FINAL TRANSCRIPT

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PRESENTATION

Jami Ruben - *Goldman Sachs - Analyst*

Okay, I think we are -- is my mic on? Yes, okay, great. Thank you very much. My name is Jami Ruben, and very happy to introduce Dave Simmons, President and General Manager of Pfizer's Established Products business unit.

I thought it would be a great opportunity to have Dave up here today to talk about some of -- I think Pfizer is creating a business model that in many ways is very transformational as the industry is grappling with challenges, and obviously Pfizer has its share of challenges, both integrating a new company and facing patent expirations.

But I think what Pfizer is doing by creating these smaller business units is in many ways very transformational. And it's a great opportunity today to have Dave, who is responsible for one of the largest and most important of those business units, to enlighten us as to how we should think about the structure of Pfizer and how Dave's business is going to get the stock up.

So maybe as a starting point, Dave, if you could talk about, as one of a Pfizer's general managers, describe Pfizer's new operational structure, how long it has been in the works and what it is meant to achieve.

Dave Simmons - *Pfizer Inc. - President & GM of Established Products*

First of all, good morning, everyone, and good morning, Jami. Thank you for inviting me to participate in this. It is nice to be able to talk about the transformation and changes Pfizer is undergoing.

I would like to step back maybe in time, if we go into 2007. And Jeff Kindler had organized his executive team to analyze untapped opportunities in the broad healthcare environment, not specifically only patent-protected research and innovation, but more broadly speaking. And out of that analysis came five growth strategies for the future, which we call our path forward.

That includes a doubling down of effort and focus on research and innovation and patent-protected medicines in targeted therapeutic areas, which you would expect from us. Also, it included established products, a focus on the off-patent marketplace. This was somewhat new to Pfizer. Identifying emerging markets as a unique business opportunity, a unique set of market characterizations that had to be treated as such, not just an extension of what we might roll out in the US internationally. Instilling a culture of innovation and continuous improvement was the fourth. Starting to bring in systematic approaches to squeeze efficiencies more and more over time as a natural course of business, and not one-off events.

And finally, looking for opportunities in complementary businesses. Animal health as an example for us of a complementary business. It could exist on its own as a solid, profit-making enterprise. However, we think its potential is amplified when it is brought into a company like Pfizer, and we were looking for more of those. When you see those five, I think you start to see the strategic rationale for Wyeth, for example, that was coming forward.

Now, getting to your point about the transformation in the business unit context, it flows from this. So these five strategies were identified, and there were several recognitions at that point. One was that the world is a very different place as you look at geographies internationally. In the past, if you get into our mentality, a vast majority of our sales came from the US market. So we would apply similar strategies externally and where they hit, that was good. Where they didn't, we tried to maximize as much as we could.

If you roll forward to now, we've got a majority of our sales coming from international markets compared to the US. So this idea that we have to treat the world differently and it requires a different approach starts to lead the business unit construct around emerging markets.

When you look at pursuing the off-patent marketplace, it is prescription-only medicines to a great degree, but there, the similarity to the patent-protected business almost ends. There are more similarities around quality and regulatory standards. But to do business in the off-patent market requires a completely different set of strategies and different approach.

So one has to think how best to pursue each of these five growth opportunities. Could we do it in the construct that Pfizer used to be? And there was a belief that we would get a bottleneck of decision-making up at an executive level that would slow us down. So breaking it into business units, giving proven internationally experienced business unit leaders the empowerment to run their own P&L to maximize their profit and loss statement, to understand their customer needs and adapt their strategies to the customer needs, is what led to the business unit set-up.

Jami Ruben - *Goldman Sachs - Analyst*

Are you trying to emulate the J&J structure, or is this something very different?

Dave Simmons - *Pfizer Inc. - President & GM of Established Products*

I'm not an expert on J&J's structure, so I don't know exactly how they govern decision-making and how much autonomy individual business units have or what groups or processes cut across.

But what I can say for Pfizer, this is a very, very different approach. And to give some examples of that, within my business unit, for example, we started in early 2008 with a US-centric focus. This year, along with the other business units, we rolled out the concept internationally. Our business is running very well versus the targets that we had set this year.

