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PFE - Q4 2013 Pfizer Earnings Conference Call

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OVERVIEW:

Management discussed 4Q13 results, reporting diluted EPS of $0.39 on revenues of approx. $13.6b. Guidance was for 2014 adjusted diluted EPS of $2.20-2.30 on adjusted revenues of $49.2-51.2b.
CORPORATE PARTICIPANTS

Chuck Triano Pfizer Inc - SVP of IR
Ian Read Pfizer Inc - Chairman, CEO
Frank D’Amelio Pfizer Inc - CFO
Albert Bourla Pfizer Inc - President of Vaccines, Oncology, and Consumer Healthcare Business
John Young Pfizer Inc - President of Global Established Pharma
Doug Lankler Pfizer Inc - General Counsel
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Geno Germano Pfizer Inc - President of Global Innovative Pharma

CONFERENCE CALL PARTICIPANTS

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Gregg Gilbert BofA Merrill Lynch - Analyst
Mark Schoenebaum ISI Group - Analyst
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Damien Conover Morningstar - Analyst

PRESENTATION

Operator

Good day, everyone, and welcome to Pfizer’s fourth-quarter 2013 earnings conference call. Today’s call is being recorded. At this time I would like to turn the call over to Mr. Chuck Triano, Senior Vice President of Investor Relations. Please go ahead, sir.

Chuck Triano - Pfizer Inc - SVP of IR

Thank you, operator. Good morning and thanks for joining us today to review Pfizer’s fourth-quarter 2013 performance. I’m joined today by our Chairman and CEO Ian Read; Frank D’Amelio, our CFO; Albert Bourla, President of Vaccines, Oncology, and Consumer; Mikael Dolsten, President of Worldwide Research and Development; Geno Germano, President of Global Innovative Pharma; John Young, President of Established Pharma; and Doug Lankler, General Counsel.
The slides that will be presented on this call can be viewed on our home page Pfizer.com by clicking on the link for Pfizer Quarterly Corporate Performance Fourth Quarter 2013 which is located in the For Investors section in the lower right-hand corner of this page.

Before we start, I’d like to remind you that our discussion during this call will include forward-looking statements and that actual results could differ materially from those projected in the forward-looking statements. Factors that could cause actual results to differ are discussed in Pfizer’s 2012 annual report on Form 10-K and in our reports on Forms 10-Q and 8-K.

Discussion during the call will also include certain financial measures that were not prepared in accordance with Generally Accepted Accounting Principles. Reconciliation of those non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in Pfizer’s current report on Form 8-K dated today January 28, 2014. With that, I’ll now turn the call over to Ian Read. Ian?

Ian Read - Pfizer Inc - Chairman, CEO

Thank you, Chuck, and good morning, everyone. We finished 2013 with a solid fourth quarter and the overall financial performance of the year was strong. Looking at the quarter, we delivered good operational performance. Revenues and emerging markets grew 9%. Established products revenues grew 6%. Oncology revenues grew 29%, and consumer health care grew 2%.

We also had strong quarterly revenue performance operationally from key inline products such as Lyrica which grew 14%, Celebrex which grew 9%, and Enbrel outside of North America which grew 8%. We continue to see positive progress with our recently launched products Eliquis and Xeljanz. For Eliquis, in the last two quarters of 2013 we saw definitive momentum across key metrics resulting from the actions we implemented together with our partners BMS.

While we are starting from a small base, the trend we are seeing on sales growth for Pfizer is significant. Specifically we saw a 124% increase in sales globally in the fourth quarter of 2013 compared to the third quarter, and TRx volume in the US for Eliquis increased 68% from the third to the fourth quarter of 2013.

For Xeljanz, we continue to see a steady increase in US scripts, over 28% growth in TRx volume in the fourth quarter compared to the third quarter of 2013. Physician feedback continues to be positive. To date, nearly 3500 HCPs have prescribed Xeljanz and nearly 80% are repeat prescribers.

Now turning to highlights for the year. We met or exceeded every element of our financial guidance. We drove operational growth in key products including Lyrica, Celebrex, and Enbrel outside of North America. Looking at how our businesses performed operationally, emerging markets reported solid single digit growth of 6%, oncology grew 29%, and consumer health business grew 5%.

We saw advancement in our pipeline across the portfolio. We achieved approval in the US for Duavee for the treatment of moderate to severe vasomotor symptoms associated with menopause and prevention of post menopausal osteoporosis. We expect to launch next month and the FDA approved a prior approval supplement for Embeda extended release capsules.

We initiated a Phase 3 program which includes pivotal and outcome studies bococizumab, the proposed generic name for our PCSK9 monoclonal antibody to lower LDL cholesterol. We initiated two Phase 3 studies with palbociclib in advanced breast cancer and began enrolling patients in a third Phase 3 study with a German breast group in patients with early breast cancer at a high risk of recurrence.

We initiated a Phase 3 program with our partner Merck for ertugliflozin, our SGL2 inhibitor for the treatment of Type 2 diabetes. We concluded a Phase 2 study for our staph aureus vaccine which showed encouraging signals that our vaccine elicits positive immune response. We expect to present this data at a medical conference this year.

We completed a Phase 2A proof of concept study with a novel PDES inhibitor in diabetic neuropathy which showed an encouraging clinical profile warranting further exploration in Phase 2B. We conducted Phase 1 proof of concepts on biosimilars of rituximab and infliximab which concluded with positive outcomes on the relevant study end points.
And for Xeljanz in Europe, where we received a negative opinion last year for our rheumatoid arthritis indication, we are continuing to pursue registration on actively engaging discussions with regulators and the development of additional data in support of refiling, although we continue to expect this result in a several year delay.

We reduced our total adjusted cost of sales, SI&A, and R&D expenses on an operational basis by approximately 3%, which is about an $850 million reduction versus 2012 levels. We completed the separation of Zoetis and generated approximately $17.3 billion in after tax value.

