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EDITED TRANSCRIPT

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PRESENTATION

Marc Goodman - *UBS - Analyst*

Good morning, everybody. Welcome to the conference. We are going to kick it off with Pfizer. I am Marc Goodman at UBS. I cover pharma and specialty pharma and have been covering Pfizer for a while now. We are lucky enough to have Liz Barrett, who is President of US Oncology at Pfizer, and has been doing this a long time and ran into each other in our previous life at Cephalon years ago and so she is running oncology here at Pfizer and so thank you for joining us. Appreciate it.

Liz Barrett - *Pfizer Inc. - Global President and General Manager, Oncology*

Glad to be here.

Marc Goodman - *UBS - Analyst*

So maybe we can kick start with overall strategy for the oncology franchise. Probably a good place to start.

Liz Barrett - *Pfizer Inc. - Global President and General Manager, Oncology*

Not to correct you before we even get started but I am actually the Global Head of Oncology now. So when I joined Pfizer I joined as the US Head and then I took a little detour into the specialty care business and came back a little over a year ago to run Global Oncology so have a perspective beyond just the US and we are really excited about our oncology future and our future in oncology for Pfizer.

Actually one of the things that I did when I came back a little over a year ago was to focus on our strategy and I know that when people think about Pfizer they don't always think about oncology and that is what our strategy is to change that because we really are committed to oncology. We have launched four products in the last four years. Obviously notably Ibrance a year ago and I think that is the one that gets the most press but we also were the ones who founded the ALK inhibitors, Xalkori and Sutent reaches its 10 year anniversary this year so a lot of milestones within Pfizer.

So we are really excited about one, how our business is doing but more importantly what we have on the horizon. And I really like to talk about our strategy as redefining life with cancer. We set that up as our vision because when I came back like I said after being out of oncology for about three years, I felt like so much had changed yet so little had changed. And what I mean by that is we are in the era now of immuno-oncology and that does change things. But we are still in an era where the cure for cancer has eluded us for quite a while.

So our strategy is to build around Ibrance as our anchor, as our anchor business and then really win in immuno-oncology.

When I talk about immuno-oncology, it is beyond the PD-1. So what we are most excited about is our pipeline in immuno-oncology beyond PD-1. We think that PD-1 will always be a backbone of immuno-oncology but that really the winning formulation for patients will ultimately be in the combinations of multiple immuno-oncology medicines and also in combination with targeted therapies.

Marc Goodman - *UBS - Analyst*

Talk about the infrastructure. You had mentioned we were talking about how if you spend more on R&D than any other area I think that would be a big surprise to people. So talk about your R&D infrastructure in the SG&A.

Liz Barrett - *Pfizer Inc. - Global President and General Manager, Oncology*

Absolutely. So Bob Abraham is our Chief Scientific Officer and he reports into Mikael Dolsten, who is our Head of R&D, and then everything else reports in through the global oncology area and so we have a really, really strong early portfolio in discovery unit under Bob Abraham in La Jolla, and also Rinat in San Francisco focused specifically on immuno-oncology.

And then we have a very broad post POC. We like to call it early signs of efficacy instead of proof of concept just because in oncology as everybody knows you may -- once you get there, you can often get to approval in a much quicker so it is not your typical kind of what you see in other therapeutic areas. And so we have a really broad not only portfolio but we have a broad team. And I think one of the things I have been most impressed by coming back is the scientific power that we have within the -- in the people, really, really the people.

So that is kind of our infrastructure and then we have a commercial organization obviously around the world and we work very closely with the R&D group to make sure that we are bringing medicines that truly make a difference.

Marc Goodman - *UBS - Analyst*

So let's talk about some of the base products. Obviously Ibrance, Sutent, Xalkori, Inlyta. Talk about some of these products, the key trends. Obviously Ibrance is a good place to start. Give us a sense of what is going on. Obviously it has been a good launch, a great launch.

Liz Barrett - *Pfizer Inc. - Global President and General Manager, Oncology*

It has been a great launch. I think it has exceeded everyone's expectations and I think it is twofold. I like to think about it as it is a truly innovative medicine. It is the first medicine for this patient population in over 10 years and when you see that you are almost doubling PFS in these patients. And to take a little bit of a step back, when you think about breast cancer I think a lot of people believe about 95% of the early breast cancer patients can be cured. But the problem is that is not the case for metastatic breast cancer. So there is really still a very high unmet need and I think the success that we have had with Ibrance just underscores that need.

