive, and in Methotrexate non-responders. So it’s really going to be the data and the science that leads to the optimal positioning.

But I think of it more than an oral form of an immunomodulator. I think of it as having a new mechanism with promise to maybe contribute more to the management of this disease, or this whole cascade of inflammatory diseases. And we’re anxious to see the data, and better describe that when we have better data.

**Jami Rubin - Goldman Sachs - Analyst**

Can you talk about the value proposition of the Jak-3 inhibitor?

**Geno Germano - Pfizer Inc. - President & GM, Specialty Business Unit**

Well, it’s almost going to depend on how it performs relative to other agents in this cascade of treatment, and the whole algorithm of treating patients with rheumatoid arthritis. Whether or not it will be used earlier in the disease -- it would be great if it was. We know that there is large pool of bio-eligible patients today that don’t get biologics, or it’s a delayed initiation of biologic therapy. So it’s possible that Tasocitinib will be an agent that clinicians can go to earlier in disease, and that could be
a real win, because we know through the Enbrel data, through the COMET data, that the earlier you treat the disease, the higher
the likelihood you achieve remission, and a successful clinical outcome.

So, hopefully, we'll see some promising data come out, but it's hard to answer the question without better information.

---

**Jami Rubin - Goldman Sachs - Analyst**

Can you frame the opportunity for Prevnar 13 for adults, where you are in clinical development, what are the key critical data
points that you're looking for, what's likely to be initially in the label, and you know, is -- just help us to think about the size of
the commercial opportunity for this.

---

**Geno Germano - Pfizer Inc. - President & GM, Specialty Business Unit**

Sure. So the registration study, it's the study that we're doing to get registration, our immunogenicity study, and they will
establish the effectiveness of the vaccine through showing that there's an immunologic, an appropriate immunologic response
each of the serotypes. And that's what we'll file with.

And again, the goal is to file this year -- that's our goal. And we are just looking at data now, and getting a sense for what it's
going to take to analyze that data and get the dossier built.

These are big dossiers, so -- I mean, 13-valent, it's almost like 13 drugs. You have to do a tremendous amount of work by each
one of the serotypes, so it's a very significant database.

We'll file the data in the US and in Europe, again, hopefully this year. And our initial indications will be for -- we don't know
exactly what the wording of the indication will be, but the basis for approval will be on effectiveness in treating invasive
pneumococcal disease.

We also have a major outcome study underway, called the [Capita] trial in the Netherlands. We have 85,000 patients in the trial,
and what we want to try to do is demonstrate not only the outcomes from the standpoint of invasive pneumococcal disease,
but also pneumococcal pneumonia. Because as I mentioned before, in my slides, pneumococcal pneumonia is a substantial
disease, associated with a high rate of morbidity, and mortality, and there's a substantial -- not only patient healthcare benefit,
but economic benefit with managing, or preventing, pneumococcal pneumonia.

So that will be a follow on, once those data are available, likely after we file for the initial indication. And that trial is an event-driven
trial, so it's not a particular timeframe. It's not a one-year trial, or a two year trial. You vaccinate people, and then you count
events. And once you reach a certain number of events, you know statistically that there's enough events that if the vaccine
works, you'll be able to demonstrate that.

So, we break the blind, and we analyze the data, and we present the data, once we have the number of events that we're looking
for. We don't have any control over that, so it's hard to give a precise answer on when we'll have that data.

---

**Jami Rubin - Goldman Sachs - Analyst**

If you get the additional indication for pneumonia, how is this opportunity different from the pediatric opportunity?
Geno Germano - Pfizer Inc. - President & GM, Specialty Business Unit

Well, the pediatric opportunity, in most cases around the world, there is a -- there's substantial evidence of disease burden and effectiveness of the vaccine to cause many, many countries now to have national immunization programs. So the country declares that the children should be vaccinated, and in many countries, they pay for the vaccination for the children, because the data are so compelling in terms of the health outcomes.

And for the adult population, there is a high incidence of -- also a high incidence of invasive disease, and also a high incidence of pneumococcal pneumonia. And there's a substantial disease burden, and there's a substantial health and economic benefit to preventing those conditions from occurring.

So -- now, there is no kind of national immunization program for adults, at least not yet. That would be a nice thing to achieve. But clearly, there would be a benefit to a payer to have this population of individuals vaccinated for pneumococcal disease, and we hope to be able to demonstrate that it’s worth their while to recommend routine vaccinations of people over the age of 50. And if that occurs, then it could be a very, very substantial opportunity.

Jami Rubin - Goldman Sachs - Analyst

Because other vaccines for adults haven't done very well. Why would this be different? Is it all data driven? Or why are you more confident in the success profile?

