

FINAL TRANSCRIPT

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PFE - Pfizer at Bernstein Pharmaceutical Emerging Markets Conference

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PRESENTATION

Jean-Michel Halfon - *Pfizer - President, GM Emerging Markets*

(Audio in progress) -- Asia, (inaudible) including Russia and Turkey, Latin America, Africa and the Middle East.

We spend about (inaudible). We have (inaudible) reach about five billion people globally, many of whom were previously out of reach.

The first thing we have done, we have established a clear vision, a mission for Pfizer emerging markets with (inaudible) at all levels of the organization. So these vision and mission is obviously extremely important to engage 16,000 colleagues in 70 countries.

Our vision clearly outlines our direction and [aspiration]. To be recognized for meeting the diverse medical needs of patients in emerging markets around the world, in an innovative, socially responsible and commercially viable manner.

Our mission has five elements (inaudible) our strategic approach for achieving these goals in emerging markets. What are they?

The first element of the mission is very much related to what [Jerry] has said just before, is that we need absolutely to develop bold and innovative partnership and strategic acquisition to drive growth and to drive progress in emerging market.

Second, we need to reach patients and when we reach patients we have never reached before.

Third, we will provide patients with affordable (inaudible) services. Key areas for growth for us will be for example oncology and established products.

Fourth, and this is absolutely crucial in emerging markets, we will be recognized for having the best talent in healthcare, attracting talented colleagues to work in Pfizer emerging market globally. By doing so we are confident in our ability to achieve the final elements of our mission becoming the leading biopharmaceutical company in emerging market.

So by establishing an emerging market customer focused unit, Pfizer will demonstrate its strong commitment to investing in (inaudible) growth in this high growth geography.

We are able to move much more quickly with much greater flexibility which are essential in this geography. Yet we still have the power, the capabilities as a (inaudible) of the last organization.

Being a singularly focused unit supported by a global company offers key opportunities, full accountability and full P&L responsibility. The Pfizer name is already a well known and trusted brand in many emerging markets and certainly we will build on that strong reputation.

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We also have the advantage of our global research and manufacturing network as well as other global [super] services and platform and functions.

So as you can see, the previous model, the previous Pfizer model, did not really address the key issues, the concerns we had for emerging market. We think our ability for fully capitalize on that significant growth opportunity.

We now have, and this is critical, one single leadership team with 100% focused on emerging market, paired with strong local market presence that will enable us to have faster response time and (inaudible) Pfizer in emerging market.

Our global access strategy, which we will talk about later in the presentation, enable us to reach patients we have never reached before. In addition, we now have dedicated medical and development resources focused on disease (inaudible) in emerging market and improving at the same time speed and efficiency within clinical trials, which is a fundamental element.

In our previous model, all marketing decisions were global. Now our marketing efforts are customized and regionalized for each market. To fully capitalize on current growth opportunities, we have for example, established regional marketing (inaudible) creating networks for commercial models as [original] (inaudible) and this network enables not only best practice sharing but also next practice development.

Our emerging market unit is now designed to fully capitalize on the current growth opportunities in emerging markets by leveraging these capabilities and we are already seeing some successes.

The recently published book on business strategy in fast growing economies (inaudible) China and India, describe the importance of creating global and regional hubs. The global hub will have the right balance of global and local processes, talent and resources.

According to the authors, a global hub must meet four criteria-quality, responsiveness, total cost and risk. With the right balance at global and local levels, the regional hub will provide economies of scale scope that lead to greater efficiency and better quality work and more efficiently as a marketing, medical and access level as we have seen before with (inaudible).

Our regional (inaudible) models are already well established in Latin America and Africa, Middle East and at the moment we are strengthening our regional hubs in Europe and in Asia. We have regional hubs today in Mexico City and Dubai, in Brussels and Hong Kong.

With this model we are leveraging this best practice to improve our regional marketing capabilities and (inaudible).

Pfizer emerging market reached \$135 billion in revenue in the first quarter of this year. We posted 5% (inaudible) growth in the first quarter. Asia grew 8% (inaudible) led by China, which is growing by 28% which was partially offset by declines in Korea resulting from losses of exclusivity of (inaudible) [Lipitor].

We also saw nearly double digit growth in the Middle East and Africa emerging markets while at the same time given the current economy turmoil, we saw (inaudible) of growth rate is Eastern Europe.

In light of the significant unmet medical need in this part of the world, we believe that over time revenues in this market will grow substantially as health system evolves in (inaudible) created disposable income rise.