We returned nearly $23 billion to shareholders in dividends and share repurchases and we put in place and are operating in our new commercial structure. Each business has strong leadership in place, and we believe that by having a sharper focus we can better maximize the performance of all our businesses. In terms of financial transparency, we will provide a management view of profit and loss for each business starting with the first-quarter results this year.

To sum up the year, we strengthened our innovative core by advancing key R&D programs, created significant value for our shareholders with disciplined capital allocation, and our commercial businesses performed well during a time of transition and difficult market dynamics.

Three years ago we laid out the priorities and strategies for how we would create value for each of our businesses and address R&D productivity challenges. Over the course of the last three years our priorities and our strategies have not changed and I believe are showing strong results. Again in 2014, you can expect us to remain intensely focused on maximizing the opportunities within each of our commercial businesses, continue to advance science, innovation, and our pipeline, and prudently deploying our capital.

We see distinct opportunities for each of our commercial businesses this year. The Global Innovative Pharma Business will focus on accelerating the uptake trajectory of newly launched products Xeljanz and Eliquis, and driving growth from major inline brands like Lyrica, Enbrel outside of North America, Viagra in the US, and Chantix. The Vaccines, Oncology and Consumer Healthcare Business, respectively, will capitalize on the Prevnar 13 franchise, concentrate on the recently launched oncology products Xalkori, Inlyta, and Bosulif, and launch over the counter Nexium in Europe and in the US, provided it receives FDA approval.

The Global Established Pharma Business will focus on maximizing key [perielio] brands, namely Celebrex, Lyrica in the EU, and Zyvox. It will also support continued growth from important legacy off patented brands such as Lipitor and Norvasc in the emerging markets, build on local partnerships with those with Mylan, Teuto, and Hisun, and advance growth opportunities within the sterile injectables and biosimilars portfolio.

Building on the pipeline advances achieved in 2013, there are several potential milestones in 2014. We expect to report in the near future the top line results for Phase 2 study of palbociclib in patients with post menopausal ER positive advanced breast cancer. The results of the CAPiTA trial for Prevnar 13 in adults 65 and older are expected to read out during this quarter, and if supportive we expect to discuss the data with the Advisory Committee on Immunization Practices, ACIP, in the US and other regulatory authorities.

Along with our partner Bristol-Myers Squibb, we are seeking approval for Eliquis, VTE prevention, in all VTE patients in the US and VTE treatment in the US and Europe. We have two pivotal trials in the Xeljanz Phase 3 oral psoriasis program that are anticipated to read out in the second quarter. For the staph aureus and meningitis B vaccines, we anticipate sharing results from Phase 2 studies at medical congresses this year while advancing the late stage development of both assets.

Last week we announced the top line Phase 3 results for ALO-02, an investigational agent of oxycodone hydrochloride, and naltrexone. It met the primary efficacy endpoints in patients with moderate to severe chronic low back pain, demonstrating a statistical significance compared to placebo.

Yesterday we announced top line results for two Phase 3 studies, BR.26 and Archer 1009, that evaluated dacomitinib in two different populations of previously treated patients with advanced non-small cell lung cancer. While we're disappointed that neither study met its primary end point, we will continue to evaluate the full data set from both trials to understand if molecularly defined subgroups of patients may derive benefit from dacomitinib.
In order to continue to develop a robust pipeline of highly differentiated molecules and vaccines that have the potential to be first or best in class, such as the therapies I just noted, requires ongoing R&D investment. In 2014 we will continue to be prudent stewards for how we allocate capital, and we will balance the need for incremental R&D investment with the need for delivering overall shareholder return. As we’ve done in the past, we will continue to use business development opportunities as an enabler of strategies to create value for our shareholders.

In summary, we start 2014 with a sound strategy and a strong business. We will build on our performance in 2013 by continuing to create a sustainable high value pipeline and establishing strong commercial businesses. By executing on our new product launches, growing key inline products, delivering on the potential at all phases of the pipeline, and effectively deploying our capital we will further strengthen all of our businesses.

Our top priority and commitment is to develop and to bring to patients innovative medicines that meet their needs, and that together with our actions, will generate and enhance shareholder value. Now I’ll turn it over to Frank to take you through the details of the quarter and our financial guidance for 2014.

Frank D’Amelio - Pfizer Inc - CFO

Thanks, Ian. Good day, everyone. As always, the charts I’m reviewing today are included in our webcast. I want to remind everybody that as a result of the full disposition of Zoetis on June 24, 2013, the financial results of the animal health business are reported as a discontinued operation in the consolidated statements of income for full year 2013 and fourth quarter and full year 2012.

Now let’s move on to the financials. Fourth-quarter 2013 reported revenues were approximately $13.6 billion, which decreased 2% year over year, and reflect operational growth of approximately 1% driven mainly by the strong performance of Lyrica, Celebrex, Inlyta, and Xalkori globally, Enbrel outside of North America, and Xeljanz and Eliquis primarily in the US.

These were more than offset by the unfavorable impact of foreign exchange of approximately $397 million, or 3%, the expiration on October 31, 2013 of the collaboration agreement for Enbrel in North America, continued erosion for branded Lipitor in developed Europe and certain other developed markets, the ongoing expiration of the Spiriva collaboration in certain countries, other product losses of exclusivity in certain markets, and decreased government purchases of Prevnar in certain emerging markets, among other items.

Adjusted diluted EPS of $0.56 increased 22%, primarily due to the operational decrease of adjusted SI&A and R&D expenses, in increase in other income due primarily to the sale of a portion of our end-licensed generic sterile injectables portfolio to Mylan, a lower effective tax rate on adjusted income, and substantially fewer weighted average shares outstanding due to our continued share repurchases and the impact of the Zoetis exchange offer.

Reported diluted EPS was $0.39, compared with $0.85 in the year-ago quarter, driven by the significant negative impact of the nonrecurrence of income from discontinued operations attributable to the animal health and nutrition businesses, including the gain on the sale of the nutrition business in the year-ago quarter. In addition to the previously mentioned factors, reported diluted EPS was favorably impacted by a lower effective tax rate primarily due to favorable audit settlements, lower charges related to asset impairments and legal matters, and lower acquisition related expenses.

