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EDITED TRANSCRIPT
PFE - Pfizer Inc at Cowen Health Care Conference

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I think in the interest of time we'd like to get started. We're very pleased to have with us Pfizer at our 35th Annual Health Care Conference. Representing the Company is Ian Read, Chairman and CEO; Albert Bourla, who is Group President of Vaccines, Oncology, Consumer and Healthcare; and Mikael Dolsten, who is President of Worldwide Research and Development.

If you have a few minutes, walk through the first few pages of the Cowen Therapeutic Book and the Cowen Pharmaceutical Pharma Pulse, and you'll see that we predict that Pfizer will be number two globally in 2019; but very importantly, number one in total therapeutic positions as we define it. Currently has the number three broadest pipeline in the world, and is number four in Pipeline Score, which is our assessment of the advancement of a pipeline.

When you think back to when Ian took over the position as CEO, one of his greatest priorities was to reinvigorate the innovative core of Pfizer. I think based on those metrics and many others -- recent approvals and successes and the pipeline -- I think it’s clear he is very much achieving, if not has already achieved, his goals.

So with that, thank you so much for coming and joining us today. Maybe I’ll start out with the first question. I know it’s very early days, but what can you tell us about the rollouts of Ibrance and Trumenba in their respective marketplaces?

Ian Read - Pfizer Inc. - Chairman, CEO

Okay. Well, thank you very much for the introduction. Pleasure to be here. I’m going to let -- both of those businesses, the Vaccine and the Oncology report to Albert, and we’ve been having conversations, and I think I’d say we are pleased with the initial impressions.

Albert Bourla - Pfizer Inc. - Group President Vaccines, Oncology & Consumer Healthcare

Thank you. As Ian said and as you said Steve, it’s too early. We hope we will have more information for you at the end of the quarter; but so far we are very pleased with Ibrance.

We started delivering product the day of the launch. Our reps were trained immediately after the approval, and we had improved -- we had increased our salesforce the year before, so they were ready.

There is a lot of interest from physicians. There are a lot of requests for information.
The awareness level already before the launch was quite high; we were around 50%, 52% awareness. That was both in academic institutions -- that of course was almost 70% -- and with the community of oncologists -- that was at 48%.

Right now there are no other objections or serious objections, meaningful objections as we discuss with physicians. Their normal questions are around reimbursement, which is the normal question that a physician has at an early stage of a launch.

Overall, very pleased and we hope that at the end of the quarter we will be able to provide you much more insight and meaning to that.

Ian Read - Pfizer Inc. - Chairman, CEO
Access is proceeding as we expected?

Albert Bourla - Pfizer Inc. - Group President Vaccines, Oncology & Consumer Healthcare
Access is proceeding as expected. It usually takes, as you know, three to six months. We think that we will have access in many instances months earlier than that.

There are already some early wins with significant healthcare providers like United, for example, or Caremark. They are already there.

And there are already -- we can count a lot of prescriptions that have been claimed, either coupons or co-pay cards. And we think that we are already in triple-digit number in patients, which is very nice performance for the first two or three weeks for a product like that.

So very encouraging, very pleased. Much more information at the end of the quarter as we will have another month.

Steve Scala - Cowen and Company - Analyst
And Trumenba?

Albert Bourla - Pfizer Inc. - Group President Vaccines, Oncology & Consumer Healthcare
Trumenba is -- we did have last week the ACIP meeting and there was a recommendation, which was narrower, much more narrow than what we would like to have seen. There is a discussion; actually, there was an item to discuss for ACIP in this meeting. They postponed because of the weather, so they had to shorten the time of the ACIP where they were going to see evidence including cost-effectiveness, clinical data for a broader recommendation.

We hope that the ACIP will move to a broader recommendation in an upcoming meeting. They have one in June; they have one in October. I cannot speculate when they are going to do it.

But I am sure that they want to do the best, and they will do it. It's critically important, to be able to assess the potential and the success of the launch, to have a recommendation.

