

FINAL TRANSCRIPT

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PFE - Pfizer at Goldman Sachs CEO Unplugged Conference

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CORPORATE PARTICIPANTS

Jeff Kindler

Pfizer Inc. - Chairman and CEO

CONFERENCE CALL PARTICIPANTS

Jami Rubin

Goldman Sachs - Analyst

PRESENTATION

Jami Rubin - Goldman Sachs - Analyst

All right, well, again, thank you very much. We're delighted to have Jeff Kindler, Chairman and CEO of Pfizer, and look forward to many different future Pfizer participation in our CEOs Unplugged Unscripted. So, thank you very much for coming. And Frank D'Amelio is also in the audience, as is Chuck Triano.

So, again, thank you, Pfizer, for participating in this year's conference and happy new year.

Jeff Kindler - Pfizer Inc. - Chairman and CEO

Thanks, Jami. Happy new year.

Jami Rubin - Goldman Sachs - Analyst

So, we're going to cut right to the chase. Been lots of interest around the merger and, again, congratulations on closing the merger in pretty, I think, record time. But there has been a lot of investor anxiety and focus around the gap and revenue expectations for 2012, and you know what the gap is. I think the Street is \$60 billion. I think one of my competitors is now at \$55 billion; but a big gap between what management has put out there, which is \$70 billion, and where the Street is.

Under the whole concept of stewards of capital, what can you tell us to calm investor fears that Pfizer doesn't go out and make another large acquisition to fill in the gap? Because that would be very easy to do, obviously.

Jeff Kindler - Pfizer Inc. - Chairman and CEO

Sure. Well, first, I wanted to thank you -- first, thank you, Jami, for having me, and let me just start with the standard caveats.

One is that since we're going to be reporting earnings in a few weeks, obviously, I'm not going to comment on guidance or targets or any of that stuff that we would normally do in the earnings call. And second, there'll be the standard Safe Harbor, that if I make any forward-looking statements, actual results may vary or whatever the appropriate language is.

That having been said, let me answer your questions. We take very, very seriously, this management team, our stewardship of your money. And our first and most important obligation right now is to execute on the \$68 billion transaction we made and to ensure that we get the most robust return on that capital.

I believe we've been very disciplined, and will continue to be, in how we spend our owner's capital. We've put in place, this management team has, I think, some very rigorous standards in how we spend money. Now that doesn't mean that we're going to not make mistakes or make transactions that involve risk. That's the nature of our business, of course.



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But that having been said, I think we've been pretty prudent in that regard. And we've done a lot to address that. And we're certainly not going to do transactions for the sake of achieving certain revenue goals or targets for their own sake, which seems, I think, be implicit in the concern that you're expressing. We would not do that.

Everything we've tried to do has been for strategic purposes and for very good reasons. And I think that you should, hopefully, take some comfort in the fact that the way we've structured the Company, in terms of accountability; in terms of the pretty rigorous approach to accountability around capital; the different hurdle rates we're using for the different business units, is all designed to ensure that we meet those standards.

And if I could just elaborate just a little bit more. In contrast to the way we used to do things in the past, today, there isn't an opportunity for people to just, at the very highest level of the Company, say, well, we like this transaction or this opportunity; let's just go spend money on it. It just doesn't work that way any more.

The business units themselves have pretty rigorous P&L objectives and very carefully designed hurdle rates that vary from business to business, and even within the business, because the risks associated with their different businesses are different. And therefore, we're going to impose upon them different kinds of return requirements.

And they come forward with their proposals for deployment of capital, both internal and external, and have to make the business case for why we should allocate capital for them for whatever it is they want to do -- whether it's an internal program, a licensing deal or some form of business development -- and we have to measure that against other potential uses of capital by one of the other businesses. And we then hold them accountable, based on very regular and periodic reviews of how we're doing against the initial proposals to see whether it's been successful.

And I would tell you that for Frank and me, I could tell you that in many ways the defining experience of our tenure was Exubera. And so much of what we're doing today is a reflection of making sure nothing like that ever happens again.

