



ANALYST MEETING
2007



Pfizer Global Research
and Development

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Stepping Up the Pace of Change

- R&D is in transition
- Progress has been made over the past few years
- Significantly greater changes are being announced today
- Specific changes in:
 - Where we work
 - How we work
 - What is expected of us

Meeting Our Commitments

- Triple Phase 3 to projected 15 programs in 2009
- Four new products a year from internal development starting in 2011



Why do we need to do this?

2003 R&D Footprint

2003: 10 countries, 25 sites, 20 million square feet



Legacy Pfizer

Legacy Pharmacia



2003 Discovery Groups

	Allergy/Respiratory	Antibacterials	Antivirals	Cardiovascular/Athero	CNS	Dermatology	Diabetes	GI/Liver Disease	Immunology	Inflammation	Metabolic Disease	Obesity	Oncology	Ophthalmology	Osteo/Frailty	Pain	Sexual Health	Urology	Technology Platforms
Ann Arbor		◀		◀	◀	◀				◀			◀						
Cambridge																			◀
Fresnes	◀																		◀
Groton		◀		◀	◀		◀		◀	◀		◀	◀		◀				
Kalamazoo		◀			◀														
La Jolla			◀				◀					◀	◀	◀					
Nagoya								◀								◀			
Nerviano													◀						
Sandwich	◀		◀	◀				◀								◀	◀		
Skokie				◀						◀	◀								
St. Louis										◀	◀		◀	◀					
SUGEN													◀						
# Sites/TA	2	3	2	4	3	1	2	2	1	4	2	2	6	2	1	2	1	1	1



Principles of PGRD Transformation

- Create smaller, more agile research units
- Drive the growth of our bigger pipeline with no increase in our budget
- Generate more products from a smaller, more productive organization

Step 1: Reduce the Footprint of R&D

Intended PGRD Site Closures



Ann Arbor

Esperion

**Amboise
(proposed)**



Kalamazoo

**Nagoya
(proposed)**

A Much Simpler Proposed Global Organization

Fewer countries, sites and square feet



Step 2: Focus Therapeutic Areas at Single Sites

Simplified Research Therapeutic Area Organization

Groton

Antibacterials

Cardiovascular/
Metabolic

Neurosciences

Sandwich

Allergy & Respiratory

Antivirals

Genitourinary/Sexual Health

Pain

La Jolla

Oncology

Ophthalmology

St. Louis

Inflammation

Biotherapeutics*

*Also done at Rinat

Implementation of proposed intentions expressed in this document may be subject to works councils and consultation in certain countries
Valid as of January 22, 2007.

Advantages of Single Site Research Therapeutic Areas

- More robust interactions with key opinion leaders, commercial colleagues, and third-party partners
- Clearer focus
- Better utilization of space
- Simplified decision making
- Less travel and fewer meetings

"Best of Both Worlds"

Small-company structure and mindset with...

- World-class technology
- World-class platforms
- World-class capabilities in early development



Discovery Therapeutic Area Exits

- Exit two Discovery Therapeutic Areas
 - Gastroenterology
 - Dermatology
- Will continue developing compounds already in the pipeline
- Will work with Business Development to source compounds from the outside

Step 3: Reorganize Development

Reorganize Development

- Bring greater R&D and Commercial focus on delivering a valuable pipeline
- Strengthen our Therapeutic Area-based organization
 - Three cluster leaders
 - Seamless alignment with Commercial
 - Empowered to move resources rapidly to deliver most value from portfolio
 - Single point of accountability on every project
 - Enhanced relationship with external investigators
- Focus on the value proposition for payers and regulators