During the fourth quarter, biopharmaceutical revenues in the BRIC-MT markets increased 6% operationally, driven primarily by strong volume growth in China, especially for Lipitor. In these BRIC-MT markets, volume growth of 6% was partially offset by foreign exchange of 3% versus the year-ago quarter.

Revenue from all emerging markets increased 9% operationally in the fourth quarter, with China growing approximately 19% operationally. If you exclude the portfolio of products whose rights were transferred to our joint venture in China with Hisun, in the fourth quarter we would have had operational revenue growth of 10% in our overall emerging markets business, 9% in the BRIC-MT markets, and 27% in China compared with the year-ago quarter.
Foreign exchange negatively impacted fourth-quarter revenues by $397 million, or 3%, and positively impacted adjusted cost of sales, adjusted SI&A expenses, and adjusted R&D expenses in the aggregate by $251 million, or 3%. As a result, foreign exchange negatively impacted fourth-quarter adjusted diluted EPS by approximately $0.01. As you can see, in 2013 we met or exceeded all components of our financial guidance including exceeding our adjusted diluted EPS guidance.

Now I’d like to comment specifically on a few of the elements of our 2014 guidance. First, we expect adjusted revenues to be in the range of $49.2 billion to $51.2 billion. I want to point out that this range reflects an anticipated $3 billion negative impact due to declining alliance revenues specific to 2014, notably the Enbrel collaboration in North America and the ongoing expiration of the Spiriva collaboration in the US and other developed markets, and the loss exclusivity of certain products in several geographies, including Viagra in the EU, Japan, and Australia, Detrol in the US, and Aricept in major developed markets.

I also want to point out that our 2014 adjusted revenue guidance also reflects an additional $1.4 billion negative impact due to the year-over-year difference in actual foreign exchange rates in mid-January of 2013 compared with mid-January of 2014, mainly driven by the movement of the yen against the US dollar. So had we applied the rates from mid-January of 2013 to our 2014 guidance, the adjusted revenue range would have been $1.4 billion higher.

We expect cost of sales as a percentage of revenue to be in the range of 19% to 20%, an increase from the 18% we recorded in 2013, driven by the significant decrease in alliance revenues. It’s important to remember that these alliance revenues were recorded at 100% gross margin because there’s no associated cost of sales. Consequently, the significant decrease in these revenues will also negatively impact our cost of sales as a percentage of revenue in 2014.

We expect adjusted SI&A expenses to be in the range of $13.5 billion to $14.5 billion, which reflects spending in support of key product launches as well as the benefit of our continued cost reduction and productivity initiatives. We expect adjusted R&D expenses to be in the range of $6.4 billion to $6.9 billion to support Phase 3 studies initiated in late 2013 and early 2014. We also expect adjusted other deductions to be approximately $100 million.

I want to remind everyone that the recognition of profits from the Enbrel collaboration in North America has shifted from alliance revenue to other income as we have moved to a royalty structure. We expect our tax rate on adjusted income to be approximately 27%.

Finally, we expect adjusted diluted EPS to be in the range of $2.20 to $2.30. This range includes anticipated share repurchases of approximately $5 billion this year, which will more than offset some expected dilution related to employee compensation programs.

It’s important note that our 2014 adjusted diluted EPS guidance absorbs an $0.08 negative impact resulting from the previously mentioned difference and actual foreign exchange rates from mid-January 2013 compared with mid-January 2014. As always, we will continue to monitor foreign exchange fluctuations and we’ll update the potential impact, if any, on our 2014 expectations.

So moving on to the key takeaways, we achieved or exceeded all elements of our full year 2013 financial guidance in a continuing challenging environment. In 2013, we completed the separation of our animal health business and created a new commercial structure that we successfully implemented at the beginning of this year. We provided full-year 2014 financial guidance, which reflects the negative impact of $3 billion due to declining alliance revenues and expected product losses of exclusivity.

In addition, our guidance for adjusted R&D expenses reflects our investment in several Phase 3 studies initiated in late 2013 and early 2014. We will continue to mitigate the impact of product losses of exclusivity and declining alliance revenue with growth from certain other products, as well as expense discipline and share repurchases.

We continue to create shareholder value through prudent capital allocation. In 2013, we repurchased $16.3 billion, or 563 million shares. Overall in 2013, we returned almost $23 billion to shareholders through dividends and share repurchases. Over the past three years we’ve returned almost $53 billion to shareholders through dividends and share repurchases.
And in 2014, we expect to repurchase approximately $5 billion of our common stock. Finally, we remain committed to delivering attractive shareholder returns in 2014 and beyond. With that, I'll turn it back to Chuck.

Chuck Triano - Pfizer Inc - SVP of IR
Thanks, Frank, and Ian, as well. With that, Operator, if we could please poll for questions.

QUESTIONS AND ANSWERS

Operator
(Operator Instructions)

Your first question comes from Tim Anderson from Sanford Bernstein.

Tim Anderson - Sanford C. Bernstein & Company, Inc. - Analyst
Thank you. A couple of questions, please. You've no doubt seen various analyst reports predicting what the financials for the three divisions will look like, and I know you're planning on providing those details on your Q1 call, but can you give us your preliminary thoughts on what you've seen thus far from the street?

Do you think we'll end up being surprised by how the numbers fall out between the different divisions or do you think the analyses you've seen look reasonable? And then on palbociclib, any updated perspective on the likelihood of being able to file on the final Phase 2 results? I know that that day is approaching. I would imagine you've already had some discussions with the agency or at least at a minimum have some thoughts on the matter?

Ian Read - Pfizer Inc - Chairman, CEO
Okay. Thank you, Tim. I'll ask Frank to answer the question that you posed on the financial divisions and when you'll see the results. And then I would ask Albert Bourla to comment on palbo.

Frank D'Amelio - Pfizer Inc - CFO
So Tim, clearly we've looked at several models that have been put together relative to what the new businesses will look like. I think the rhythm of those numbers is directionally correct is how I would describe it, and obviously we'll come out with our own numbers for our first-quarter 2014 results. But I think directionally correct is how I would describe it. I don't expect that what we publish will create any big surprises.