Now, that doesn't mean we're not going to make -- as I said, we may make mistakes. And we may invest in products or deals that don't work out because, again, we are an inherently risky business. But I think that experience particularly demonstrated the fundamental flaws in accountability and decision-making in the organization.

You had a situation in which part of the organization, the research organization, had made decisions to fund a project over time without a lot of accountability for capital. I used to -- I like to say that we were -- and I think this was an industry-wide issue -- and Jami, to your credit, you were on the ROIC thing a long time ago. But the industry as a whole was kind of an income statement industry as opposed to a balance sheet industry. Maybe that was fine in the days when the industry had the kind of business model it did.

But as a result of that, people -- and when I first came to the Company before I had my current job, I could see this; people thought capital was free because it wasn't hitting their P&L. And so you would see people make decisions -- in R&D, for example -- where they would invest in projects without a lot of accountability for that.

So, something like Exubera, to use that example, was invested in and invested in for years and years. It was then put on the market, and then the -- kind of handed over to the sales organization, and they continued to invest in it. And nobody was really responsible for making the decision of -- are we going to continue to pour money into this? And then it got to the point where, frankly, Frank and Ian and I saw, you know, this has got to stop.

We can't have a company of our size run where decisions like that can only be made by the three of us. So, now we have very clear accountability beginning when a product goes into Phase 3, which is where the major investment decisions start. Ownership of that capital decision by the business unit leaders, who have capital responsibility for it as well as P&L responsibility, and they're going to be accountable for those decisions. And I think as a result of that, we're not going to have those kind of experiences in the future.



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So getting back to your original question, certainly a major transaction like Wyeth wouldn't be made by a business unit leader. But we're not contemplating that kind of transaction. Again, as I always say, you never say never; but there's no reason to do something like that. The kind of business development we're going to be doing over the next several years are smaller transactions. Some may be meaningful, but not of that scale; but they're much more likely to emanate from these business units to supplement the activities that those business units are doing.

Jami Rubin - *Goldman Sachs - Analyst*

So there will be some acquisitions to get to the revenue goals, but you wouldn't go out and make one big acquisition to say, see, Street? We got to \$70 billion.

Jeff Kindler - *Pfizer Inc. - Chairman and CEO*

As I said, I don't see us -- I don't think we would do -- we're not in the business of doing an acquisition for the purposes of achieving a financial target like that.

Jami Rubin - *Goldman Sachs - Analyst*

[Tom]?

QUESTIONS AND ANSWERS

Unidentified Audience Member

You've taken on a considerable amount of debt. (multiple speakers)

Jami Rubin - *Goldman Sachs - Analyst*

Can you hit the --?

Jeff Kindler - *Pfizer Inc. - Chairman and CEO*

Yes, could you move the line?

Unidentified Audience Member

You have taken on a considerable amount of debt. What are the strategies to pay down this debt? And are divestitures of non-core assets at least part of something you're looking at, as part of that strategy?

Jeff Kindler - *Pfizer Inc. - Chairman and CEO*

Well, the strategies for paying down the debt over time are to pay down the debt in the normal course of business. If -- divestitures may or may not be a strategic decision that we would make; if they have the additional benefit of helping to furnish capital for doing that, that would be an additional benefit for doing that. But a divestiture of a business would be a result of a strategic decision, not for purposes of paying down the debt.

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And on that point, let me just comment on that because Jami has raised this issue in her writings as well. We now have nine businesses that have resulted from this transaction. We think these are nine very good businesses that we're supportive of. We want to give each of them the opportunity to grow and to make the maximum contribution to shareholder value that they can.

As I said before, they're each -- they each have P&L goals and growth goals and growth targets. And we're going to make measured and appropriate investments in each of them. But we will always be looking, from a portfolio basis, of how to maximize shareholder value as to each of them. And if over time, the appropriate way to maximize shareholder value may lead us to conclude that the portfolio needs to be changed in some way or another, that's always something that should be evaluated. And it might be in that context that we would make strategic decisions of the kind you might be referring to; but not for purposes of managing the debt.