I have the ability to reinvest the proceeds or overage into growth initiatives out of my own discretion. In the past, the process that would have had to go through to redeploy excess capital from something that was overperforming was very difficult. So the speed in which I can react -- and it's the same for the other business unit heads -- is dramatically different.

Another element is if you take myself and Jean-Michel, who runs emerging markets, there is an interesting construct. Because you have a geographic business unit and one that is focused on a portion of the market, the off-patent side. It just so happens that 50% of the sales in emerging markets are established products. So there is a very symbiotic relationship between Jean-Michel's business unit and mine.

And we've got hardwire processes and structure, including a leadership first -- and it's on both of our leadership teams -- to take common strategy. So we have the same strategies for growing this off-patent segment. However, the manifestation of those strategies in emerging markets starts to look very different than what it does in the developed world. So you start to get a little bit of best of what we had in the past, but with Jean Michel, [I have] a complete focus of how to unlock value at an emerging market level.

Jami Ruben - *Goldman Sachs - Analyst*

Before we drill down on your area of responsibility at Established Products, can you share with us what is happening across all the different business units in preparation for the Wyeth integration?

Dave Simmons - *Pfizer Inc. - President & GM of Established Products*

Yes, I can share the concept that we are respecting and validating and reaffirming the business unit construct for the combined Company, once we get -- pending the closing of the transaction. So what that drives is an integration planning process that is organized by business unit.

And so you have the five business units that existed within Pfizer, plus you have OTC, vaccines, nutritionals, coming in from Wyeth. Each of these business units has a planning work stream that looks at Wyeth as it would map into that business unit construct.

And the first part of the process was to lock down baselines, so looking at the combined company, locking down P&Ls, understanding the forecasts on the combined business, business unit by business unit. That step has been completed.

Now we are in the phase of on that locked-down baseline, how will we drive the synergies that we've committed to from a cost standpoint? And also, where is there opportunity to unlock revenue synergies. And we are in that -- we are well down the path of that phase. Once we get past that phase, then we start to really scrub and clean the integration plans so we hit day one without any type of interruption, and, to the greatest extent possible, flip the switch and work as one company.

It is -- in some countries, we will still take some time to switch customer invoicing from one system to another, but those are technical details. The fundamental plans will be complete well in advance of Frank's timeline for the closing. Everything is very much on schedule.

Jami Ruben - *Goldman Sachs - Analyst*

So help us to understand exactly what defines established products and specifically what your goal is. These are products that are either generic now or going generic and therefore in decline. So how should we think about -- what makes a successful Established Products business?

Dave Simmons - *Pfizer Inc. - President & GM of Established Products*

Going back to what Jeff and the executive team saw in 2007 that had them support and encourage and approve this strategy, there were two premises that were basic in that. The first was that this market was very -- the off-patent market was very big, it was growing fast and the margins were actually better than anyone thought. And when I say big, this thing is projected to be more than $500 billion out in 2012 or '13, the off-patent market globally. So that was one premise. The second premise was that that market is poorly served. Specifically, many markets suffer from quality and supply reliability issues.

So looking at those two premises, we looked at Pfizer and fundamentally believed we had a significant opportunity to serve underserved patients and make an impact, especially on a quality and supply reliability side, be uniquely Pfizer -- so we are not going to be like a normal, typical generic company, and unlock incremental shareholder value.

Now -- so how are we going to do that, I think is the next follow-on point of that. And what we looked at was Pfizer's strength, that we could leverage to be uniquely Pfizer and have some competitive differentiation in the market. These items were Pfizer's brand recognition. And Pfizer around the world is very much known for a company with a 150-year history of high-quality, great products.

Second, we have a tremendous commercial infrastructure globally. And specifically, I would like to take your mentality to branded markets -- not the US -- branded markets where the physician decides, even in the generic space, which specific company's generic gets dispensed. In those contexts with the physicians making the decision, a field force and trust and relationship built up over time with a field of force is a tremendous competitive advantage. Pfizer in markets around the world are perceived as number one in the eyes of general practitioners and many specialists. This is another area.

Our pharmaceutical sciences or our applied scientists that have learned to formulate products coming from our research labs to bring to the market, their levels in skills and technologies of product formulation are extremely high. We think we can apply those into off-patent product. We won't get a huge price premium for them; the market is too tough. But we think we can do it in a way and maintain a very low cost of goods, and move patients into more patient-centric, patient-friendly forms of medicine.