And so we have been doing a lot and not just in the scientific community but in the broader community to help people to understand that there is still a very high unmet need in metastatic breast cancer. But Ibrance and then we have done like everything, we have looked at Ibrance as our anchor brand for Pfizer and for Pfizer oncology and what I mean by that is we have really put a lot around it. If you look at our clinical program, we are covering every area making sure that we are working with physicians and collaborating on areas of interest that they are interested in.

And once we have launched it, it is not to stop there and to think about what is the best way to use Ibrance, with helping physicians use it most appropriately and I think because of that, we've got over 70% of physicians have tried Ibrance.

If you look at any of the research that is out there, they talk about they expect to continue significant use. We have actually now become the number one so we are standard of care for new patients so we have the highest share of any of the treatments right now in metastatic breast cancer. So that is I think a very telling sign that one, it was needed. And two, it is a truly innovative medicine.

Marc Goodman - *UBS - Analyst*

So 28,000 patients have been treated. I got that number on the last conference call, right. So is that continuously treated because the product has been out a year-ish, right? So we have 28,000 patients on the drug today?

Liz Barrett - *Pfizer Inc. - Global President and General Manager, Oncology*

Well what that would mean is that 28,000 patients have come on drug at some point. So there is about 50,000 patients, a little over that if you think about the first line and then the second and third line. And our focus is really on first-line patients and as you know, we just got a label expansion in later lines of therapy. But what happens is if you get it in first-line, there is no data to suggest whether you will get it in second or third line. So when you think about the 28,000 patients that have used it over this past year, you constantly have new patients coming in to first line, second line, third line. Down the road what you will start to see is as patients get treated in first line, there will be fewer eligible patients in later lines of therapy. But there is still a fairly large patient population that have not had Ibrance yet.

Marc Goodman - *UBS - Analyst*

So you mentioned it is doing better than expected. I'm just curious, what were you expecting for year one? I mean you were expecting to get one-third of the patients and instead you got 50%?

Liz Barrett - *Pfizer Inc. - Global President and General Manager, Oncology*

I think that right now our market, the market share of new patients is over 40% in first line and we expected to get there. We just got there faster I think is the easiest way to say beating expectations. And so we expected that patients would want to use this, we expected physicians would want to use it to the degree it is being used today. But we didn't think it would be as fast as it is.

So we have been really happy with the fact that physicians have recognized. Because we got approval, we had an accelerated approval on our early data so and then we just as you know, the abstracts just came out for ASCO this past week and so our confirmatory trial which basically shows very, very confirmatory and very consistent with our first trial. So some physicians were saying I want to wait to see the confirmatory trial.

Marc Goodman - *UBS - Analyst*

I am sure you ask your team this question all the time but why only 28,000? Why isn't everybody using it? So maybe you can talk about are there roadblocks or what?

Liz Barrett - *Pfizer Inc. - Global President and General Manager, Oncology*

I don't think there's a lot of roadblocks and of course we always ask our team why is that? But when you think about the fact that within a year, because looking at March data, that more patients use Ibrance than any other therapy within one year so that is very telling as to how successful the launch has been.

You have two things. You have one barrier around AI alone. Some physicians still like to use AI alone because they are worried about toxicities. And then you still have a small percentage of patients, physicians who use chemotherapy and we don't see any reason for these patients to be getting chemotherapy. So when I talked earlier about the clinical studies that we are doing, we want to make sure that we are doing studies specifically in those patient populations so physicians and patients can see the benefit of Ibrance versus chemotherapy.

Marc Goodman - *UBS - Analyst*

So you mentioned ASCO. I guess your competitors, potential competitors in this area put out some data this past week. Maybe we can talk about that before we pivot to your ASCO data. What are your thoughts about these new competitors coming in?

Liz Barrett - *Pfizer Inc. - Global President and General Manager, Oncology*

I don't like to talk too much about our competitors. But I think what you will see is that the data that is coming out from Lilly is in later lines of therapy. In the median, the patient had been on several therapies before they got that. I think the data was different than they expected it to be than I think we all expected it to be with a PFS of about 5.7 months and so I think the market reacted a bit to their data. I think there was a lot of expectations.

So we don't have a lot of information on their data. We are obviously anxious to see some more of the information that we will see at ASCO. But I think it was the data that did come out and we looked at Ibrance, I think we feel like the comprehensive clinical program that we have, the data that we have even in that same patient population who have had multiple lines of therapy that we feel very good about our data.