Unidentified Audience Member

(Inaudible question - microphone inaccessible)?

Jeff Kindler - Pfizer Inc. - Chairman and CEO

Just through cash flow, paying down the debt over time through ordinary course of business. We have the capacity to do that.

Jami Rubin - Goldman Sachs - Analyst

Jeff, on that topic, you brought it up -- just given the market's very favorable reaction to Bristol-Myers spinning off its Mead-Johnson business, which represented about the same amount of sales as Pfizer's non-pharma businesses, consumer animal health nutritionals. And obviously, the market rewarded Bristol-Myers for that decision. The stock now trades at a premium to the sector's significant premium despite a patent cliff, but in part because I think investors like what they saw and the management team was very focused on unlocking value.

Would you consider those -- that option for your non-pharma businesses? What is the strategy with consumer animal health nutritionals? Just given that they are a very small part of the new Company; and yet, investors, you, are not getting credit for those businesses.

Jeff Kindler - Pfizer Inc. - Chairman and CEO

Well, Jami, I think -- let me, if I could, sort of back into that question with a couple of foundational points and then get to the specific question. First of all, I think it's important to define diversification. And what I mean by that, very, very concrete and specifically, so that we're not using the terminology differently.

We are a more diversified Company than we were before. We're not diversified in the sense that a Company that has medical devices and a higher proportion of its revenues in non-pharma businesses, as I (multiple speakers) --

Jami Rubin - Goldman Sachs - Analyst

You're not Johnson-Mead.



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Jeff Kindler - Pfizer Inc. - Chairman and CEO

Right. I recognize that. On the other hand, I think it's also important to recognize that within the pharma space -- let's talk about pharma for the moment -- we are far more diversified than we were in terms of the relationship. For example, just between specialty and primary, there's a very significant shift in the business portfolio. And that's very important when you consider the challenges that the primary care business is facing, particularly in the United States.

So I think that's an important aspect of diversification -- the shift to specialty, to oncology. I also think diversification within pharma includes a shift to emerging markets, to established markets, modalities shifts from small molecules to large molecules. So I think it's important to remember, pharma itself is not a model.

And within pharma, going from a company that only a few years ago was dominated by a few products almost entirely in primary chronic care, very dependent on the United States, to a company that is going to have less than 10% of its revenue from any one product; a higher proportion outside of the United States; and broadly across specialty, primary, small/large molecules and the rest -- that's a significant form of diversification in and of itself, and very responsive to a market dynamic that has made the former model, if you will, the Lipitor model, much more challenging.

So, I just would like to make that point about diversity (multiple speakers).

Jami Rubin - Goldman Sachs - Analyst

And I completely recognize that.

Jeff Kindler - Pfizer Inc. - Chairman and CEO

Okay. So, that having been said, with respect to the non-pharma part of the business, which is what you're asking about -- which is basically animal health, consumer health, nutrition and Capsugel -- you're absolutely right. On a relative basis, it's a much, much smaller part of our business; it doesn't have that much visibility to investors. And, you know, you could debate about whether it's sub-scale or not.

So the question for us -- and it's early days here -- is whether or not, inside of Pfizer, with the opportunity -- especially, I would argue, in emerging markets -- to bring to bear Pfizer's infrastructure -- and China would be a place I could elaborate on this point -- whether to bring to bear Pfizer's infrastructure and other assets, we can create value in those businesses together inside Pfizer in a way that could not be achieved as well outside of Pfizer.

That's a question. I'm not giving an answer to it; it's a question. I think we have the opportunity to explore and try to create value within those businesses. We have a lot of excitement about those businesses that we want to pursue. And we're going to do that.