So these strengths, when we looked at those, we saw four areas where we could sell and create shareholder value that we weren't doing before. The first was leveraging our current portfolio. And what we are trying to do there in simplistic terms is minimize the erosion rate on a basket of about 300 products.

As you might have seen in the first-quarter release, earnings release that was broken out by business unit, my business unit's operational growth was minus 10%. If you go back two years, our negative growth rate was three to four times that number. So making an impact on minimizing that erosion curve is a way of unlocking value. We are doing that through reducing cost of goods to be more competitive, so generic companies won't take traditional Pfizer volumes. We are also looking at product enhancements on these products and targeted promotional support behind branded products that are still sensitive to promotion. These are all new things for Pfizer.

The second area is going into what we call niche markets. And niche markets are markets for products that are very hard to make. The quality standards are high. The manufacturing technologies are difficult to do and have a sustainable quality. Hospital-based sterile injectables is an example of this. In many of the hospital-based products, we see three, four, maybe five competitors. If you compare that to the pills that are done in the retail channel where you have 20, 30, 40 competitors, it is a hugely different competitive environment. The implication of that is the price erosion is much less in these tough-to-make markets.

Pfizer's technical capability allows us to engage in that with its very high quality. So we think we can do a lot more there. Just this year, we have launched a Pfizer injectables division in the US that are taking 30 products that we had in our legacy portfolio, engaging with group purchasing organizations in hospitals, as well as the products we've just licensed in from Claris and Aurobindo on the sterile injectable side. We are trying to get to a portfolio of 100, and we are already at about 50.

So the fourth area of value creation is getting better at maximizing the value of assets that are going through the [LOE] event. Maybe Lipitor is a good example that could be on your mind. Lipitor has a date certain at the end of November. What we are doing now is you have the primary care group, which owns the asset, so to speak, up until the year after the LOE event. However, my group starts working on planning for asset maximization post-LOE years before the event.

And what we look at is what actions do we need to take to maximize that asset value post-LOE. The ones that have no negative impact in the near term, we put in the works and we start to execute as soon as the timing is right. Ones that could cause a negative short-term impact, but yield more long-term value, we sit with primary care and we take a decision on what is in the best interest of Pfizer and we put those into place. That construct of having a completely separate group, an off-patent group, that focuses on this asset maximization is quite new.

So those are the four areas where we think we can unlock value that we weren't unlocking before.

Jami Ruben - *Goldman Sachs - Analyst*

What is -- remind me the size of the Established Products business unit, $11 billion?

Dave Simmons - *Pfizer Inc. - President & GM of Established Products*

Yes, it is in excess of $10 billion in 2008. And that number is a global number. So you have to -- we are somewhat complicated in this regard. You have established products in the developed world, which are, of the $10 billion, was about $6.5 billion. That is my responsibility and my business unit. You also have $3.5 billion of that total that was in emerging markets. So you would see those sales numbers embedded in the Emerging Market business unit breakouts. But the total for the portfolio is more than $10 billion globally.

Jami Ruben - *Goldman Sachs - Analyst*

And you said Q1, you were down 10%. What -- share with us some of the specific goals, and how at the end of -- how do you measure yourself? Are you looking at -- do you have specific -- obviously, with Lipitor -- I know you will be inheriting Lipitor, so your revenues will go down. But what is it that you are measuring yourself up against? How do we know if you're doing a good job?

Dave Simmons - *Pfizer Inc. - President & GM of Established Products*

Okay. The first part is to -- all the upcoming LOEs, move them to the side, because they just will confuse the picture. It will look like a cardiac arrest chart if you try to track these assets. But if you look at the base of products that are off-patent that are currently in Established Products, 300 plus, one thing to track is the erosion rate on that portfolio.

And we have to minimize that. As I said, it was -- in the first quarter, it was minus 10%. Two years ago, it was three to four times that. We have to get that down into single-digit negative growth. We don't believe that that base portfolio can grow on its own. We haven't seen any analogs that would show that it could. We think getting it under double-digit negative growth will be a Herculean effort and accomplishment. So that's one part.