We have identified the Pfizer six priority markets-China and Brazil, Russia, Turkey and Mexico and we will provide additional detail on our strategies in China, India and Turkey at the end of this presentation.

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We are focused on key strategies for Pfizer emerging market growth. We will first strive to drive incremental organic growth. Second-pursue strategic acquisitions and partnerships, and three, seek (inaudible) opportunities for innovation. And I will now discuss with you each of these three strategies.

Our first strategy is to drive organic growth. So we plan to do this in three distinct ways, first by maximizing the performance of existing core brands including Lipitor and by focusing on product launches such as (inaudible). (Inaudible) major opportunity for us in emerging markets with Celebrex, with Lyrica as well as (inaudible) products.

Second, we plan to prioritize oncology by supporting the growth of Sutent in key emerging markets and achieving leadership around treatment in renal cell carcinoma. More than 58,000 patients have been treated with Sutent globally today.

We plan to maximize synergies within the oncology therapeutic area (inaudible) Pfizer [extensive development program]. We (inaudible) new molecule entities and new indications for current medication including (inaudible) phase 3 in solid tumors.

Finally we plan to tailor our business model to optimize the revenue of established products in emerging market.

Currently established products account for about half of emerging market sales and many of our established products have continued to grow in 2008 despite very competitive generic environment.

(Inaudible) revenues for 2009 compared with the same period in '08 for products like (inaudible) for example, (inaudible) and Fragmin increased 18%, 11% and 56% respectively. Diflucan, which is important for Pfizer (inaudible) globally grow 6%. Norvasc declined only 4% despite a very tough generic competition.

What is important also is that we are leveraging best practices, including the strategic development of a program like [e-card] which combines the discount card for Pfizer products with disease management programs to increase access and drive patient compliance.

This program, the e-card, was successfully introduced initially in the Philippines with Norvasc and we are now expanding into other markets with other products including Lipitor, Caduet and Celebrex.

In addition we are exploring and implementing initiatives in various markets to bring forth distribution channels which will enable us to better reach more customers and contribute to provide high quality costs, affordable medication to more patients in need.

So for all of these initiatives we are working to optimize and increase, establish product revenue in emerging market, strengthening (inaudible) by reinforcing key brands and commercial efforts and expanding our customer reach through acquisitions and in-licensing of branded and non-branded products.

The biggest example of our strategic acquisition is of UC Wyeth. So the pending acquisition of Wyeth aligns with the strategy to expand our offering and expanding our presence in emerging markets. The resulting company will have a broad, diverse portfolio of growth drivers and strong platform for improved consistent earning growth.

The pending Wyeth acquisition will help us expand our global healthcare leadership in developing markets through new product capabilities including vaccine and biologics, nutritional and customer health.

In addition to complementing our existing product line, we will be augmenting our pipeline portfolio in critical disease areas as well as growing our research capabilities with the formation of the biotherapeutic research (inaudible).

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Finally the acquisition will increase our market presence, further expanding our reach in these regions. Wyeth key pneumococcal vaccine, Prevnar for example, will significantly benefit from our extensive distribution network to (inaudible) in China where Pfizer has approximately 2,100 reps and Wyeth has about 450 reps.

We truly believe the pending acquisition of Wyeth will enhance significantly our ability to meet the needs of patients, physicians and customers in emerging markets.

In addition to Wyeth, we are (inaudible) evaluating our business development opportunities. We continually assess opportunities for scientific, manufacturing, commercial and financial (inaudible) to maximize value for patients and customers.

Perhaps the best example of our strategy to seek gain changing opportunities for innovation is Pfizer global access strategy. We saw a significant opportunity to address the unmet healthcare needs of the working poor in emerging markets. These markets have a growing middle class of customers who seek choice and who seek quality in healthcare.

We gathered thought leaders in this issue more than a year ago to discuss potential strategies and initiative. The results of these key meetings were reviewed with our customer advisory board. Our global access strategy was the result. The initiative aims to improve access to quality medicine and healthcare for the working poor through new non-traditional business models that are commercially viable, sustainable and socially responsible.

Our strategy is built on five piers representing different approaches to expanding access. These include one-innovative healthcare financing including micro-finance options. Two, new commercial models based on the specific needs of customers in emerging markets. Three-key account management to build relationship with other companies, non-governmental organizations, global [form] and institution and government and build partnerships.

Four, access to innovative products by bringing new products to these markets much more quickly. And five, research and development for unmet medical need, (inaudible) that disproportionately affect emerging market regions.