Steve Scala - Cowen and Company - Analyst
Maybe a question for Mikael. What are the next two tumor types you will file on Ibrance?
Mikael Dolsten - Pfizer Inc. - President, Worldwide Research & Development

The near-term opportunity is recurrent breast cancer, which is obviously ER-positive breast cancer, but patients that are slightly more advanced than what we had with the PALOMA-1 study and that's palbociclib, Ibrance, combined with fulvestrant. We're expecting this first half-year of 2015, pending event-driven trials outcome, to get data. So we are really looking forward to that.

That follows, of course, the full data set of PALOMA-2 which is repeat of an accelerated approval. And then we have another more advanced breast cancer called PEARL study where we studied Ibrance with exemestane, so that would really give physicians across the globe an opportunity to use Ibrance always on top of an anti-hormonal, but with different type of anti-hormonal.

We have -- and then we move over time towards the early breast cancer, which of course is the indication where you can not only delay progression but save the lives of women with breast cancer. We do have a very comprehensive program, some 10 different studies or so, and we are adding additional studies as we go forward in various segments of lines.

These are Phase 1/2 studies. Some are genomic, selected, based on segment that we think may indicate favorable response to CDK 4/6 inhibitors. We also have of course other tumor types in addition to several lung segments: melanoma, head and neck; hematological tumors.

We are exploring bladder, select brain tumors, and increasingly also got some preclinical data, very encouraging, in pancreatic cancer. So that's another space we will go into.

So overall I think the message is very near-term expansion in breast, great potential across many solid tumors, and we have learned over the last couple of years a lot about the mechanism of the CDK 4/6 drug and how to screen for good combinations. So we are very excited about being the leader and pioneer in this field and see great growth opportunity.

Steve Scala - Cowen and Company - Analyst

Any thoughts about the competitive landscape? They don't look particularly differentiated at this point, but what is your view of the competitive landscape in the CDK 4/6 area?

Mikael Dolsten - Pfizer Inc. - President, Worldwide Research & Development

We have the fortune of being much earlier in the marketplace, having a much larger data set. And as you say, none of the other compounds -- there are no head-to-head studies, but there is nothing particular that has been reported so far that can give us any idea about any differentiation versus Ibrance, palbociclib.

Our drug is very potent against both CDK 4 and 6. It behaves very well in the dosing regimen that we are using.

And what is really the first time ever for a drug that is inhibiting the cell cycle, the tolerability profile is so favorable. The main things that have been reported so far is, as you know, biochemical or drop in neutrophils; but that is a drop that seems to still not lead a problem with infections, has been very well manageable.

So I leave it to others to figure out how you can come much later into the market and find a way to work with palbociclib already being there, well experienced among physicians.

Steve Scala - Cowen and Company - Analyst

I think these two drugs are just two examples of how Pfizer has reinvigorated the innovative core of the Company. Ian, what were the critical steps when you took over as CEO -- what were the critical steps that you put in place that allowed you to get to this position so quickly?
Ian Read - Pfizer Inc. - Chairman, CEO

Well, you know, I think it was a combination of our decision to refocus the Company on pharmaceuticals and internal cultural change along those lines. It was forming a great partnership with Mikael.

The decision to go to Centers of Excellence like in La Jolla and the Rinat organization, and move a lot of our scientists out of Groton into Cambridge, was a decision to focus on certain areas and put a lot of money behind them: oncology and vaccines and inflammation; neurology; CVMED to a lesser extent, but we had some assets there we wanted to develop. And then creating a culture, I believe, of scientific excellence.

We also did something which is unusual. We divided the -- or we created a very formal transfer of responsibility at proof-of-concept between the scientific organization and the development organization. So Mikael is our Chief Scientific Officer, and he continues to have an overview of all of our programs. We have tried to ensure very early conversations between the scientists and the disease area teams in commercial.

We formalize our prospective differential profile, medical differential profile, and we formalize certain signals that we need at proof-of-concept. And the final decision to take a product forward is in fact -- sits in the hands of the commercial and development side of the organization, not the science side.