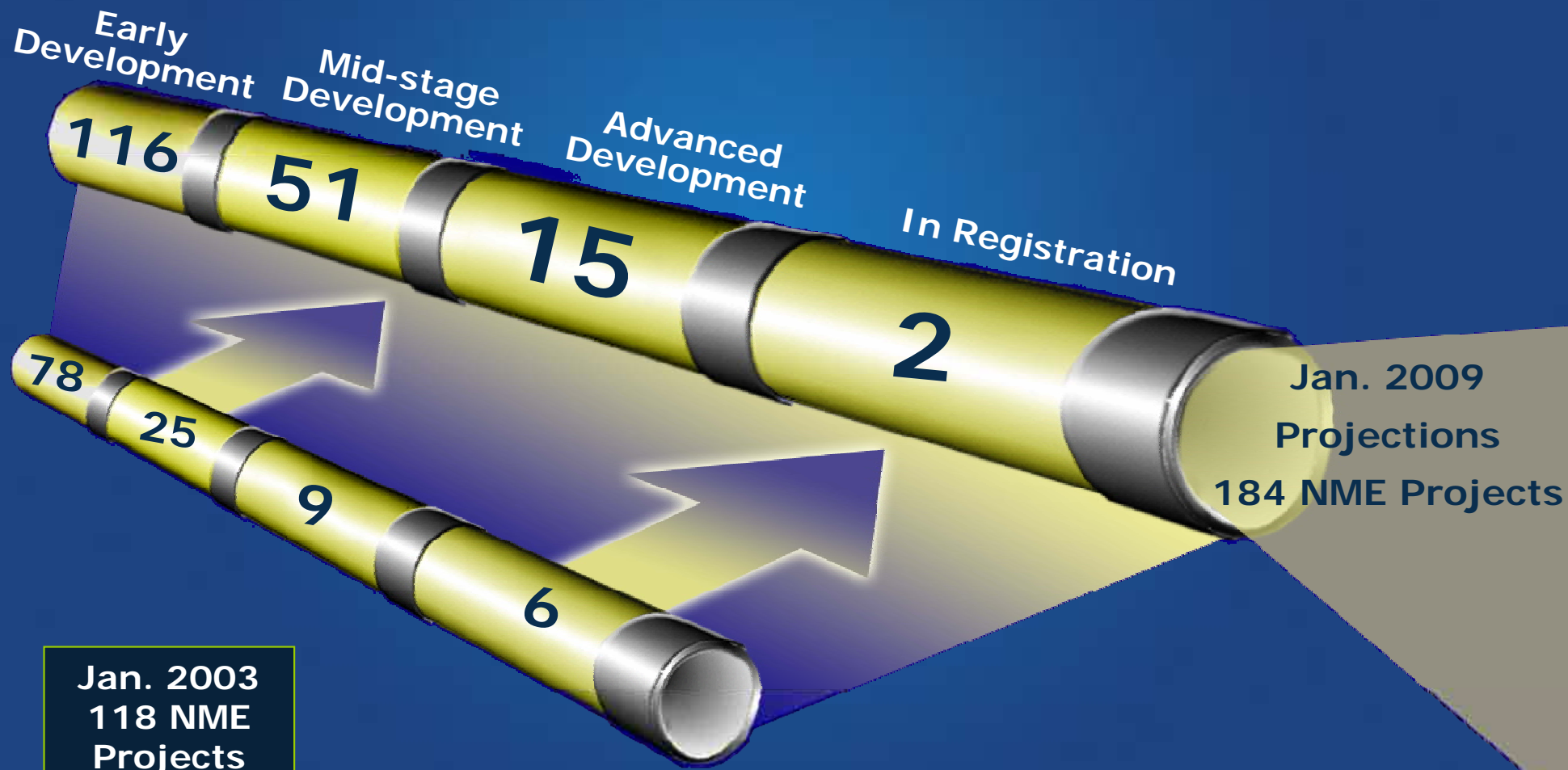
Takeaways

- Greatly simplified structure with smaller, more agile research units
- Less “bricks and mortar”
- Reduce R&D spend on support staff and facilities costs by over 20%

Investment Priorities

- Fund the growing late-stage pipeline
- Increase resources dedicated to biotherapeutics
- Further leverage third-party collaborations