Ian Read - Pfizer Inc - Chairman, CEO
Thank you, Frank.
Albert Bourla - Pfizer Inc - President of Vaccines, Oncology, and Consumer Healthcare Business

Tim, on palbo, as you alluded our discussions with FDA are productive and they are ongoing, and this is particularly true given the breakthrough therapy designation we have received from them. Now this discussion will continue after the Phase 2 analysis becomes available. Therefore, the exact regulatory path forward has not yet been determined.

Now having said that, we can envision a scenario where depending upon the strength of the final Phase 2 data, there may be a pathway to file with the FDA based upon this Phase 3 results. However, as you know, the acceptance of any filing is ultimately an FDA decision.

Ian Read - Pfizer Inc - Chairman, CEO

Thank you, Albert.

Chuck Triano - Pfizer Inc - SVP of IR

Thanks, Albert. Next question please, Operator.

Operator

The next question comes from Gregg Gilbert from Bank of America.

Gregg Gilbert - BofA Merrill Lynch - Analyst

Thanks. Just sticking with the palbo theme, could you comment on the competitive landscape in light of Novartis and Lilly’s progress and what differentiation you could speak to at this early stage? And for Frank, can you talk about -- can you put a little more meat on the bones on the gross margin commentary? What are the drivers for lower gross margin in 2014 and whether those items are trends or blips? Thank you.

Ian Read - Pfizer Inc - Chairman, CEO

So Albert, palbo again.

Albert Bourla - Pfizer Inc - President of Vaccines, Oncology, and Consumer Healthcare Business

Yes, as you are aware there is very limited information in the public domain on these compounds from this company. So it’s really difficult to differentiate palbo at this point until we see more clinical efficacy and safety data from them. On palbo on the contrary, we have seen data and we are encouraged by the magnitude of the clinical activity we have seen in our patient population, so we are really looking forward to our final Phase 2 results.

Ian Read - Pfizer Inc - Chairman, CEO

Thank you. Frank?

Frank D’Amelio - Pfizer Inc - CFO

Yes, so on the -- Gregg, on the gross margin, let me walk through this and I’m going to bridge this because I think it will be helpful. So let me run the numbers first. We printed 18% for the full year 2013. We’re providing guidance for next year of 19% to 20%. So now let me build a bridge.
If we remove foreign exchange, the positive impact foreign exchange had last year on cost of sales, because it lowered cost of sales, that 18% becomes 18.5%. So 18% to 18.5%. Then if you did the accounting for Enbrel in 2013, the way we're going to do the accounting for it in 2014, which is don't show it as alliance revenues but show it as royalties, that 18.5% would become 19%.

So now 18% became 19%, and then that 19% to 20% in 2014 is really a result of the other alliance revenue declines, primarily Spiriva, and then some of the product LOEs. And one key point to make here is the big decline year in alliance revenues is in 2014, so that's the way to think about the rhythm of the numbers.

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**Ian Read - Pfizer Inc - Chairman, CEO**

Thanks, Frank. Next question, please, Operator.

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**Operator**

Your next question comes from Mark Schoenebaum from ISI Group.

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**Mark Schoenebaum - ISI Group - Analyst**

Hello, guys. Thanks a lot for taking my question. Also congratulations on a great P&L management in 2014.

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**Ian Read - Pfizer Inc - Chairman, CEO**

Thank you.

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**Mark Schoenebaum - ISI Group - Analyst**

I know a lot of people were nervous about the alliance revenue lines and everything, so well done. I just want to ask a question that you probably get a lot but I thought I'd ask it on a call, and that is, is there a scenario that you can envision, Frank or Ian, where you might sell your established products unit or at least your generics unit in some kind of tax advantaged way prior to 2017?

And then just the only other question I had if I might, is if my calculations are correct, R&D plus SG&A crept up a little bit as a percentage of revenue at the midpoint versus 2013, and I was just wondering I know you're not going to give guidance beyond 2014, but in general should -- are you comfortable with where our analyst models are, or should we expect that trend to continue or is that a 2014 blip? Thanks a lot.

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**Ian Read - Pfizer Inc - Chairman, CEO**

Thank you. I think on the R&D, our R&D spend has been responsive to late Phase 3 assets that we have high confidence and want to invest in, and that's basically where the flex is. I think we will fund where you would expect us to fund the Phase 3 assets to the extent we see great opportunity for them, and we'll continue to do that, but we'll continue to manage our overall P&L as we do that.

On the potential sale of our Established Products Business, we are managing all three businesses to create value for the Company, and I think the immediate focus of this is to get these businesses which have very strong management teams, which they have, to focus on the different ways of delivering value and to drive value for Pfizer shareholders. There are also several sort of data requirements which restrict our ability to enter into new transaction, even assuming if we wanted to at this stage, and I'll ask Frank to talk about that.
Frank D’Amelio - Pfizer Inc - CFO

Yes, so Mark, let me -- it’s a lengthy answer, but let me try to work through this, which is it depends on the type of transaction. So if it’s a public transaction, what’s a public transaction? A partial spin, a complete spin, a reverse Morris Trust, a partial IPO, a partial IPO followed by a spin or a split. Three years of audited financials are required. That’s a requirement.

If it’s a private transaction, a partial sale of the business, a complete sale of the business, the formation of a joint venture where we have a minority interest or where we have a majority interest, no audited financials are required. However, a significance test is required. The results of which may require audited financials.

Let me rip through the significance test. There’s three tests that make up the significance test, there’s an asset test, an income test, and an investment test. And basically it’s the target’s results for each of those tests as a percentage of the acquirer’s results.

So think about income would be the target’s income as a percentage of the acquirer’s income. Now the way the results work or the tests work is if all three tests are less than 20%, no audited financials are required. If any one test is greater than 20% and lower than 40%, between 20% and 40%, one year of audited financials is required.

