

Can you see the
mailstream?

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Leading Change



Moderator: Liz Claman. *Q: As a leader of a very important company, globally, not just U.S., I want to start by asking how a company like yours has to stay ahead of what's happening right now. Do you see any fallout for your company right now?*

Everybody is effected by this, and not just the U.S., from a business perspective, when capital markets are not functioning, you can't run the business properly, effects ability to invest and create jobs. With Pfizer, we are very fortunate, we have lots of cash flow, a strong balance sheet, and project we'll generate \$18B cash flow this year. When it comes to health care, there is an impact around the world of a softening economy. In regards to Pfizer there's lots of cash flow, strong credit rating, no impact financially. However, healthcare is a problem.

Q: How can your company stay ahead and away from the financial market crisis?

A: I think it's important that Congress act quickly to use the plan that Bernake has laid out and other, and have the ability to take the actions that have been laid out. There will be plenty of time to sort out blame, but I encourage Congress to act quickly.

Moderator: You've dealt with regulation, they are cracking down on pharmaceuticals, and health care plans will be crucial. How do you address those issues?

A: The Health care world is changing rapidly, we need to be very agile responding to it. We need to provide more value and concentrate on innovation, produce life saving medicines which is our core mission. As far as the political environment we are in, the good news is the crisis of health care has become so serious, there is a lot more common ground around some of the basic elements. Whoever is elected president, I hope that they will address these issues. They both have it right in this sense, every policy maker I talk to on both sides of the island, understands. Let's focus on the U.S. right now, we have a serious crisis. There are 47MM uninsured in this country, we spend three cents of every dollar on prevention, we should be investing in prevention and wellness, not diseases. There are differences of opinion on issues, and right now there is an acute crisis on the financial market, and every day people are losing ability to have health care. History proves you can't reform the health care system other than on a bipartisan basis. All parties need to come together and have the stakeholders involved. 6 months ago I thought we had a chance, but now the ability of congress to take care of these issues early on is not as likely.

Moderator: You are not a one trick pony, you have 400 products out there. 2011, Lipitor patents expire then. What do you say to your shareholders who are looking far ahead?

A: Context for the audience, Lipitor is the best selling product in history of pharmaceutical industry, and represents a significant part of our revenue earnings, and for a limited part of the time we have the ability to sell our product exclusively. Then generic competition will come in, and that's a significant event. There is nothing anyone can do about it. It's about \$12B in revenues, and different amounts of profits. The pharmaceutical industry has to reinvent itself every 10 years because of patents. There will not be another \$12B product to replace it. But we will be a profitable growing company after Lipitor. Our plan has 3 elements: we will grow and maximize our resources, reorganize our business model and cut costs a little. We invest \$7B a year, we need to supplement our drug pipeline, we acquired a cancer vaccine, and a phase 3 Alzheimer's drug.

Moderator: You have a lot of creative people here who want to protect their creations, has this Lipitor patent made you think differently about holding onto patents longer?

A: I am concerned about the commitment to intellectual property. For example, trade agreements, laws and regulations. IP is so crucial to competitiveness, which equals jobs. U.S. spends \$60B a year to find cures to treatments and diseases. These are high paying great jobs here in America, and in the absence of IP we could lose our innovative edge. IP = Competitiveness = Innovation = Jobs.

Moderator: Piracy does extend to the Pharmaceutical industry, that can be disconcerting.

A: Viagra happens to be one of the most counterfeited drug in America. There are probably millions in sales of fake Viagra, we saw this with Heparin in China early this year. The FDA is the strongest most regulated agency in the world, and we have to make sure these drugs are being protected. Good news is that the gov't. in china is working to address this.

Moderator: Pricing issue of drugs. Like the airlines, there are 37 different responses to the question of what you paid for your ticket. In 1st world countries, the U.S. gets charged more.

A: The U.S. is the last remaining free market in the world. Some are more restrictive than others, there is some form of price controls in every country in the world. Americans are subsidizing innovation for the rest of the world, that's why the prices are so high. 15 years ago the heart of the pharma industry was in Europe, a significant amount of the dollars left Europe and came to the U.S., and a vast majority of the innovation is here. It's not fair that we have higher prices, but it's an issue we have to address with our trade relations.

Moderator: Hematology division head asks why the prices of some certain medications, cancer drugs are \$3,000 a single dose, is there anything to be done about that, or should we allow that to play out in the insurance system?

A: Life saving drugs need to be accessible, we have programs that make drugs available to those who can't afford them. We go to great lengths to make them available. It's true that they are extremely expensive, very difficult to treat. The good news is that we are on the verge of breakthroughs on cancer, we are investing a quarter of our business in treating cancer. As that happens, and there is more competition, and more drugs available.

Moderator: Talk about a drug that finally made it to the shelf. Talk about how long it takes and the risks.

A: About one in every 10,000 compounds make it to the marketplace, 1 in 4 return their investment, length of development of a drug is 10 years. Patent is 20 years, but you lose 10 of it when it goes into the marketplace. We had a drug intended to raise good HDL, we invested 17 years in that drug, excess of \$1B. In late stage testing, we were excited about the possibility of a cure for coronary disease, but at the end of its development the drug failed. Only pharmaceutical companies have the ability to take those risks and fail. A scientist I know said: "If I come to work every day, we will eventually find ourselves a treatment to curing a disease."

Q: Tell us about yourself?

A: Lawyer at GE, and then while at McDonald's I had opportunity to go to the business side and run some branches and then I got recruited to Pfizer. I spent 6 years at McDonald's raising the world's cholesterol level and now I have to sell as much Lipitor to make up for it.

Q: What have you learned on this journey that you didn't expect by being CEO of Pfizer?

A: Most difficult thing is having to let people go of their jobs, it's extremely painful, I've had to tell a large number of people that a site is going away and they will love their jobs. You have to look at maintaining a company that will keep a thriving business. I've been pleasantly surprised by the resilience of our company. That's what gets me up in the morning.

Q: Your dream of Pfizer?

A: We want to be and I believe we will be, a very strong healthcare company that cures diseases around the world and makes healthcare accessible to people who don't have it. 70% of the world's population subsists on less than \$3,000 per year. The health needs in the world are enormous. Nothing else is possible, jobs or business or improving the environment, if people don't lead healthy lives and their children and grandchildren lead healthy lives. We will do everything we can to bring new and innovative treatments in the world possible.

Q: Looking forward, and at the trees vs. the gigantic forest, what you most excited about right now at Pfizer?

A: I am excited about the drugs we are developing, all the major tumors in cancer, rheumatoid arthritis, diabetes, Alzheimer's, pain, the outcome of treating diseases. It's a passion and a very exciting place to be.