We are committed, though, to making this business unit grow. So we have to offset whatever negative deterioration that is left. And we are going to do that through product enhancements and portfolio expansion. You see the deals announced with Claris and Aurobindo that are bringing products in.

We have to generate enough incremental sales -- so we were selling none of these in the past; everything we sell is a positive contribution -- we need to sell enough of that by 2011 to compensate for the deterioration in the base portfolio so we get the year-on-year growth. We plan to get the year-on-year growth as a business unit in 2011 compared to 2010 as an annual number, and we plan to continue the growth into 2012.

Jami Ruben - *Goldman Sachs - Analyst*

But that requires acquisitions in order to do so.

Dave Simmons - *Pfizer Inc. - President & GM of Established Products*

No, it requires portfolio expansion. Now, we can do portfolio expansion one of three ways. We can make the products in our own plants. We can license products from companies or tie up in partnerships, as we did with Claris and Aurobindo. Or we can acquire companies.

The current plans and projections do not require us to do an acquisition. If there is an attractive financial case that unlocks shareholder value, more from an acquisition than from licensing or making it ourselves, we will pursue it aggressively. And it will be driven by me into the business development committee of Pfizer, and I will be competing for capital on the balance sheets.

Jami Ruben - *Goldman Sachs - Analyst*

Explain to us what your generic strategy is. It is a bit confusing, and I know that -- should the Watsons and the Tevas of the world be scared about Pfizer entering the generic drug market? Or how should we as investors think about what your goals are? I know you did a deal with Aurobindo earlier this year. Are you trying to be another Teva? Help us to understand where you are going with that.

Dave Simmons - *Pfizer Inc. - President & GM of Established Products*

We are trying to be uniquely Pfizer in this off-patent marketplace. I think to try to make sense of what we are doing and to project where we are going, one, you have to break the world into three types of market segments. Because if you don't do that, we will confuse you a lot. Because what we are going to aggressively pursue in investment and branded emerging markets is going to look different than what we are going to pursue in markets like Japan and Western Europe, which looks different than what we are going to do in the US.

So once you are in each of those market constructs -- and I will go through each one. If we take the US, the commodity asset type markets -- that would be US, UK, Netherlands, Denmark, Australia, Canada -- in these markets which are characterized through a retail channel, a hospital channel, once loss of exclusivity occurs, there is a big switching, price erosion is extremely steep -- we will broaden our portfolio to be a good partner with retail channel customers.

So that means, in the past, we only offered Pfizer legacy products through our Greenstone division. Now Greenstone will be a full-line generics company, which will provide a broader portfolio to customers like CVS Caremark, Walgreens, McKesson, Cardinal Health, these folks. On the hospital channel, we want to be a premier, premium supplier of hospital-based sterile injectables, so to give all the needs of a hospital, for them to be able to turn to Pfizer to supply those needs, and know that they are getting our quality and supply reliability. And that is a very nice market for us, because the competition is less than on the retail side.

When we get into emerging markets, you're going to see a branding of generics to fit those types of market constructs and you're going to see a more traditional pharma model, where we have field force detailing and marketing campaigns that will differentiate our products and our sellable propositions versus other branded generic companies. So our strategy there would look more like what you might see in some of the Eastern European companies, Gedeon Richter, Krka, Zentiva, who have to deploy a lot of marketing and sales investment, but their prices are a bit higher and their P&L's look decent, frankly.

So I think if you -- to predict us, you have to look in each of these market segments and say where is Pfizer strong? Where does Pfizer have a strength? Where is quality and supply reliability important? Where do patients want that trust that comes with the brand and they are paying out of pocket? Where is there a niche segment where competition is left? And in any one of those, you should expect us to come in in a very focused and strong way.

Jami Ruben - *Goldman Sachs - Analyst*

Any -- (inaudible)? Speak up.

Unidentified Audience Member

With healthcare reform (inaudible question - microphone inaccessible)

Dave Simmons - *Pfizer Inc. - President & GM of Established Products*

Well, the first broad answer is for us to be sustainable as an organization, we are going to have to adapt to the needs of our customer base. And our adaptation to those needs and the way in which we unlock value that other companies can't or can't do fast enough, we are going to succeed.