Between 40% and 50%, any one test, two years of audited financials, and any one test greater than 50%, two years of audited balance sheets, three years of audited P&Ls, cash flows, other comprehensive income, and shareholders equity statements, so that’s basically what’s required and why it’s required. That’s the summary.

Ian Read - Pfizer Inc - Chairman, CEO

Thank you, Frank. As you can see, Mark, we have thought some, a lot about this issue, and I would say that the -- we want to create optionality and the best way to create optionality is having strong results and transparency on these results over the next few years and that’s what we’re focused on.

Mark Schoenebaum - ISI Group - Analyst

Thank you.

Chuck Triano - Pfizer Inc - SVP of IR

Thanks, Ian, and thanks, Frank, for the detail there. Next question, Operator.

Operator

Your next question comes from Jami Rubin from Goldman Sachs.

Jami Rubin - Goldman Sachs - Analyst

Thank you. Just to follow up on that, Ian, if you could talk about the value business, which is what I think we're all focused on here, the Emerging Markets and Established Products Business, that's a huge part of the overall Pfizer story. And while we appreciate that you are going to focus on driving value of each of these businesses, maybe you could talk about how you think about the margin and growth potential of this business, what are the true durable earnings performance that you see from this business?
Because from what we see, the growth of Established Products is really just coming from shifting products that go generic into that business, and then the Emerging Markets piece is obviously very difficult to predict. So maybe if you can sort of provide your view on how you see this business as a standalone performing over the next three years or so?

And then just as a follow up to the breakup scenario, Frank. You said three years of financial audited information is required. So if we're starting to get the data in the first quarter of this year, does that then mean that the earliest you could contemplate a full break up would be end of 2016? Thanks.

Ian Read - Pfizer Inc - Chairman, CEO

Thank you, Jami. Well, obviously, as I said, the Established Products Business is not a homogeneous business, it's a heterogeneous business with many different opportunities. And we have a very strong management in all our teams, so I'm going to ask John Young to answer your good questions, though, on how we will manage the Established Business for growth.

And on the last point, I think, yes, we're indicating that we would have three years of financials by the end of 2016.

John Young - Pfizer Inc - President of Global Established Pharma

Okay. So thanks for the question, Jami, so maybe just to say a little bit about what this business is. I think, certainly, we believe that this is not only a very large business unit to your point about its contribution to Pfizer overall, but actually a very attractive, a very diverse, and a very profitable business with actually some unique opportunities across different portfolios and geographies.

So let me just walk you through a little bit of what this business really comprises. And broadly, we think of it as in four buckets. There is a peri-LOE business in developed markets that include some of the major brands that currently are pre-LOE, such as Celebrex, Zyvox, Lyrica in the EU. Certainly, we're going to be very focused in that segment on maximizing the profitability of those brands.

Both sides of the LOE spectrum in leveraging some the capability from EP, that we think has really done a pretty good job with some of the recent LOEs, such as Lipitor, compared to market proxies. The second segment of the business is really a legacy EP business that comprises mature off patent products in developed markets. That business is declining, but we're very focused on maximizing profitability through target investments and certain brands in that portfolio that present opportunities for growth.

The third piece of the business is really what comprises probably a little more than 70% of the emerging market today. And that business is growing pretty strongly. You've seen our results from the fourth quarter for the Emerging Market Business overall.

We believe that portfolio, and actually the thick of the mature products and the Global Established Pharma report portfolios, is a great fit actually for a lot of the health care needs that we see in some of the key emerging markets such as China and Brazil and Mexico. That is growing today and we envision that that will continue to grow in the future.

And then the last component of this business really is what we think of as growth opportunities. Now, some of those growth opportunities will be medium-term growth opportunities, such as the biosimilar portfolio. We think we have one of the leading biosimilar portfolios in the industry with five assets in different stages of development.

But we actually have a number of other opportunities, too, through areas of growth such as some of the partnerships that you're already aware of with Teuto, Hisun, Mylan, all of which we're very pleased with and performing well. And we're going to be very active in looking for additional partnerships in targeted markets where we think there's an opportunity to add shareholder value.
Opportunities for continued growth for sterile injectables and some targeted opportunities in certain markets for some reformulated branded generic products, as well. I think probably the last point to make is this is really not a commodity generic business. In fact, less than 10% of our revenues would come from what you traditionally think of as being a generic business.

So it is no doubt that we will see some pressure in revenues over the next few years driven by some of the LOEs that everyone is well aware of from some of those big peri-LOE brands. But actually, this is a business where we believe in the medium term that it will plateau and we believe that we can then have a number of significant opportunities for growth with this business in medium to longer term.

Ian Read - Pfizer Inc - Chairman, CEO

Thank you, John. Frank, you want to make a comment?

Frank D'Amelio - Pfizer Inc - CFO

Just real quickly, Jami, just want to punctuate what Ian said which is three years prospective financials as I've said previously. So that would be 2014, 2015, and 2016 financials. And then, obviously, the 2016 10-K wouldn't be done until the end of February of 2017. So actual optionality, if we decided to do so, would be sometime in 2017.

Chuck Triano - Pfizer Inc - SVP of IR

Thanks, Frank. Operator, next question please.

Operator

Your next question comes from Chris Schott from JPMorgan.

Chris Schott - JPMorgan Chase & Co. - Analyst

Great, thanks very much. Just staying on the Established Products side, I recognize the near term focus in that business unit is working on the performance, but when you consider the long-term options for that business, first of all would you agree with the statement that this is the division where a larger merger could make the most sense for Pfizer? And following onto that, can you walk through the pros and cons of a larger merger for that division as you consider your options relative to either running the business on your own or looking at tuck in deals?

And then my second question is just as we're thinking about capital deployment, is there any changes in the way you're thinking about share repo versus higher dividend payout or other opportunities in light of the new business structure? Does that change at all of just that you want to either have more cash available as these business units look at their various options as you consider new structures, et cetera, just anything we should be thinking of there? Thanks very much.