Marc Goodman - *UBS - Analyst*

So you are doing a lot of clinical studies with Ibrance. What are one or two of the big ones that will take this market even bigger?

Liz Barrett - *Pfizer Inc. - Global President and General Manager, Oncology*

The move to early breast cancer. As I talked about earlier, the market obviously is much bigger in early breast cancer and we still want to see -- we believe that there will be a significant difference and a significant benefit for patients to use Ibrance in combination with ER therapy.

Marc Goodman - *UBS - Analyst*

Before we move on to ASCO, maybe you can talk about Sutent, Xalkori and Inlyta, like just some of the trends that are going on there.

Liz Barrett - *Pfizer Inc. - Global President and General Manager, Oncology*

The good news is our business is growing overall, not just in Ibrance. It is hard sometimes because with the successful launch of Ibrance, sort of forget about the base business. But Sutent, like I said we are having our 10-year anniversary this year in Sutent, treated over 250,000 patients with RCC. And if you think about renal cell carcinoma and the changes that have occurred since Sutent was introduced, it really transformed the way renal cell patients were introduced and it is still growing and it is doing extremely well. And part of the reason is we also have worked a lot with patients in making sure that patients know how to use the drug in the best way. So we have programs that really support patients and that has been a big driver of a lot of what we are doing is making sure that again when we introduce that we are taking kind of a broad comprehensive approach to help patients figure out how they can live with cancer. I talked about redefining life with cancer, it is not just when they get a cancer diagnosis, it is a huge impact on their life.

Xalkori, we just got approval for ROS1 patients for Xalkori and even though it is a small percentage of patients even smaller than ALK, they are on there for a lot longer, treatment duration is a lot longer for Xalkori. And then we also for XALKORI got the first-line indication in Europe. So we initially only had second line in Europe and then we have also seen new approvals in Brazil and other places around the world. So when you look at it from a global standpoint, Xalkori is doing really well. Sutent.

And Inlyta is doing well as well. We will get challenged in Inlyta with I/O therapy and so what we are doing is we are combining Inlyta with Avelumab and we are seeing the data and there is also been data with Merck's Keytruda and INLYTA. So we also think that eventually when you start to see combinations with I/O and renal cell that Inlyta will probably be -- we expect it to be the preferred agent for combination.

Marc Goodman - *UBS - Analyst*

Which is a good pivot to I/O. So talk about Pfizer's I/O strategy and -- why don't we start there?

Liz Barrett - *Pfizer Inc. - Global President and General Manager, Oncology*

We spent a lot of time this past year and our partnership with Merck KGaA has been really great. I mean the amount of progress that was made in the last year is astounding. I was astounded myself. We have over 30 clinical trials, seven of those we expect to be label enabling and it has really been great. I think the partnership with them has forced both of us to take it up to another level. You kind of have to hold each other accountable which is a good thing.

And so I think there are a lot of areas where yes, you are kind of behind in some of the areas but there's other areas where we know we will be first or second and so we are excited about that and that is really the foundation of our I/O strategy. But we really do believe that ultimately as I said before, that to cure cancer you will have to have combinations and we feel like we have the broadest portfolio of I/O compounds.

So if you look, we have 4-1BB, we have an OX40, we have CCR-2, we have a vaccine. And so we have a lot and we have put a lot behind immuno-oncology and so our strategy is really around finding the right combinations. And we talk about hot tumors and cold tumors and hot tumors are those where they have a lot of T cells and cold tumors are those that don't have all lot of T cells. And so what you have to do in those tumors are very different and the combinations are going to be different.

So a real strategy for us is around collaborations, it is around working with a lot of the key institutions to try to do some early work and find out what is the best combination for each individual tumor type, each individual tumor type? And unfortunately it's going to be different for each one so you have to investigate and interrogate each of those tumors.

Marc Goodman - *UBS - Analyst*

So talk about some of those molecules you just mentioned. When are we going to get the data that is going to be a aha moment for us on the outside?

Liz Barrett - *Pfizer Inc. - Global President and General Manager, Oncology*

I think that we already had shown some data with 4-1BB and the combination with Rituxan in follicular lymphoma and I think we are very excited about that. I think that you will see at ASCO this year there is, there was this trial with 4-1BB and Merck US, pembrolizumab, and you'll see some data coming out from that at ASCO which shows that we - and it's actually very promising data across multiple tumor types, and we also are doing our own studies with 4-1BB and Avelumab across many tumor types and we will start to see that toward the beginning of next year.