And as I said in response to the earlier question, all of that having been said, every one of our businesses, including those in pharma, has to earn its place at the table every day to the shareholders, and will always have the obligation as stewards of capital to look at all of our businesses and all of our assets on a portfolio basis, to evaluate whether they're creating the maximum amount of value in the current structure or whether some other structure is more appropriate.

That, for example, was what animated the deal with GSK on the HIV portfolio. So, we'll always be looking at things like that, but (multiple speakers) --



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Jami Rubin - *Goldman Sachs - Analyst*

So how patient are you, though?

Jeff Kindler - *Pfizer Inc. - Chairman and CEO*

Well, we closed this deal three months ago -- so my point is, we like these businesses. We think there's tremendous opportunity in them. These are early days and we're very excited about the opportunities that they create.

Jami Rubin - *Goldman Sachs - Analyst*

Jeff, let me go back to revenues, because, again, I think that that's where there is the most amount of focus and anxiety and importance, in terms of where this Company is going in the future. We can debate \$65 billion, \$70 billion, what's the right number and how you make that up, whether it's new products, emerging growth markets, acquisitions; but help us to think about what this Company's top line will look like after Lipitor goes away 2012 and beyond. And there's still other patent expirations, but none as big.

Beyond 2012, will Pfizer be a topline grower again? And what kind of growth rate is realistic?

Jeff Kindler - *Pfizer Inc. - Chairman and CEO*

Well, we're endeavoring to create a company in that time period that will produce modest topline growth, faster bottom-line growth; and importantly, very importantly, predictable, consistent, steady growth, without the kind of volatility that has historically been generated by a business that was highly dependent on one or two in-line products and very variable pipeline products.

We think we have a very, very strong foundation for creating that kind of financial profile with, we believe, the kind of multiple that that kind of financial profile creates. And I think we're well positioned to do that.

Now, in terms of the gap in perceptions regarding both the short-term -- not so short-term, I guess, but the next three or four years and beyond, I think -- one or two of the areas that I think -- and it's up to us to prove this, I recognize that; but I think you're going to see increased power and visibility in the emerging market and established product strategy. I know you had an opportunity to visit China. I just think the opportunities there are really enormous.

And established products, I would encourage you to just continue to keep your eye on that, because you're going to see continued activity by us on things that individually, may seem small, but they're going to establish -- no pun intended -- a pattern of creating a business here that will both stabilize our existing -- what was otherwise a deteriorating portfolio of businesses -- but will stabilize it; will add products.

We created a business in September; small, to be sure, but will grow in sterile injectables -- huge growth business, one that is very technically difficult to enter. We'll have an important place in that business. You saw us do an orphan drug deal. You'll see more of this kind of thing. This is a huge growth opportunity business where we have a relatively small share today, and it's one of the largest growing areas in the pharmaceutical space.

Similarly, in emerging markets, I think we have a unique capability and platform there. And to the earlier conversation, I think the various other assets of the Company combined can do a lot. We're going to be in more than 250 cities in China in a couple of years.



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So I think all of that combined will not only create greater revenues in the next couple of years than people might appreciate, but will also, to your question, produce a company, together with pipeline successes that we're looking for in the next couple of years, that will generate, I think, modest topline growth and greater bottom-line growth.

Jami Rubin - *Goldman Sachs - Analyst*

Are there questions before I continue? Oh, right over here, please -- Jason.

Unidentified Audience Member

Just regarding the orphan drug transaction that you did, can you just talk a little bit about that space and how you think about it? Because historically Pfizer hasn't been there. And with the high time prices on orphan drugs, that seems like a pretty natural target. And I was wondering what the internal debate might have been regarding maybe PR issues around that and how you think about it.

Jeff Kindler - *Pfizer Inc. - Chairman and CEO*

Well, I think this is a great example of the difference in the way -- and it may even connect a little bit to the first question we talked about, a great example of how the Company is operating differently than it used to be -- because this is a deal that would never have gotten done two years ago; wouldn't even have hit the radar screen -- because this is the kind of deal, to be completely candid in this room, Frank and I and Ian just would not have had the bandwidth to deal with it. It just wouldn't have made our radar screens.