Ian Read - Pfizer Inc - Chairman, CEO

So Chris, I think on the Established Products Business our focus is the creation of value, so we do have a quite impressive portfolio and a geographic presence across the emerging markets and your question is will further scale be useful. I think it depends very much on the opportunities that arrive and we'd have to be opportunistic about that.
Clearly, if we can add broader portfolio and specific scale in specific countries would be interested in it, which is why we’d be doing our JVs on a country by country basis, and would be open to overall alternatives, as we always are, that will create shareholder value. But prior to that, we’re going to focus right now on running that business, producing the value, and an open to various BD alternatives to create more value.

On the second question, on the capital structure, I think as we’ve seen in the last three years, our capital structure and the way we manage our capital has been focused on ensuring we produce the best return for our shareholders. We continue to manage that mix, and I would ask Frank to make some more specific comments.

**Frank D’Amelio - Pfizer Inc - CFO**

And Chris, I think the short answer is our priorities have not changed. Maybe I’ll embellish a little bit. So clearly, on dividends, buybacks continue to remain important parts of our capital allocation. Investing in the business, you see that in 2014 with our capital deployment for R&D, for launch costs in support of our new products.

Obviously business development remains a priority. So priorities haven’t changed. And you look at what we did can with our dividend in December, we increased the dividend from $0.96 to $1.04, an 8.3% increase. We just announced another $5 billion in repurchases of our shares. So the priorities have not changed, they remain the same.

**Ian Read - Pfizer Inc - Chairman, CEO**

I would just add to Frank’s comment there, is I think we see ourselves in a position of well balance with optionality and many directions given our capital structure. Thank you, Frank.

**Chuck Triano - Pfizer Inc - SVP of IR**

Thanks, Ian. Operator, next question please.

**Operator**

Your next question comes from Steve Scala from Cowen.

**Steve Scala - Cowen and Company - Analyst**

Thank you, two questions. First, I believe there is a pending court discussion, so does your 2014 guidance bracket a scenario where generics to Celebrex launch in May of this year, or do the guidance elements not consider the scenario? And the second question is I know FDA was aware of CAPiTA’s design very early on, but what discussions have you had with ACIP on the design of CAPiTA and are they comfortable that it did not compare Prevnar to Pneumovax? Thank you very much.

**Ian Read - Pfizer Inc - Chairman, CEO**

So Doug, do you want to comment on the Celebrex situation?

**Doug Lankler - Pfizer Inc - General Counsel**

Sure. Obviously, so we have our reissued patent on Celebrex that takes us through December 2, 2015, and our trial to defend that patent is scheduled to commence on March 19 of this year.
Ian Read - Pfizer Inc - Chairman, CEO
Frank, you want to add anything to that?

Frank D’Amelio - Pfizer Inc - CFO
Yes. That our guidance assumes we have a full year of Celebrex.

Ian Read - Pfizer Inc - Chairman, CEO
Thank you. Albert, on discussions of ACIP?

Albert Bourla - Pfizer Inc - President of Vaccines, Oncology, and Consumer Healthcare Business
Yes, as you can imagine, one is we have the results. We will determine the best approach to present the data to ACIP and request a recommendation. We have been in discussions with the CDC and members of ACIP to ensure their understanding of the protocol and the potential outcomes, so when they have the data they can move quickly.

The ACIP meets three times per year. I cannot speculate in which meeting they will make a vote. As regards your question for how would they compare it with Pneumovax, again I cannot speculate on that, but if you look at current practice in immuno-compromised adults, age 19 years and older where there is recommendation, ACIP has recommended routine use of Prevnar 13 administered in addition to Pneumovax.

Ian Read - Pfizer Inc - Chairman, CEO
Thank you, Albert.

Chuck Triano - Pfizer Inc - SVP of IR
Excellent. Next question please, Operator.

Operator
Our next question comes from Alex Arfaei from BMO Capital Markets.

Alex Arfaei - BMO Capital Markets - Analyst
Good morning, thank you for taking the questions and congratulations on the performance. I was wondering if you could provide us more color on the powering assumptions for capital and do you believe there’s still enough residual disease among US adults given that Prevnar 13 has been available for four years and there is probably significant herd effect?

And finally on palbo, is the Phase 2 sufficiently powered to detect a significant difference, statistically significant survival difference, between the two arms? Thank you.
Ian Read - Pfizer Inc - Chairman, CEO

Thank you for that question. I believe the CAPiTA design was powered for three end points, and would have been designed well aware of the herd effect, so I'd ask Albert just to talk through the three end points of CAPiTA. And really the response of ACIP will depend on those end points and that's why we have to wait for the trial to read out.

But I believe it was a very well designed trial. Power to achieve, to show the results if the product performs as we expect. And then on the Phase 2, Albert, could you discuss the powering vis-a-vis overall survival?

Albert Bourla - Pfizer Inc - President of Vaccines, Oncology, and Consumer Healthcare Business

Yes, well, as we said CAPiTA is a large complex trial. We have 85,000 healthy volunteers and the three end points are a primary end point to demonstrate the efficacy of the product and prevention of first episode of pneumococcal cap community, I call it pneumonia of course for vaccine type. And the secondary points of this to demonstrate the same efficacy in the first episode on non-bacterimic, non-invasive CAP and in invasive pneumococcal disease.

And as we said, the study is very well designed, taking into consideration everything about study was post registration, proposed approval obligation with the FDA, so we have consulted with them for the product.

Ian Read - Pfizer Inc - Chairman, CEO

Thank you. On the Phase 2, do you want to talk to that, Mikael, perhaps?

Mikael Dolsten - Pfizer Inc - President, Worldwide Research & Development

I thought that I'll add one comment on the herd effect that Alex asked about. Actually in 2013, there's been some very useful publication from UK and US that have studied the epidemiology of various pneumococcal strains, and have clearly shown that in the adult, and in particular the older adult population that is highly vulnerable to pneumococcal, there is a number of Prevnar 13 strains still occurring linked to disease.

And actually even Prevnar 7 strains are occurring, so it suggests that the older population is more prone to pick up those strains, and interesting is some strains that are not causing disease in younger population can cause substantial disease in the older population where we also see a substantially increased mobility and also fatal outcomes.