Marc Goodman - *UBS - Analyst*

PD-1, PDL-1. You are working on both?

Liz Barrett - *Pfizer Inc. - Global President and General Manager, Oncology*

Yes. We are working on both. The majority of our focus has been around Avelumab so PDL-1. But we do have a PD-1. It is hard to sort of figure out - like I said, we put most of our energies around Avelumab.

Marc Goodman - *UBS - Analyst*

And the tumor types where you feel like you have leadership or you'll be in the first -

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Liz Barrett - *Pfizer Inc. - Global President and General Manager, Oncology*

Yeah, ovarian cancer, you also have to look at some of the locally advanced head and neck or another area we believe, we do believe that ultimately we will win in renal cell carcinoma when we have the Avelumab plus Inlyta data. So there is a lot of areas where we feel like we can be number one or number two.

Marc Goodman - *UBS - Analyst*

So talk about ASCO a little bit and the abstracts that have come out so far you would point to one, two, three of these -- aha -- these are the ones you guys need to focus on.

Liz Barrett - *Pfizer Inc. - Global President and General Manager, Oncology*

Well obviously we talked about Ibrance and palbociclib so you will see the data -- so that will be a presentation, an oral presentation so we are excited about that, the 4-1BB as well so I think if I had to pick the two that I am most excited about. But you are also going to see data around lorlatinib which is our follow-on to ALK inhibitor. And what is interesting about lorlatinib is our scientist in Bob Abraham's group -- I talked about that group earlier -- really went in specifically to address the resistance mechanisms of the current ALK inhibitors so they went in to do that. And so lorlatinib has the broadest coverage for all the mutations with ALK inhibitors and so it is nice to sort of start to see data and the data has been very, very promising.

Marc Goodman - *UBS - Analyst*

So what would you say is most underappreciated at Pfizer Oncology?

Liz Barrett - *Pfizer Inc. - Global President and General Manager, Oncology*

It is a great question because I feel like I'm not sure that we are getting credit yet for oncology in Pfizer and I think Ibrance, yes, I think everybody talks about Ibrance, how great Ibrance is but we have a broad portfolio. We have a broad portfolio in the antibody drug conjugate, we have a broad immuno-oncology portfolio so I would say if I felt like the one area that is most underappreciated, it would have to be our immuno-oncology portfolio so when you have 4-1BB you have OX40, you have CCR-2, the interplay between the PD-1s and taking the brake off of the immune system and the agonists of the 4-1BB and OX40 of really trying to accelerate the immune system and how those two potentially can work to together I think we are very excited about.

Marc Goodman - *UBS - Analyst*

And ADCs you mentioned talk a little bit. Talk about when we are going to see --?

Liz Barrett - *Pfizer Inc. - Global President and General Manager, Oncology*

Actually we shared data on inotuzumab for ALL and you will see that at EHA in June so we will be presenting our data there and we are working with agencies around the world to bring that therapy. So we expect we will hear more about that soon.

Marc Goodman - *UBS - Analyst*

So it is hard not to talk about pricing given the world and I think everybody would like to hear how Pfizer thinks about number one, pricing for the oncology products? But second of all, new payment models, help us think about three, four, five years out how you guys are already thinking about that?

Liz Barrett - *Pfizer Inc. - Global President and General Manager, Oncology*

I mean pricing is a difficult one and it is not just pricing of pharmaceuticals and I think that is the area that I think about. We've got to talk about the healthcare system in total and it is easy, I think it is an easy target. One, because it is pharmaceutical companies but also because it is probably the one area in the total healthcare budget that you can actually point to and is held separately.

And so when we think about pricing we think about value. And I talked earlier about the cure for cancer still eludes us. I am looking at how can we invest more, not how can we invest less. And so I think we still have a long way to go and so pricing will be necessary to help us continue to fund innovation.

But I think I do also think as you start to think about combination therapies and are you going to have two drugs, three drugs, four drugs, we will have to think about different models to your point. And I think that Pfizer is uniquely positioned in that place because if we have got the entire portfolio, so if you've got three drugs be it two immuno-oncology drugs and a targeted therapy and we own those, our ability to price will be an advantage for us.

So I think we are starting to think about how can we think of things differently and how can you treat a patient while they have their disease, not just first-line or second-line and third-line but can you think about? So we are really thinking across the board about completely different pricing models.

Will that happen in the next year or two? I doubt it. Will it happen down the road? I think as combinations start to get approved and you need to, three and four drugs for patients to have the best outcomes, we are going to have to switch to new models.