So we are trying to create a creative tension between the two. It's not easy. It requires robust conversations between the scientists and the commercial side.

We may not always get it right, but I think what it does is it really does focus both sides of the organization on value creation and producing products that patients need and will be reimbursed.

Steve Scala - Cowen and Company - Analyst

If anyone has any questions in the audience, please just raise your hand. At this conference, we have 270 companies and every one basically tells us that they are pursuing first-in-class, best-in-class; everyone's focused on biologics, as are all of you.

So what is -- and you just highlighted some of the differences. But what is different at a practical level that Pfizer does, that other companies have yet to accomplish?

Ian Read - Pfizer Inc. - Chairman, CEO

It's a very good question, and in a sense I'm going to give you a soft answer that may not be something that you think you want to put in the bank. But what happens is that we have a lot of conversations and discussions on our culture, and we do have the discussion.

We say: most big pharmaceutical companies have lots of money. That's not the issue.

Most big pharmaceutical companies have great scientists. We have great scientists.

What's going to differentiate it is our ability to move quickly, prioritize, make the hard decisions. And it comes down to: have you got the right scientists, have you got the right relationship between your scientists, and your commercial side, and is your culture working?

I believe the biggest change we've made internally is our culture. Taking the businesses where we have a Head of Oncology, Garry Nicholson; and we have Mace in clinical development; and they work alongside in RU and Oncology, so we have very specific, focused talent in that area.

We have a vaccine unit led by Emilio, and we have a vaccine commercial business with a global head. What we've done is we've delivered -- we tried also on the genome side to create teams on the commercial side that are paired with disease areas and research heads in those disease areas.
So I think our culture and the way we’re organized and Mikael’s leadership in bringing great scientists into the organization has made a huge difference. You may want to expand on that, Mikael.

**Mikael Dolsten**  
*Pfizer Inc. - President, Worldwide Research & Development*

Yes, I thought it was a great way to describe it. What has been stimulating is it actually fosters a new breed of talent, scientific entrepreneurs that really start early on to think through: how can disruptive science lead to breakthrough products that create the value that is necessary to get market access?

And also commercial colleagues are pulled in earlier to think through how some of these new technologies that are coming -- some of them are transformative, some of them may cause very durable, even cures. What type of commercial models do we need in the future to think about?

So I think it really has stimulated us to evolve new talents and have a conversation that Ian described that is very entrepreneurial.

**Ian Read**  
*Pfizer Inc. - Chairman, CEO*

I think it’s not -- I still don’t believe the strength of our pipeline, while you recognize it, is fully understood, in the sense of what we’ve done to create a presence in oncology and immuno-oncology. We may not have been first; we may have been behind on PD-1 and PD-L1. But I think the assets that we’ve now put together will give us a leadership position over the next five years in oncology.

You may want to expand on that a little bit, how you see it fitting together.

**Mikael Dolsten**  
*Pfizer Inc. - President, Worldwide Research & Development*

Yes. We think over the next period -- you will hear more at ASCO when we will update on the avelumab alliance with Merck Serono. We have now more than 700 patients and we’ll report data in lung, gastric, ovarian and a few other indications.

So we are moving swiftly this year to start multiple people in our registration studies. Albert and I have spent a lot of time together with Garry Nicholson and in the Global Alliance Committee with Merck Serono in looking at exactly what Ian described: the somewhat unique opportunity that we have to, beyond the first wave of monotherapies, come with a midterm opportunity with combination of drugs.

That may be targeted agents like Xalkori, EGFR inhibitors, Inlyta; but also building several layers of immuno-oncology products. And the way you have heard about today that you say and oncologists do tumor-staging, what we really want to change in the future -- that they do tumor-staging and immuno-staging.

I think we really are aspiring with Ian’s great support, to internal and external deals we have made, to build the most comprehensive pipeline that can really move into that trend of tumor- and immuno-staging. We can talk more, but we really have a set of checkpoint antibodies; we have cancer vaccines; antibody-drug conjugates; bifunctional antibodies; we have CAR-T cells.