In an earlier structure where deals had to get to us and we had to deal with it, it probably never would have made it to us.

The reason a deal like this occurred is because we have in David Simmons, who runs that business unit, somebody who is focused entirely on maximizing his business. And he sees an opportunity and he personally engaged in it. And his competitors for that product were some fairly well-known companies in that space that were not the kinds of companies that we typically compete with, and he was personally engaged and empowered to do this deal right up until the last minute, and even to the Boardroom of the target company, in a way that we just couldn't have done.

And so, in terms of an internal debate, there wasn't much of one. Now, of course, we ultimately formally approved the deal, but it didn't require a lot on our part.

In terms of PR and pricing and the rest, again, we'll manage all that, as we always do; but the bottom line is that that's going to be David's responsibility to deal with that as he deals with everything else. If we try to run his business from my office or Frank's or Ian's, we can't run the Company that way. So he's aggressively doing these kinds of things, as are the other eight business unit leaders. And that's what's going to make this thing very successful. And you'll see much more of that.

Jami Rubin - *Goldman Sachs - Analyst*

Question back here.

Unidentified Audience Member

I just wanted to revisit this question of, on the one hand, trying to set a revenue target; on the other hand, you talk about being a steward of shareholder capital and maximizing returns. And these are potentially in conflict and I was wondering how you reconcile the two?



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Jeff Kindler - Pfizer Inc. - Chairman and CEO

Well, to be clear, in terms of setting a revenue target, we give guidance for the upcoming year, as we will do come February. We have, in the past, given -- when we did the deal in January, we gave our approximation of what we thought the Company would look like after the Lipitor expiry in 2012. And that's, as I said, not something that we're going to feel -- that we're going to do some transaction in order to achieve. So I guess I'm not sure I understand the conflict, if I'm -- maybe I'm misunderstanding the question.

Unidentified Audience Member

So you're saying that that \$70 million target is not something that is a real goal that we should use, in terms of our modeling for the business?

Jeff Kindler - Pfizer Inc. - Chairman and CEO

No, I'm simply saying that -- we give guidance and we'll give guidance in February 3, I think it is. And we'll continue to give guidance. And we, I think, have a pretty good track record of meeting our guidance.

But we'll continue to run the business and achieve our guidance. And we're not -- we're just not going to do deals, dumb deals that don't make sense and that waste capital in order to achieve goals of that nature. That's what I'm trying to say. I hope that's clear.

Jami Rubin - Goldman Sachs - Analyst

You had a question.

Unidentified Audience Member

Your lieutenants have been on stage talking about the injectable generics business and how important it is to you. What is your strategy for bio-better, bio-similar, biotech generics? Merck's introduced us to theirs; what is yours? The timing of it? What therapeutic categories? Where are you in it?

Jeff Kindler - Pfizer Inc. - Chairman and CEO

Well, we are not ready to unveil all the specifics of that yet and so I'm not going to do that this morning. But I'll just tell you that, in general, we think we have some terrific opportunities.

And part of the reason we do is because of the Wyeth transaction, which -- Wyeth has some really terrific capabilities -- the Grange capsule manufacturing facilities, the biotherapeutics, technical capabilities in Massachusetts and Andover, which I visited about a month or two ago. They have tremendous expertise in this area. And we think the combination of that and our skill sets puts us in a pretty unique and powerful position in that field. Beyond that, I'd just as soon not get into the specifics yet.

Unidentified Audience Member

You going to lead it or let Merck lead it?



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Jeff Kindler - Pfizer Inc. - Chairman and CEO

Well, that -- we will be a leader in the field, of course.

Jami Rubin - Goldman Sachs - Analyst

Thanks.

Unidentified Audience Member

Jeff, one of the reasons Pfizer's stock got to the low multiples at the bottom is everybody saw the end of life as we knew it, in the glory days. And a big part of the consternation is that each subsequent deal that added scale had an inverse relation with R&D productivity.