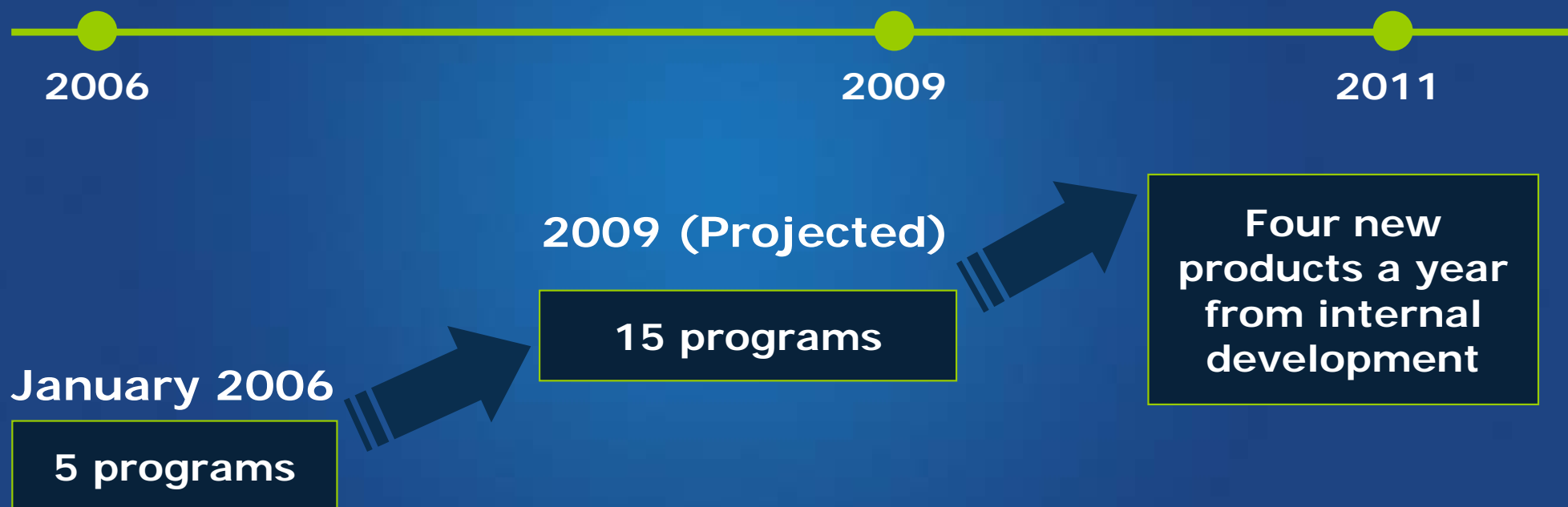
Fund the Growing Late-Stage Pipeline



Jan. 2003
118 NME
Projects

Jan. 2009
Projections
184 NME Projects

Phase 3 Growth By 2009



Key Elements for Research Investment

- Biotherapeutics
 - Increase to 20% of our internal portfolio, leading to one product launch per year within 10 years
 - Strengthen antibody platform and build vaccine business
- Enhanced capability to identify the right targets and pathways
 - Harness new biology allowing identification and prosecution of most relevant pathways
 - Crucial capability

Intensified Focus on Biotherapeutics and Vaccines

- Biotherapeutics
 - Monoclonal antibodies have a proven favorable survival profile
 - Opens up new target space and opportunity for innovation across multiple Therapeutic Areas
 - Therapeutics with exquisite target selectivity
 - Enable rational drug design

- Vaccines
 - Prophylactic vaccines market is changing to reward innovation
 - Scientific advances offer potential to “leapfrog” competitors
 - Follow on to monoclonal antibody segment in oncology, asthma, Alzheimer’s disease

Deep Knowledge of Targets and Pathways

- Explosion of unprecedented targets and pathways
- Will invest internally in new disciplines
 - Computational biology
 - Systems biology
 - Translational pharmacology
 - Investigational toxicology
- Leverage third-party collaborations
 - Scripps Research Institute
 - The California Incubator
 - Over 500 academic collaborations per year

Look for the Best Science Outside our Walls

- Pfizer External Research Network – The California Incubator
 - To gain rapid, broader access to science underlying disease and to enabling technologies
- Foundation for National Institutes of Health
 - GAIN (Genetic Association Information Network) program
- TransTech
 - Strategic collaboration in Alzheimer's disease
- Scripps Research Institute
 - To advance scientific knowledge of uncured diseases and novel ways to treat them

Summary: R&D Priorities

1. Reduce the R&D footprint almost in half since 2003
2. Simplify research therapeutic area organization for better focus and accountability
3. Shift funds from “bricks and mortar” to our pipeline, biotherapeutics, and other growth opportunities
4. Reorganize development and instill proof-of-value
5. Focus discovery programs on higher-value area
6. Expand collaborations – look for the best science outside our walls