So that gives us the unique opportunity to look at a tumor and say: there is an existing immune response; we need to take off the brake, maybe with two checkpoints in the future. It may be that the existing immune response is not strong enough; you move in with a cancer vaccine. It may be an ability to mount an immune response, and we would then deliver CAR-T cells, so bifunctional antibodies.

So I hope that gave you an insight into the playbook that we are constructing. I think we will be able to really be offering a much more comprehensive portfolio than anyone else at the moment.
Ian Read - Pfizer Inc. - Chairman, CEO

Then you have the vaccine area where we have Trumenba which is, I think, I'd say an important product for patients. It may be more of a niche product, but you have the Prevnar 13. The Prevnar 13 in adults, I think it was just approved.

Mikael Dolsten - Pfizer Inc. - President, Worldwide Research & Development

Today, in Europe.

Ian Read - Pfizer Inc. - Chairman, CEO

Today in Europe, the adult indications. There is a huge opportunity in adult.

Then you add to that, I think we've got a lot of excitement around the Staph aureus vaccine, the C. difficile vaccine, and we are very encouraged with the portfolio we are putting together. We have vaccines; you have neuroscience, D1, which could be very, very promising; you have a lot of depth in inflammation around our JAK technology.

So I just feel that we are positioned very well in our midterm innovation and very strong. We've got Eliquis, which we are driving the marketplace, and Xeljanz.

So I think you know there's been a substantial turnaround in the science we do. I don't think it's perceived fully yet by the investment community, the sense of the strength of the science and the organization that Mikael has put together.

Steve Scala - Cowen and Company - Analyst

Based on the success you have had over the last few years, are you more, less, or the same level of interest in potentially breaking Pfizer into two parts? It seems to me that the essence of the ability to do that is to have a formal process for the shift of later lifecycle products from GIP to GEP.

And to my understanding, that process has not been formalized. Am I wrong on that?

Ian Read - Pfizer Inc. - Chairman, CEO

Yes, well, look, as I -- I have no secret that I believe that there are two distinct businesses. Pfizer accumulated via acquisitions in Warner-Lambert, and Pharmacia, and Wyeth. We accumulated a presence in emerging markets, and we accumulated post-LOE products probably in a larger percentage than most of our competitors.

So we needed to look at that business and see what was the specific areas that that business can be successful in. And once again I've always been a believer in a focused management team.

Hence John Young, who runs that business, he has his own team, he has his own vision, his own mission. We try and empower him. Hence the acquisition of Hospira, which I think fills out an important part of growth in that business of biosimilars, which he is pushing.

Now, a formal transfer? What we did is, when we set it up, we said everything that is LOE before 2015 or Lyrica will be transferred over, other than we kept Lyrica in the US because it goes through 2019, I think, 2019 today.

But yes, there is a formal transfer. As a product approaches the end of its lifecycle it gets moved over into the Established Products business to be managed.
Now, we are trying to create the infrastructure and the reporting so as to allow greater time in decision-making and the ability, if we so wished, to take the optionality of splitting the Company up. That’s not an easy job to do. There are huge, huge issues around manufacturing, around tax positioning, around infrastructure.

And we’ve said that we would be in a position to be able to -- if we so believed it was in the best interest of shareholders, I think we said in 2017 we would pull the trigger on that.

**Steve Scala - Cowen and Company - Analyst**

So just so I’m clear, at some point, for instance, a drug like Sutent will reach the end of its life. There is a process in place -- this is my understanding -- there is a process in place for you to value Sutent and basically sell it to GEP. Is that --?

**Ian Read - Pfizer Inc. - Chairman, CEO**

I don’t sell it to GEP, right? Because it’s not a separate company.

**Steve Scala - Cowen and Company - Analyst**

Well, when it’s a separate company.