So this approach was developed through extensive dialogue with valued stakeholders involved in this specific issue and has received so far very positive feedback. And Pfizer is completely committed to the success of this strategy and we have already received some signals of initial successes.

Some of these recent successes include what you have seen on this slide. For example, our partnership with (inaudible) for example, we advanced our knowledge about healthcare needs and for changing behavior of low income population in four specific regions in China.

By partnering with sigma-tau we will ensure access to (inaudible), a novel (inaudible) treatment following the approval of the product in Africa.

Our work with Grameen Bank aims to apply micro-finance models to healthcare in emerging markets and try to develop solutions for access to innovative private financing for healthcare.

In India we are working with Max Healthcare to open 600 smoking cessation clinics across the country by the end of 2010.

So our six priority markets show significant potential for growth and are (inaudible) focus for driving results for Pfizer emerging market. They are the same you have seen on Jerry's slide on the demographic and I would like to focus especially on our current activities in three countries in China, in India and in Turkey.

In China - in China as we have noted earlier we are already seeing the impact of our strong focus on driving organic growth through expansion and through investment. China is 28% of national growth, was driven by seven new product launches since

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Q4 of '07 including Chantix, Sutent, Caduet, (inaudible) Zyvox, (inaudible) and (inaudible) as well as the key decision to expand the size of (inaudible) in China.

In 2009 we already nearing our year-end 2009 goal of 2,300 [sales force] members in 177 cities. To date we have 160 cities covered by 2,100 sales force members. By 2011 we aim to have 3,200 sales force members expanding our reach to 252 cities.

In addition, we had invested in expanding our manufacturing facility in Dalian in China. This plant was the first facility to gain [GMP] certification. Recently we invested \$6 million in expanding the plant, tripling production capacity.

The FDA (inaudible) Dalian facility (inaudible) recognizing our ongoing commitment to quality and to compliance.

Shanghai has become our research hub in the country with a (inaudible) China R&D center, hub to our Asia research team.

We also have several ongoing initiatives in India. Working to expand research, education, and support public health. While we realize India represents a relatively small market today, we are confident in our ability to capture additional growth in what is certainly a very rapidly growing economy.

We are actively working to expand our presence which has lead to be able to reach 14,000 new physicians in 10 states and open more than 20 offices in India that cover approximately (inaudible) [towns] as of March of last year.

We have established a preferred research center my partnering with (inaudible) science in (inaudible) and [integrated] science in (inaudible) to build research capacity and promote education, training and (inaudible) development.

The Pfizer education and research league conducts training programs in evidence-based (inaudible) and clinical research in several academic medical institutions in India.

In Turkey our primary focus has been on research and development supported by public, private partnerships. Pfizer Turkey has developed a strategic partnership with (inaudible). By establishing a Pfizer research and development unit and (inaudible) as a key strategic site for Turkey.

We also have several ongoing partnerships with Turkey Ministry of Health and obviously these partnerships are essentially strategic.

So we gave you examples on China, India and Turkey. We could give you examples on Mexico, Brazil or other countries or Russia and I hope this presentation has given you some thought about our goals and guiding strategy in emerging market, as well as the way we will drive growth in (inaudible) Company.

We see emerging markets overall representing the market of \$[160] billion of opportunity where we currently have a market share of 4%. We estimate the market (inaudible) to about \$[230] billion by 2012 so if we can just maintain our participation we would pick up some incremental \$[3] million in revenue.

If we are able to grow more, and we're confident we will do it, especially with the acquisition of Wyeth, (inaudible) back to our top line would be even more substantial.

We will achieve this goal by driving growth in the six priority markets as we have identified, optimize revenues and develop strategy for growth for established products where it's absolutely critical that we compete in the unbranded and branded generic field, and also concentrate on key innovative therapeutic areas such as oncology or such as specialty.

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So we believe that with this innovative business model and we are changing the business model, with the (inaudible) of vision and mission and strategic priorities, with the 16,000 colleagues engaged and with the strategy to develop partnership with the environment, we would be able to achieve these goals in a way which is innovative, commercially viable and socially responsible.

So I thank you very much for your attention and I'm open to any questions.

QUESTIONS AND ANSWERS

Tim Anderson - Sanford Bernstein - Analyst

Well we have time for some questions here. I'm going to start with the first which is I think increasingly investors have a sense for where the revenues are coming in some of these territories. A question that I get a lot and that I have myself is profitability in these markets.