So in the context of the US and healthcare reform, one, we support healthcare reform in the US. Second, we have a common frame of reference with the administration and with Congress around four fundamental objectives -- expanding coverage, decreasing costs, improving quality of care and rewarding innovation. So in that context, Jeff is very, very active with the healthcare reform and we are committed to making this happen. And we know compromises and sacrifices are going to have to be made by all parties, but the needs of patients in the United States in particular really need an effort to do the reform.

Unidentified Audience Member

(Inaudible question - microphone inaccessible)

Dave Simmons - *Pfizer Inc. - President & GM of Established Products*

Sorry -- I'm not going to give you a figure on that. I'm not going to give you a figure on that. I'm sorry.

Jami Ruben - *Goldman Sachs - Analyst*

Dave, I wanted to get back to what we were talking about with -- you had mentioned the margin structure of Established Products, you had mentioned that they tend to be -- they were much higher than you thought they were. Is the goal to grow the top line or is the goal to improve profitability? Because obviously, at the end of the day, it's profitability that drives Pfizer's bottom line.

So can you share with us -- can you give us a sense for what the margins are, how they are different from the other business units at Pfizer, and what strategies you have in place to unlock that value? You had mentioned trying to improve cost of goods. How do you do that? And if you could just share with us maybe some specific examples.

Dave Simmons - *Pfizer Inc. - President & GM of Established Products*

First, I can't give specific margins. We don't report those by business unit. What I can say is all of the projections that we have as a business unit going forward have been factored into the total Company. So when Frank D'Amelio makes the comment that our margins will be in the high 30s to low 40s, that incorporates all the activities and incremental business I'm pursuing in Established Products. So all that is already accounted for.

Now, what I'm trying to do as a goal is to grow cash flows. Right now, year-on-year, cash flows out of this part of our portfolio are getting less and less, although the margins are very good. The incremental business we've got to do to drive this growth in cash will be less margins than what the core-based P&L is pre-activity. But they are still relatively high and they are all factored into Frank's piece. So that's the first part.

The second part is can I give some examples of how we manage profitability, so whatever incremental cash we generate, we are getting as much value out of that as possible. And I'll pick up on the example you gave with cost of goods, because it is the single biggest lever on our P&L which if we can have an impact, we impact profitability. So specifically how do we do that?

The first step of that is we take our biggest selling and biggest opportunity products. We started with the first 15, to be precise. We've gone out and benchmarked in the generic environment the best companies from a cost structure standpoint that had good quality. So Teva made a lot of the cuts on this. So Teva was a big benchmark type of company.

What we found in the top 15 is in the sterile injectable side, our cost structure is really good. We had been doing it -- we were a bit surprised. We thought we would be negatively differentiated. We were equal or positively differentiated.

On the solid oral dose side, we have a gap. We are not as competitive as the benchmark companies. So step one is to determine that gap. Step two was to put in specific plans product by product to drive the cost structure down. Each product looks different, but basically what we do is we map the supply chain on the product from API sourcing through drug product sourcing to its final stage, and we break down the cost components. Then we look at where we can have an impact on that.

A specific example is gabapentin, which was the base for Neurontin. When Neurontin lost patent, we sold generic gabapentin through Greenstone as an authorized generic. Within two years, when all the competition came in, our share dropped to 10% because we could not sell a unit without losing money.

We went and reengineered that supply chain. We got API from a different source. We do all the quality checks ourselves. We do the drug product in Puerto Rico, in our plant, instead of where it was done traditionally. We've lowered the cost structure lower than the competitive benchmark. Greenstone has gained share back up to 60% on that molecule.

So it just -- it looks different product by product. On some steriles, the syringe-filling element of a sterile product line -- so not the API, not the making of the product, but just filling the syringe -- is a huge cost element. So being able to move that into lower-cost plant locations helps us decrease costs.

Now, once we do that, one of two things happens. Either we take the gain on the P&L as a pure cash generation. Or if the product is right -- and this is our favorite sweet spot -- it is a product that is promotionally sensitive in some markets. So we use the gap that has been freed up on a cost of goods and we put that money in promotion to drive the top line. So we will get margins, but will be able to get top-line growth through it.

Jami Ruben - *Goldman Sachs - Analyst*

I'm sorry did you have a question up here? Right here?