So we do believe that the recent data will favor the view of an existing unmet need in this population. And as Albert alluded to pending the readout of CAPiTA, this would be the only available study of this size that would show any effect in this population.

Ian Read - Pfizer Inc - Chairman, CEO

Thank you, Mikael. You know, it's good questions and good to speculate. We'll know by the end of the quarter and then we can discuss it in more detail. Albert, on the overall survival, palbo?

Albert Bourla - Pfizer Inc - President of Vaccines, Oncology, and Consumer Healthcare Business

Yes, the data for overall survival is event driven so, therefore, it's difficult to predict when the final overall survival data will be completed. Apparently the study is well powered to catch any differences. We do anticipate preliminary overall survival data that could be presented at the medical conference in the first half of 2014 together with the other data.
Thank you, Albert.

Operator

Thanks, Albert. Next question please, Operator. Your next question comes from John Boris from SunTrust.

John Boris - SunTrust Robinson Humphrey - Analyst

Thanks for taking the questions. I just have two. Just on Prevnar 13, you indicated that there is three times the ACIP meets. What's the earliest meeting and have you asked the ACIP yet for to be part of the agenda of any one of those three meetings yet?

And then secondly on palbociclib, if you look at your binding affinity for CDK4 and CDK6, most notably on cyclin D1 and D2, for CDK4 it's 11-nanometer and 9-nanometer. In cyclin D6, IC50 is 15-nanometer, which suggests a high degree of affinity, hence strongly correlated to efficacy. Is there any way you might be able to contrast that to the activity of the Novartis and Lilly compounds?

And then the second part of that question on palbo is there are some off target effects that occur on greater than 30 other kinases. Has the FDA asked you to try and characterize any of those off target effects on palbo? Thanks.

Ian Read - Pfizer Inc - Chairman, CEO

Thank you, John. Prevnar 13, ACIP, I think there are three meetings, one in February, one in June, and one in October. I would find it doubtful we would make the February date, and then when we have the results we will immediately engage with ACIP to see if they can review the results at the earliest point possible, and one would expect there when we used do that would depend on the results in many ways.

Mikael, there was a comment on John's very scientific question there on palbo.

Mikael Dolsten - Pfizer Inc - President, Worldwide Research & Development

Yes, John, so I mean pressed with your detail that understanding of this kinase inhibitor, and as you very well articulated, we designed an inhibitor that would have potent activity against both kinases, which I do think is somewhat unique for palbociclib.

All kinases have some of target activities, but we do believe that therapeutic window for palbociclib favors the on target profile. And if you look at efficacy and tolerability we've seen so far, the main adverse events related to neutropenia that has been well manageable is very much compatible with on target effect for these type of drugs.

Ian Read - Pfizer Inc - Chairman, CEO

And we don't have enough detail on the competitive approach to make any comparisons, is that correct?

Mikael Dolsten - Pfizer Inc - President, Worldwide Research & Development

Yes, we tend not to comment on either products and that's why I used the term that our inhibitors are well balanced and has a unique profile in that sense. And I think what at this stage of clinical development, as Albert very well alluded to, we need to understand more from the competitive products as they advance in development.
Thank you.

Chuck Triano - Pfizer Inc - SVP of IR
Thanks, Mikael. Our next question please, Operator.

Operator
Your next question is from Vamil Divan from Credit Suisse.

Vamil Divan - Credit Suisse - Analyst
Yes, thanks for taking the questions. I have two on the pipeline for palbo, just you started quite a few studies now outside of breast cancer where I think most of the focus has been. Can you just talk at this point where you see palbo having the most potential outside of the lead breast cancer indication?

And then second on the PCSK9, just any comments there? You're going into Phase 3. Obviously, it's a large study, a lot of investment needed there. Given some of the changing guidelines, maybe less of an emphasis on LDL and HDL target levels, how do you see the value of a PCSK9 program and would you consider maybe partnering that with someone just given the amount that you would need to invest there? Thanks.

Ian Read - Pfizer Inc - Chairman, CEO
So, good questions. Palbo, Albert, outside of breast cancer you may want to discuss a little bit of what we're doing there and then Geno will do the PSK9 reply.

Albert Bourla - Pfizer Inc - President of Vaccines, Oncology, and Consumer Healthcare Business
Vamil, expanding palbo beyond breast cancer is a top priority for us. And given the potential of different size, we are very focused in progressing in other tumor types, as melanoma for example, there is an ongoing Phase 1, 2 study of palbo with Zelboraf. And this is conducted by the National Cancer Institute of France and this is for BRAF mutations.

Also, in addition I'm sure you have seen a recent announcement. We are working with GSK to evaluate palbo with their MAC inhibitor in metastatic melanoma this time without BRAF mutations, and this trial should begin in the first half of the year of 2014. Now if we look beyond melanoma, we are working with academic centers, including the Dana-Farber Cancer Center, to evaluate palbo in non-small cell lung cancer and to have universal other collaborations and programs in other tumor types, including squamous non-small cell lung cancer and head and neck cancer.

Ian Read - Pfizer Inc - Chairman, CEO
Thank you Albert. Mike, I'm sorry, Geno, PCSK9?
Geno Germano - Pfizer Inc - President of Global Innovative Pharma

On PCSK9, we've initiated our Phase 3 program. It’s a broad program, as you can imagine, with multiple liquid boring studies, and we’ve decided to go into two fairly large outcome studies as well with the intent to provide the broadest base of data of any of the PCSK9 programs in the patient populations that we believe can benefit from this therapy.

We believe that outcomes, trials, and the results of the outcome trials are going to determine the place for these agents in management of patients with cardiovascular risk factors and high cholesterol levels. And our programs are designed to read out in a similar time frame of the competitive programs as well. So we’re excited about the program, we’re often running with our Phase 3 program, and we’re at this point going it alone.

Ian Read - Pfizer Inc - Chairman, CEO

Thank you, Geno.

Chuck Triano - Pfizer Inc - SVP of IR

Next question, please, Operator.

Operator

Your next question comes from Andrew Baum from Citi.