**Ian Read - Pfizer Inc. - Chairman, CEO**

Well, if it was a separate company, we would need to look at the market conditions at that moment in time. When it becomes a separate Company -- if it becomes a separate Company, you would have to look and say: what is its capital structure? And what relationship does GEP need to have with -- or GIP -- so as to maximize the value of both? Right?

So you’d have to say: am I going to privilege GEP with the first right of refusal on taking our products as they go LOE? I’d have to be doing the best to make sure that both shareholders have maximized their opportunity.

And this is -- you may or may not give GEP absolute rights; you may give them first right of refusal. Because if you’re the residual shareholders of Innovative, you’re going to say: well, I want to maximize my value of this product if it goes LOE.

So these are things that are easily handled in a market-based organization. I don’t see any problems with that.

The same with manufacturing, the same with service agreements. This is what we’re setting up now so we can enable us to value those at arm’s length.

**Steve Scala - Cowen and Company - Analyst**

Maybe a question for -- anything from the audience? Question for Albert.

Compare and contrast Trumenba with Bexsero. And also, what are the most exciting vaccines that you got from the vaccine products that you acquired from Baxter?
Albert Bourla - Pfizer Inc. - Group President Vaccines, Oncology & Consumer Healthcare

Yes. There are not, first of all, direct comparison between Bexsero and Trumenba. We can only see label differences.

There is the difference that we are giving it in three doses, and they are giving it in two doses. We have co-administration data with multiple vaccines including Gardasil, which is also a three-dose schedule in the same population; and they don't.

And also, although there are not comparison data, our vaccine is having two components of a protein, the subfamily A, subfamily B. And Bexsero does not have the subfamily A, that it is approximately 30% of the strains that are having it.

Exciting opportunities from -- the Baxter acquisition was more an acquisition that is helping us to enter into meningitis C. There is a meningitis C vaccine in Europe, and there is also a --

Ian Read - Pfizer Inc. - Chairman, CEO

Tickborne.

Albert Bourla - Pfizer Inc. - Group President Vaccines, Oncology & Consumer Healthcare

Tickborne encephalitis vaccine in their portfolio. Both are market leading to one in the adult -- in the pediatrician/adolescent market; the other it's more a traveler's disease. This market is in general practitioners.

Fits wonderfully with our footprint in Europe in adult, with adult vaccination of Prevnar, and in pediatric. So it's giving us strength; makes, let's say, a very nice portfolio in Europe. The deal closed, as you know, nicely; and is progressing very well, the integration.

Ian Read - Pfizer Inc. - Chairman, CEO

So in the end, the differentiation between Bexsero and Trumenba it will depend on if they both of them are recommended by ACIP. Basically they're both on the same standard. That's what it will come down to.

But, Mikael, you may want to comment something about our development and the strains.

Mikael Dolsten - Pfizer Inc. - President, Worldwide Research & Development

Yes. I think just to build on what Albert very well described, we have generated now on one hand a very large safety database that comes from our Phase 3 study that we will in due time share. That will obviously put the prescriber in a situation where there is much more data set on Trumenba.

We do have concomitant vaccine data, so will also move into dialog with the FDA on our encouraging data that you can give the mening B vaccine at the same time as you give mening ACYW, or tetanus, diphtheria, and pertussis, which are important for adolescent population. To the best of my knowledge, that type of data will be available for Trumenba and it's not available at this time in the US for Bexsero.

As part of those studies, we also have comprehensive data set on using two and three, as Albert alluded to, which we will put into dialog with the agency about the opportunity to use two doses. When you use three, you create a more long-lasting immunity; and that goes back to where you over time would like society to be. Not just being a fire brigade when there is an outbreak, but really to immunize broadly, as Albert alluded to.

Hopefully that will happen at the proper ACIP meeting, a broad immunization with that lesson. And then to have the opportunity to look at data sets where you just not only give two immunizations for a shorter-term protection but three to really reduce the burden of the strains.
So we are quite proud about more comprehensive data set and hope over time, as prescribers start to get more into the use of these vaccines, that this will be appreciated.