Unidentified Audience Member

Question on the timing of the Wyeth acquisition. Are you still guiding in the third quarter, fourth quarter? And how dependent is the closing on resolution of certain SEC issues, particularly in the divestiture of certain assets in animal health? How is that process going?

Dave Simmons - *Pfizer Inc. - President & GM of Established Products*

The expectation remains late third quarter, fourth quarter for the closing. There are two elements of that to be done to prepare for that. One is internal, and all the integration planning that is going on; and the second is external with the regulators. One we control, where we have a lot of influence on. The other, we don't control; we are somewhat reactive to.

So everything is going as anticipated on both fronts. On the internal side, it is going very, very well. The assumptions that we made behind the acquisition, they are vetting out in the planning process, so we feel very good with the guidance that Frank and Jeff had rolled out. Business unit by business unit, we are doing this. So you have got the people who are going to have to run the business doing the mapping and the integration planning and the synergy estimates.

So for my business unit, I know what the Company is going to get from that. I am responsible. My folks who are on the ground in the different countries know exactly what they are getting and what they have to unlock. So we are in very good shape on the Wyeth acquisition.

Jami Ruben - *Goldman Sachs - Analyst*

And no comment on the external?

Dave Simmons - *Pfizer Inc. - President & GM of Established Products*

Everything is going as we had anticipated.

Unidentified Audience Member

I know you are the late-stage products guy, but in the late stage -- I mean, in the late-stage pipeline, the Established Products guy -- but in late-stage pipeline, what really excites you to the point that you go, you know what? I'm going to make my reputation on these products? What excites you?

Dave Simmons - *Pfizer Inc. - President & GM of Established Products*

For myself in Established Products? Yes, I am most excited about the products that have a very difficult and complex technology base behind them. Both things that exist now -- for example -- I'll give you an example. If I look at Wyeth's portfolio, Tazosin or Zosyn, especially the formulation that is in the US and the frozen-bag technology. These are very, very difficult to do. They are very, very good products. They are widely used in hospitals.

The other example is when we apply our strategies onto Wyeth's portfolio or in Wyeth's technology base what can be unlocked. And a specific example that I'm very excited about is the biotechnology capabilities within Wyeth, particularly what they have in Andover. And example is in the monoclonal antibody side.

So depending on how the regulatory reforms play out for biosimilars, the opportunity to pursue a biosimilar program or a bio-better program, where the original product can be improved, when you have the technology base that Wyeth has within it, the opportunity to do that is now very, very exciting. Where prior to Wyeth, when we looked at Pfizer, it looked like a lot of capital that would have to be deployed to get that capability.

So I would focus on those niche market segments as the ones I'm most excited about.

Unidentified Audience Member

My question is pretty much the same, I think. The goal was to grow in 2011, and I was curious if there was anything that we could see right now that would give us confidence that you will be able to achieve that goal.

Dave Simmons - *Pfizer Inc. - President & GM of Established Products*

Yes. There is a basket of products that we focused on in 2008. And that basket of products was shrinking the year before, but it was a basket we felt was promotionally sensitive. The total sales of that basket was more than $1.5 billion globally. So you've got 10%, 15% of the total portfolio. And these were products like Fragmin, which is a low-molecular-weight heparin for thrombosis; Xanax, which is the very old anti-anxiety product that has strong brand recognition; Halcion, which is another anxiety product that exists in there; and Medrol, which is a steroidal that has a few forms that are very difficult to make, a depo form and a soluble form.

That basket of products, which was shrinking in 2007 and 2008, on each of those products, we increased and accelerated the rate from negative growth to positive growth between three percentage points and six percentage points through targeted promotion. So if you ask me for what could you see now or what examples do I have that should give some confidence we can do that, that is one I would give.

The second one I would give is in order to grow, I've got to expand the portfolio. That basic portfolio, even if I have that good outcome on that basket of six products, it is still not going to make that whole portfolio of 300 stop its erosion and get the growth. So the other thing to track to give you confidence is the execution of these deals with Aurobindo and Claris, and how fast we are turning those into launches.

In our Greenstone division in the US, we've already launched nine of the Aurobindo products. We are already going out and working with hospital customers on the steriles we've licensed in. And we are trying to get into their next bidding cycles.