Jeff Kindler - Pfizer Inc. - Chairman and CEO

Right.

Unidentified Audience Member

So -- and we all know this -- beating it to death; but two or three years from now, after we know the status of [Vivien], Bapineuzumab, Dimabon, Apixaban, et cetera. We're going to be left with -- is it better now? It being the process, the way it's come together. And what are you doing to make sure you increase your odds that you don't have a bigger mess in 2013, that puts you back on the treadmill to need to do the next big deal?

Jeff Kindler - Pfizer Inc. - Chairman and CEO

Great. Great question. So, let me start by saying, obviously, the first threshold to answer that is going to be the track record of products and what comes out of research.

So, that having been said, let me tell you what we have done and what we are doing about R&D over the last two years and going forward; because I feel quite strongly about this as the thing I'd probably spend the vast amount of my time on and I think it's my most important job.

We took the R&D organization and, I think, fairly dramatically transformed it. The proof will be in the pudding. Okay? But -- for example, we took the sites, the number of sites, and dramatically reduced the number of sites. We had an R&D organization that had 15 layers between me and the bench scientists. We cut that in half. It's probably still too high, but we cut it in half.

We had sites -- multiple sites with the same therapeutic area. There was something like six or seven sites doing cardiovascular disease. We applied a rule that said one therapeutic area per site, period. So that they spent less time coordinating with each other and more time on science.

We established a rule. This was adopted by Rod McKenzie, our head of Research. It used to be that on the simple question of target selection, the head of a site had to have four or five layers of review in committees before that could be approved. We blew that up and said the CSO, the head of the Therapeutic area, Chief Scientific Officer, gets to make that decision without any further review.



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Every site -- every therapeutic area, I should say, because there's sometimes, in a given site, more than one therapeutic area -- is designed to have about 100 [and] 150 people. We're trying to replicate, to the extent you can in a large company -- and I recognize it's not perfect -- the kind of atmosphere you have in a smaller company where everybody knows each other; they can see each other in the cafeteria; in the companies that we've acquired, like CovX; like Rinat; companies like that -- we've let them leave their name on the door, not Pfizer's.

In the case of Rinat, every single person except the founder -- and sometimes it's very hard to keep them after the transaction is done -- but every single other scientist stayed at the Company; they kept the name on the door; we didn't Pfizerize them. We tried -- we recruited and put, at the heads of each of these therapeutic areas, a world-class Chief Scientific Officer.

We made -- we blew up -- I periodically go on what I call search and destroy committee missions. When I find a committee, I blow it up. They had 56 committees in research. Last time I looked, they had 11 but I bet more have grown up since then; so I'd probably have to go out on another search and destroy.

They had no real external advisors; they had some but it wasn't very meaningful. We created, for every therapeutic area, a world-class external Advisory Board with many world-class scientists, National Academy, Nobel laureates and the rest, who are true experts in their field who challenge the scientists.

We keep -- one of the metrics I keep is how many external scientists they hire each year, which was minimal. Now it's much higher. As I said, we've empowered the Chief Scientific Officers to actually make decisions.

I could go on and on. There are many, many other things that we've done along those lines, but they all basically come down to the idea of letting the scientists do their job; empowering them; getting rid of the bureaucracy that sits on top of them; letting them do their job.

Now the other major thing that we did was we also moved, as I said before, the decision-making, from Phase 3 onward, out of research into the commercial organization. So now the research organization -- and by the way, it's very interesting -- most of the scientists actually like this, because now they understand that their job is to produce proof of concept -- drugs that work.

And what we said to them -- and whether they ever actually do this or not is really maybe not so important as the fact that they know they can -- they -- there's actually an internal market place. Their job is to produce a proof of concept that a commercial organization wants to buy, in effect, and invest in.

And, of course, the -- let's say a guy like Gary Nicholson, who runs our Oncology unit, is working very closely with Neil Gibson, the head of our Oncology Research Group, from the very beginning. So they're clearly working together. But at the end of the day, Neil knows that his customer is Gary; and if he gets a proof of concept, that he wants to see Gary put the money into the Phase 3 to make it work.