**Ian Read** - Pfizer Inc. - Chairman, CEO

Yes. But we know you don’t always focus on adult vaccine. This is by far the bigger commercial opportunity, while Trumenba is really important medicine for this infection, which is so cruel.

The commercial opportunity in adult vaccine I believe is substantial, given the label we have. And we’ve now got reimbursement both for when you become 65 or catch-up. So anybody over 65 or arriving 65 should get a dose of Prevnar 13; and if they’ve had Pneumovax, then within a year they should get a catch-up dose of Prevnar 13.

**Albert Bourla** - Pfizer Inc. - Group President Vaccines, Oncology & Consumer Healthcare

And they know they should freshly administer the Prevnar.

**Ian Read** - Pfizer Inc. - Chairman, CEO

The Prevnar. So I think it gives us a very strong label and an ability to really promote the use of Prevnar 13 in adults.

**Steve Scala** - Cowen and Company - Analyst

I think Wyeth said when it was still an independent company that they thought the adult opportunity was $1 billion. I don’t recall Pfizer giving a figure along those lines. Maybe you did.

But do you sense that that’s a low figure now? That the incremental opportunity in adults is over $1 billion?

**Ian Read** - Pfizer Inc. - Chairman, CEO

Well, we don’t give forecasts. Once you do that, every quarter, you have to update them and it becomes a real problem. But look, I think it is a huge opportunity.

**Steve Scala** - Cowen and Company - Analyst

Okay. One of the most interesting things that I have seen in my career occurred 20 years ago. And Ian, I think maybe it was your efforts.

But Pfizer was a player in the macrolide markets, a minor player with Zithromax; cut the price 25%; and the product went on to market dominance for the next 10 years. Why not do that with the Xeljanz?

**Ian Read** - Pfizer Inc. - Chairman, CEO

Because one is an acute therapy and one is a chronic therapy. First of all, you need to establish a track record of safety in a community that is very conservative; it’s an adoption of new medicine.

We have looked and looked and looked at the response curves, and it just doesn’t make commercial sense at the moment. As society and physicians get more and more comfortable with Xeljanz and the data, there may come a time when it will make sense.
You also have substantial -- well, what would the right word be? You have substantial interest in the distribution chain that protects to a certain extent the established players, given the degree of rebates that the PBMs get from the use of the big products. To get your product into a privileged position on the formulary is extremely difficult.

**Steve Scala - Cowen and Company - Analyst**

Pfizer -- I mean excuse me, Merck announced just 45 minutes ago that they will have five biosimilars in development and three could be filed this year via their arrangement with Samsung. Maybe you can take this opportunity to remind us of Pfizer’s strength in biosimilars and its competitive advantages against other market players. And of course the Hospira acquisition plays in well to that.

**Ian Read - Pfizer Inc. - Chairman, CEO**

I'll let Mikael. His area of responsibility is that development.

**Mikael Dolsten - Pfizer Inc. - President, Worldwide Research & Development**

Yes. We have three biosimilars that are in ongoing Phase 3 studies: rituximab; trastuzumab or Herceptin; and Herceptin and infliximab, or Remicade.

The fourth delivered very good data -- bevacizumab, Avastin, last year, so that will shortly go into a Phase 3 study this year. And we're waiting for the fifth, adalimumab.

So it’s a very robust, fast-moving portfolio. We are using our decades-long experience in biopharmaceutical science to make sure that healthcare organizations and patients will feel that the use of biosimilar that has the best manufacturing and analytical data behind it.

And of course, if the combination with Hospira concludes, you add an opportunity to look at particularly in the polypeptides where Hospira already is in the marketplace. So it would potentially be a very broad offering, which would be very exciting for John Young and Geno.

**Steve Scala - Cowen and Company - Analyst**

With that, we are pretty much out of time. Is there one brief question in the audience? Okay, I'd like to thank you all so much for making the journey to Boston. Thanks.

**Ian Read - Pfizer Inc. - Chairman, CEO**

Thank you very much. Thank you.