Another thing for confidence in the US is Greenstone itself. It might not be known, but by IMS stats, it is the seventh largest generic company in the US in terms of prescription volume. So we are not -- it's not like we are going to something we haven't been in. And Greenstone has been able to achieve that with only the legacy Pfizer products. If we roll these other products into those customer relationships in the US, we are very optimistic.

Jami Ruben - *Goldman Sachs - Analyst*

Dave, we have a couple minutes, and a topic that is -- that I find interesting to think about, which is scale in the industry. Yesterday, during the bankers' panel, we had a debate about the attractiveness or the lack of attractiveness of scale. And Pfizer is a company that has rolled up into a massive company through mergers.

What do you think is the advantage of being part of this much larger umbrella versus creating separate structures where you could eventually break up into a separate company? So maybe if you could just talk about -- I know what the answer is going to be -- why would you not want to take your established products and create a separate company? Teva has a much higher multiple than Pfizer, and I think there are ways to unlock value that might be even more radical than what you are doing. But it seems to me that you are creating options for yourself longer term to think about creating different structures.

Dave Simmons - *Pfizer Inc. - President & GM of Established Products*

The first part of this is I'm going to answer from the mentality of how do I generate cash flows and sales that I couldn't generate before, and what is the benefit of being in Pfizer to do that. And --.

Jami Ruben - *Goldman Sachs - Analyst*

Versus being a separate, independent company.

Dave Simmons - *Pfizer Inc. - President & GM of Established Products*

Yes, versus being a separate company. And the first element of that is there is some strength in Pfizer, some specific strength in Pfizer, which if I had to create myself as a stand-alone company, one, I don't know how long it would take or even if it would be possible to get it to the level Pfizer has it. But let me give you three examples of this.

One is the Pfizer logo and the Pfizer brand. In the US, it is chain drug stores who buy, so it's maybe not such a big advantage. But when you get into emerging markets or markets where patients pay out of pocket, that Pfizer brand means quality. It's a trusted brand. They know if they get that medicine that they can trust it. And the research shows that people will, given a choice between a Pfizer brand and a dominant local brand, they would take the Pfizer brand. So for me to go and try to re-create a brand that can leverage that type of strength of trust would be very difficult.

The second point is the quality organization in our manufacturing group. For me to go out and do partnerships, acquisitions, alliances, and make sure that the quality systems are up to an acceptable level and that then we can improve them from there to the level Pfizer has requires a really great and experienced quality operation. To go out and try to rebuild that and not leverage the one that Gerry Migliaccio runs in Pfizer, for me would be a very big challenge and a tough one to do.

The third one is -- and again, if you go into an emerging market, a branded market, let's say Turkey, we go in and we detail a group of cardiovascular products, primarily clustered around Lipitor and Norvasc still. The physician views the Pfizer rep coming in as the cardiovascular expert in terms of sales representatives. Now imagine if we go and create a branded version of an ARB or a platelet compound like clopidogrel. To put that branded product in with Lipitor and Norvasc in the hands of a Turkish sales rep from Pfizer is a powerful competitive differentiator. If I've got to create a separate field force just to detail off-patent products that didn't come from Pfizer, I'm not going to be as powerful as that other scenario.

So those three are one big reason I would like to be in. The second is access to the balance sheet at Pfizer. When Wyeth comes in and we get the debt taken care of, we are looking at cash flow throw-off of $20 billion. That is a nice balance sheet to be able to pursue strategic acquisitions and business development activities.

Jami Ruben - *Goldman Sachs - Analyst*

So your bet is that staying as part of a whole will lead to enhanced shareholder value.

Dave Simmons - *Pfizer Inc. - President & GM of Established Products*

And there is one other that we firmly believe. We don't have examples yet, but we firmly believe that we can create value for customers working in the white space across business units. For example, when you look at OTC off-patent products and some on-branded products, and in some countries where independent pharmacists exist, what value proposition could we bring to independent pharmacists to help them manage their business that would be unique across those? We think there are answers to that, and we are endeavoring to find those propositions.

Jami Ruben - *Goldman Sachs - Analyst*

Okay. We should probably call it quits, but thank you very much, Dave. Appreciate it.

Dave Simmons - *Pfizer Inc. - President & GM of Established Products*

Thank you, Jami. Thank you.