But he also knows that if for some reason Gary doesn't want to, quote, buy it, Neil is now free to go sell it to somebody else. And we'll let him keep some of that money and reinvest it in research.

Now, as I said, he may or may not ever actually do that. It may not even be efficient for the corporation to do that, but it puts a discipline on them to know that they can pursue things that they like, and aren't completely constrained by what the commercial organization is looking for.

So, these are all things that are a result of a lot of work that I and others did over a period of three or four months a couple of years ago, when I was looking to change the research organization. I did my best to sort of figure out all the best things I thought that were going on to transform the research organization.

One last comment -- I know I'm taking a long time, but this is like the single most important thing, if I can say it, Jami.



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We learned -- going back to the very original point you made, which is so true. In the Warner-Lambert and Pharmacia -- particularly Pharmacia, because I was really here for that more than Warner-Lambert -- there is no question that the way we did that integration did a lot to really harm productivity in R&D. There's no doubt about it. I was there; I saw it.

And, in fact, one of the indicators of that is you could look at the minutes of the R&D leadership team for the two or three years after that deal, and they spent most of their time talking about sites and people and this and that. They were talking about everything other than discovering drugs.

So when we went into this integration, we were determined not to let that happen. And just to give you one metric that I think kind of says a lot -- maybe two metrics -- when we announced the deal in January of last year, by April, we had brought eight people from Wyeth in. One of them was Mikael Dolsten, to be the head of the Biotherapeutic Science Group, and a couple of his key people, like Emilio Emini in Vaccines and others.

And as a result, the Wyeth research people and our people research people were involved in the integration planning from the very beginning. The result of that was that on day one, the day we closed the deal, we had all the integration work done for the R&D organization. It was done; it was planned. As Frank likes to say, the playbook was ready; now we just take the field and do it.

So, if you look back at Pharmacia, it was arguably three years. In fact, I would argue it was never really done. But best case, three years of the integration on the R&D. I could argue -- as I said, I could argue it wasn't really done, and that when we came in at the end of '06, what we did in '07 was really finishing what should have been done earlier.

We did the same work for this deal in 20 days. 20 days after we announced the closing, we announced all the site decisions in R&D. I think that alone is a pretty good harbinger of -- now, any integration is going to affect productivity; don't get me wrong. It's going to be disruptive. There's no question about it. But the key to minimizing the disruption is being decisive, being fast, making sure people know where they stand. And in that measure, I think we're off to a great start.

Jami Rubin - Goldman Sachs - Analyst

Just -- let me just ask (multiple speakers) --

Jeff Kindler - Pfizer Inc. - Chairman and CEO

I know that took a long time, but it's really important (multiple speakers) --

Jami Rubin - Goldman Sachs - Analyst

No, but that is important. But the other issue is level of R&D spend and I know Frank has thought a lot about this. There is no correlation between amount of spend and amount of outlook -- amount of output. And Pfizer is probably the best example of that.

And -- so how are you thinking about the new -- what is the appropriate level of R&D spending for this new combination?

Jeff Kindler - Pfizer Inc. - Chairman and CEO

Well, we'll talk more about that in February; but we have said that it will be meaningfully less than the pro forma combined amount of the two companies from last year. And as I said, we'll get more into that come February, so I'm not going to give numbers today. But it certainly will be meaningfully less; we've said that.



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Jami Rubin - Goldman Sachs - Analyst

Okay. And maybe if you could share with us what are the drugs that will define Pfizer in this -- I mean, Lipitor was the drug that defined Pfizer this past decade. The decade before that, it was Norvasc, Zithromax, Zoloft, Viagra, et cetera. What are the drugs that will define Pfizer going forward?