And I'm wondering if you can compare, give us some rough indication of profitability in emerging markets relative to established markets and also are there any territories that you guys are focused in where you're actually running at a loss right now because of the necessary upfront investments?

So that's my question.

Jean-Michel Halfon - Pfizer - President, GM Emerging Markets

Okay, so I guess profitability is a question we are facing every day and the key is to balance volume, partnership, price in these markets. Key is not to consider price as a fixed variable but to be able to move very fast with valuables such as price, such as sales force, sales force size, so that we can influence positively profitability.

We are not -- we are profitable in all these regions. Obviously the investment, the strategic investment in some parts of these regions such as China, Brazil, Mexico, can influence the profitability at some point in time, but we are very confident that the return on investment of these investments is quite high as we see the significant growth of the market.

Even if the segments of the market are quite different, there are many similarities but if we see the growth of the market compared to other countries in the world.

Tim Anderson - Sanford Bernstein - Analyst

Question here?

Unidentified participant

Just a couple of questions. Are there any markets where you think the intellectual property protection is not good enough for you to introduce products?

And then secondly, just from the cost side, have you thought about moving manufacturing to some of these emerging markets or do you also think there's an intellectual property issue in doing that?

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And then just a followup to the question, in terms of pricing, are you pricing for -- at the high end or comparable to West so that you get a small portion of the -- the wealthy portion of those emerging markets or are you pricing for a broader distribution, a broader access to those markets? Thank you.

Jean-Michel Halfon - Pfizer - President, GM Emerging Markets

Thank you very much for your questions. So about the intellectual property, we are working very hard to ensure that we can strengthen intellectual property in all key markets in emerging markets, mainly in strategic markets. But it's really a very bottom goal for us to work and to work with the industry.

And when we talk about partnering in emerging markets, we include in this partnership a dimension which we believe serves both the patient, the economy as the growth of the (inaudible) in this market.

And so this is the kind of language and conversations we had with leaders in these markets.

But we believe that we need to encourage strengthening of IP globally so it's very important that we stay and work and partner with governments (inaudible) rather than leave this country.

Now in terms of manufacturing, we have global manufacturing and as I said before, we arrange both our manufacturing in China for example so yes we have a global strategy of manufacturing where we move toward an area where we can lower our costs for example and be in the fast growing economy.

And on the strategy, on the question on the pricing, we need to move towards pricing which are able to reach more patients in these economies. So we have a huge amount of patients moving, as you said before Jerry, moving from the middle class. So it's very, very important if we want to increase our market share, our presence and serve more patients, and play the role that we want to play in these economies, that we can find the right balance of prices.

And this is not a simple question. This cannot be done verbally from -- but this has to be done market by market at the very local level. And this is why when I said that regional (inaudible) are important. There are very important because they can be very close as a reality of this market and they can adapt a dimension of (inaudible) pricing to the reality of this specific market.

Thank you for the question.

Tim Anderson - Sanford Bernstein - Analyst

We have other questions? Question in the back? Actually can you wait for the microphone? Do we have a microphone?

Unidentified participant

How is the emerging market division being evaluated financially at Pfizer? Is it revenue growth? Earnings growth? Margin expansion? Return on capital? What's the -- what are the metrics of -- the most important metric?

Jean-Michel Halfon - Pfizer - President, GM Emerging Markets

Thank you. It's a very important question. We are evaluated. And first we communicated or we have communicated for the first time last week during the meeting with (inaudible) we have communicated our growth for the first quarter so it's the first time that Pfizer is moving towards communication business unit by business unit.

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As you know we have five business units. This is the way we are -- our metrics (inaudible). We have also -- we are also measured on how we move forward on our strategies.

So for example, when I shared with you some numbers about the sales force size in China, the number of cities in China, they are very, very specific metrics and these metrics have a huge impact on our results overall and our market share for example in China.

Internally we are measured on several other valuables including our performance (inaudible) including our market share, including the development of our market share, including how we partner and how we engage our customers, how we engage our colleagues.

All these parameters have at the end of the day a strong impact on our top line and bottom line.

Tim Anderson - Sanford Bernstein - Analyst

All right, to stay on schedule we're going to move on to the next ---

Jean-Michel Halfon - Pfizer - President, GM Emerging Markets

Thank you very much. Thank you.

Tim Anderson - Sanford Bernstein - Analyst

Thank you very much Jean-Michel.

Jean-Michel Halfon - Pfizer - President, GM Emerging Markets

Thank you.

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