Geno Germano - Pfizer Inc. - President & GM, Specialty Business Unit

Yes, somewhere -- I mean, there's a lot of reasons that some vaccines have done better than others. But I think that Prevnar will do well because it’s already fairly well established that vaccinating for pneumococcal disease is a good thing. In many countries, there is a -- there are already some recommendations for an annual flu vaccination, and for a pneumococcal vaccination.

What we hope to be able to do is to demonstrate that the conjugate vaccine, Prevnar 13-valent vaccine, has advantages over the current polysaccharide vaccine, in that it provides a longer period of protection because it can be readministered over time.

So you're exposed to a higher rate of disease once you reach the age of 50, and if you're vaccinated at the age of 50 but the vaccine only has several years' worth of protective capability, then what do you do the rest of your life? And we're hoping that we can demonstrate that with Prevnar 13, you can be readministered the vaccine, and you can have that protection against these pneumococcal diseases for the rest of your life.

Jami Rubin - Goldman Sachs - Analyst

And back to the pediatric vaccine, Prevnar 13. Can you describe how well the initial launch is? Obviously, there are concerns around pricing in Europe. This is an expensive vaccine, priced at a 30% premium to Prevnar 7.

Describe for us the tendering process in Europe, and you know, if you’re getting -- how the price point is being accepted.

Geno Germano - Pfizer Inc. - President & GM, Specialty Business Unit

So in Europe, there's different models. In some countries, both the Synflorix vaccine and the Prevnar 13-valent vaccine are both available, and the clinician makes the decision what to use. In those cases, Prevnar 13 has done quite well.
In some cases, it’s a tender process, like the UK, with a national tender, and you know, the government puts out a set of tender criteria, and you provide the information related to those criteria, and they make a -- one point being the price, and the government makes the decision. They made a decision to go with Prevnar 13 in the UK.

In other countries, it can be regional. In Italy and Canada, for example, there are differences in regions. But in general, in the developed countries, we’ve been pretty pleased with the way that things have gone for Prevnar 13.

Clearly there is competition now, and that’s a factor for us, at least in some of these countries. There is no competition in the US. So --

**Jami Rubin - Goldman Sachs - Analyst**

And describe what’s happened in those countries, where there's the Glaxo 10-valent vaccine, versus your vaccine.

**Geno Germano - Pfizer Inc. - President & GM, Specialty Business Unit**

Well, in those countries, again, either there’s a competitive situation at the doctor, at the point of the doctor, or at the point of the payer. And -- you know, the government. In which case, we have to describe the points of differentiation. We have broader coverage than the 10-valent, so there’s a -- if we have good epidemiology, we know the amount of disease caused by the serotypes in Prevnar that are not available in the Synflorix. You can calculate the value difference between the two vaccines. So we use that as part of the calculations.

Some countries have a two-plus-one schedule, versus other countries that have a three-plus-one schedule. Prevnar 13 can be administered on a two-plus-one schedule. Synflorix is not indicated for a two-plus-one schedule, so that makes a difference in the government’s calculation of value.

So in general, it’s multi-factorial, and we’ve been pretty pleased with how things have turned out.

**Jami Rubin - Goldman Sachs - Analyst**

I wanted to ask you where you are with the meningitis B vaccine.

**Geno Germano - Pfizer Inc. - President & GM, Specialty Business Unit**

So we’re in Phase 2 with the mening-B vaccine in the adolescent population, and we expect to see those data this year. And once we evaluate the data on mening-B, then we’ll make a determination as to the Phase 3 program, whether we’ll go forward or whether we’ll go back and do more work on the vaccine. We just don’t know until we see the data.

**Jami Rubin - Goldman Sachs - Analyst**

And again, can you frame the opportunity relative to the size of Prevnar?

**Geno Germano - Pfizer Inc. - President & GM, Specialty Business Unit**

Well, it’s a different disease. It’s not anywhere near as prevalent as pneumococcal disease. However, it is a very deadly disease. In many cases, by the time an individual is diagnosed with meningococcal meningitis, they are on their deathbed. And they can die within 24 hours of being infected. So there is a fairly high premium on vaccinating, preventing the disease.
So at the end of the day, it will boil down to the safety and risk benefit ratio that we see in the clinical trials, and we hope that the vaccine we have now is the one that we can go forward with, and make it a universally accepted vaccine. There are different -- there's different disease -- a burden in different parts of the world, so -- and I don't know that off the top of my head, so it's hard for me to say exactly how big it would be relative to Prevnar. But it will be a substantial product for us.

Jami Rubin - Goldman Sachs - Analyst
Okay, and with that, we're running out of time, but thank you very much.

Geno Germano - Pfizer Inc. - President & GM, Specialty Business Unit
Okay.