Jeff Kindler - Pfizer Inc. - Chairman and CEO

Well, I'll mention some of the drugs we're excited about, but I want to start with a caveat, which is part of the whole approach we're taking here is not to be a company that is reliant, as we were in the past, on one or two drugs. That's part of the whole approach here.

One of my goals in life is not to leave my successor with a Lipitor problem, because my little saying around the Company is that for every Lipitor problem, there's a Torcetrapib solution.

So, as I said, we're trying to create a company that will not be dependent on any one drug for more than 10% of its revenues. And so -- and I also know from personal experience, and that of others, that hyping any particular drug is not a smart thing to do either.

So, with all those caveats, there's several drugs that we're looking at over the next couple of years in terms of data that we're very excited about. The (multiple speakers) --

Jami Rubin - Goldman Sachs - Analyst

Like, for example?

Jeff Kindler - Pfizer Inc. - Chairman and CEO

Like Tanezumab; like [JAC-3]; like the Prevnar 13, which has been approved, for instance, in Europe and, as you all know, is pending at the FDA; and the adult indication for Prevnar, the Alzheimer's franchise, Dimebon and Bapineuzumab is very exciting. There's still some oncology opportunities.

We know, of course, that in oncology, we've had setbacks. That's the nature of that field. You know, Avastin had its setbacks before it became successful. That's what happens in oncology, but we still are very excited about the oncology field. So, there's a lot of very exciting things in the pipeline that we look to see a lot of data from this year and next year.

Jami Rubin - Goldman Sachs - Analyst

We have time really just for -- we haven't discussed yet how (inaudible) since you've been such a leader (multiple speakers) --

Jeff Kindler - Pfizer Inc. - Chairman and CEO

I don't know if that's something you want to brag about right now.



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Jami Rubin - Goldman Sachs - Analyst

Well -- but you have been -- obviously, we've seen that the health insurance industry has been demonized and hit by the President and Congress; whereas pharma, obviously, you saw the rationale to come to the table early and negotiate with the administration. How firm do you think the \$80 billion deal is?

Jeff Kindler - Pfizer Inc. - Chairman and CEO

Well, the Senate bill is quite consistent for the most part. There's some aspects of it that the pharma industry is not happy with; but for the most part, it is largely consistent with the principles that pharma articulated as important to us in any healthcare bill. It doesn't include importation; it doesn't include dual eligibles; it doesn't include a repeal of the [not any] insurance clause (multiple speakers) --

Jami Rubin - Goldman Sachs - Analyst

Yet -- yet. It doesn't include those yet.

Jeff Kindler - Pfizer Inc. - Chairman and CEO

Well, the Senate bill does not, period.

Jami Rubin - Goldman Sachs - Analyst

Oh, right. Okay, right.

Jeff Kindler - Pfizer Inc. - Chairman and CEO

And there's every reason to believe from what you read that the Senate bill is more likely to be the template for the final bill than the House bill. So, assuming that what one reads in the papers about that is true, I think we can be guardedly hopeful that those provisions, that I think are very important for patients and for innovation, will remain in the final bill.

Jami Rubin - Goldman Sachs - Analyst

So, will your guidance include an estimation for what the healthcare reform (multiple speakers) --?

Jeff Kindler - Pfizer Inc. - Chairman and CEO

You know, that's hard to answer, Jami. That's a good question. It depends a lot on what happens between now and February 3.

Jami Rubin - Goldman Sachs - Analyst

Well, we may not have the bill by then.



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Jeff Kindler - Pfizer Inc. - Chairman and CEO

Yes, well, my own judgment, we haven't talked about this internally -- I just don't know. It depends on what the situation is of the day we give earnings.

Jami Rubin - Goldman Sachs - Analyst

Okay. And with that (multiple speakers) --

Jeff Kindler - Pfizer Inc. - Chairman and CEO

Washington is a pretty hard place to predict.

Jami Rubin - Goldman Sachs - Analyst

Thank you very much.

Jeff Kindler - Pfizer Inc. - Chairman and CEO

Thanks so much, Jami. Thank you, everyone.

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