Marc Goodman - *UBS - Analyst*

I mean each drug cost let's say $100,000 and you are putting three together, it can't cost $300,000.

Liz Barrett - *Pfizer Inc. - Global President and General Manager, Oncology*

No, absolutely. I think that is what we are thinking about is how can we, what position are we in and that is why I think we feel really good about our future and where we are is our ability to be able to have access to multiple medicines and be able to be in a unique position to price them.

Marc Goodman - *UBS - Analyst*

What do the payers say and obviously the US government is a big payer? What are they saying -- (multiple speakers)

Liz Barrett - *Pfizer Inc. - Global President and General Manager, Oncology*

Payers, the US government for us so far is not our biggest payer because most of our patient populations are not on Medicare which actually believe it or not makes things more complex, not less complex. Because the problem with the insurance companies is they hold onto a patient for an average of two years. They are not really interested in your long-term outcomes. So when you have one payer systems outside of the US and you have one payer systems, it is sometimes easier because they can see the benefit of it down the road.

Marc Goodman - *UBS - Analyst*

I can't believe I'm hearing you say this.

Liz Barrett - *Pfizer Inc. - Global President and General Manager, Oncology*

Because they can hear the benefit of it down the road whereas here you deal with the payers who only care about my budget right that year. So I think it is interesting but payers so far look at what is happening with the immuno-oncology have not had an issue paying, they have not had an issue paying for OPDIVO and Keytruda today in combination.

Marc Goodman - *UBS - Analyst*

So I got one question from the audience I thought I would ask it to you here. I guess this is probably referring to Ibrance. Is the drug suitable for all types of breast cancers, i.e., DCIS, exposure related tumors or specific malignancies?

Liz Barrett - *Pfizer Inc. - Global President and General Manager, Oncology*

We do have data across all mutations and the clinical benefit across the mutations has worked very well so it is for ER positive, HER-2 negative patients and so right now our indication is labeled for metastatic breast cancer so those patients who obviously have recurrent and so that is the patient population. But within there, there is a lot of different types of patients. And so yes, within that patient population it is approved for all patients.

Marc Goodman - *UBS - Analyst*

So just to come back to the bundled payment model, so are the payers suggesting anything right now?

Liz Barrett - *Pfizer Inc. - Global President and General Manager, Oncology*

No, not really.

Marc Goodman - *UBS - Analyst*

They haven't really started?

Liz Barrett - *Pfizer Inc. - Global President and General Manager, Oncology*

No, they haven't really started. I mean I think the pressure from them is rebates and that is the world of the US payer today is really more built around rebates and things like that and sort of that is where competition is good. Competition I think it is good for patients, it is good for the system but payers have not come with a solution. I think that is part of the problem. We have to think about it from a broader healthcare perspective.

Marc Goodman - *UBS - Analyst*

So you mentioned 4-1BB, you mentioned a few others, what is the next one to make it to market? When will that be?

Liz Barrett - *Pfizer Inc. - Global President and General Manager, Oncology*

Well, that is anybody's guess, right. So I think that we are looking now to say what might be our fastest place to market. We would expect 4-1BB to be the next one for us. And so but that is kind of where we are today. As the science plays out we will learn more and more, it may not be. I mean we are very excited about (multiple speakers)

Marc Goodman - *UBS - Analyst*

Which indication?

Liz Barrett - *Pfizer Inc. - Global President and General Manager, Oncology*

Well, like I said the data, we haven't entered into any pivotal trials yet. So we are still a ways away but as I said, we have data with Rituxan in follicular lymphoma, maybe that is a possibility. But we have, we are studying it across multiple tumor types. So we really will follow the science. If we get something that this is it, there may be an opportunity for fast to market but we have to do the clinical studies, we've got to get the data.

Marc Goodman - *UBS - Analyst*

Anything we didn't cover that you want to make sure we hear?

Liz Barrett - *Pfizer Inc. - Global President and General Manager, Oncology*

Just you mentioned it earlier but the commitment of Pfizer to oncology and it is really interesting to hear some of the press that has been lately and I think Pfizer is becoming more recognized as an oncology company. We spend a disproportionate share of our R&D in oncology and I think we feel like we have a nice recipe to win. And more importantly to be part of the quest for cure for cancer. So that is kind of where we are. So I will end with that.

Marc Goodman - *UBS - Analyst*

Thank you. Thanks for joining us.