Andrew Baum - Citigroup - Analyst

Good morning. First on palbo, should I assume that in the absence of any significant OS benefit from the Phase 2, you would not file under accelerated approval? And then in addition, you made some comment about the manageability of the neutropenia, should I assume that’s still the case, i.e., the profile hasn’t changed from the early patient experience?

And then, finally, you attained the rights to both tremelimumab and your anti-CD40 together with use with vaccines. Do you have any vaccines close to entering clinical development in combination with either of these two assets? Thank you.

Ian Read - Pfizer Inc - Chairman, CEO

Thank you, Andrew. Look, on palbo, I don’t think we can assume anything on the path forward until we see the results and then we will be in conversations with the FDA. And as you say, overall survival is driven, event driven, and may take a longer time, but we’ll just have to wait for the results that have in depth discussions with the FDA. Mikael, do you want to talk about the profile, vis-a-vis neutropenia, and also then discuss the tremelimumab and the CD40?

Mikael Dolsten - Pfizer Inc - President, Worldwide Research & Development

Yes, so the type of profile we have reported, which is very well compatible with what you will see with this type of drug, has been very well manageable in the clinic and seems to be much more tolerable than previous experience with the drugs in used in solid tumors when it relates to hematological suppression. So we feel very comfortable with the profile and look forward, as Ian alluded to, to see the final results.

And clearly, at this stage of development, it’s progression pre-survival that will be the dominant end point to look for. In the vaccines area, you were right. We retained use for tremelimumab, particularly I would like to underline that antibody is part of the platform we are exploring together with unique prostate vaccine antigens and a very comprehensive delivery method of the vaccine to boost immune response.
Our initial focus is on prostate cancer and we aspire to be in human studies by 2015. And at that time point, you will actually see a number of Pfizer cancer immunotherapy approaches move forward based on a panel of different monitorable antibodies.

Ian Read - Pfizer Inc - Chairman, CEO
Thank you, Mikael.

Chuck Triano - Pfizer Inc - SVP of IR
Thanks, Mikael. Next question, please, Operator.

Operator
Your next question comes from Tony Butler from Barclays.

Tony Butler - Barclays Capital - Analyst
Thank you very much. Good morning. Just a brief question. As you late last year made references to splitting out the units into three different business units, you focused on collagen vaccines claiming that there was the need for laser like focus on these areas because they clearly are growing substantially above the corporate rate.

That's all -- that's clearly understandable. You included consumer at the time. As I seem to recall it was either Frank or you, Ian, made the reference that it was because the manager of the consumer business would then be the manager of both. Now that Albert is head of that, does it not now make sense that consumer would be split apart, again because of this laser like focus on vaccines and oncology? Thanks very much.

Ian Read - Pfizer Inc - Chairman, CEO
Thank you, Tony. I think the structure is important but not overriding. What's overriding is having really good leaders running the oncology and the vaccine business, having transparency on their results, having somebody good running consumer, and then having an overall President who has done tremendously good work in the Established Products in the value business and somebody who is a seasoned leader. So I don't think it's important, vis-a-vis my small tweaks in the structure because of changes or leaders, but thank you for the question.

Chuck Triano - Pfizer Inc - SVP of IR
Thank you. Next question, please, Operator.

Operator
Your next question comes from Seamus Fernandez from Leerink.

Seamus Fernandez - Leerink Partners - Analyst
Thanks a lot and thanks for the questions. And Frank, thank you for the incredible detail on the P&L structures, that was great. But separately on you mentioned the staph aureus showing some preliminary evidence of efficacy.
Can you just give us maybe a little bit of color as to what you were looking for in terms of the quality of the immune response? Should we anticipate some threshold of real evidence of oxidizing antibodies actually showing since it's my understanding that that's what's necessary to really eradicate or fight the disease?

And then separately, as we think about some of the products in earlier stages of development, would you mind just maybe giving us a little bit of color as to the products in Phase 2, outside of the products that were mentioned on the call today, that might be particularly exciting, particularly as we think about the prospect for combinations in your cancer portfolio? Thanks a lot.

Ian Read - Pfizer Inc - Chairman, CEO

Okay. Thank you. Really good question. So Mikael, you're a popular man today.

Mikael Dolsten - Pfizer Inc - President, Worldwide Research & Development

Okay. So thank you very much for your interest in staph aureus vaccine. That's based on some very serious science that we invested in over the last couple of years. And we identified four different antigens and both polysaccharide and proteins that we have shown at least at a high level of antibodies in the H-relevant individuals. And as you discussed, these induced antibodies will both induce what you call oxidation, clearance of the antibody by the immune system.

But also they will interfere with the bacterial function, which is based on some unique science that we have done for this particular vaccine. We saw very nice levels of induced antibodies rapid onset, with really the profile you would like to see before you vaccinate individuals to go into a surgical environment where there may be threatened with difficult infection. And I would like to underline that the antibodies cross-react with a large majority of staph aureus strains, including the multi-resistant strains that can cause devastating outcome of hospitalization.

So we are very encouraged by the data and we’ve shared it with both European and US regulators, and we are now in dialogues around the phase to be started that we will invest in to show event reduction of infection in a presurgical population. Concerning your interest in our Phase 2 pipeline, I would like to underline that we have a rich pipeline with a lot of momentum behind a kind of near term excitement around palbociclib, an adult vaccine.

Just a few highlights. We have started multiple Phase 2 for our smoothing inhibitor in blood cancers and related blood disorders, an area that we are very excited about. And we’re also moving a gamma-secretase inhibitor into triple negative breast cancer where we have seen some very interesting and favorable profiles so far.

In the Xalkori space, we are now dosing patients with a full on drug that is targeting all known mutations and we think can have a very exciting profile. We’ve already moved one antibody drug conjugate into the clinic and we have several more that would move into the clinic this year.

In inflammation immunology, we have readouts in this year of our best-in-class IL-6 antibody across numerous immune conditions, similar for our MAdCAM antibody, and also for our small molecule disassociated glucocorticoid receptor.

And then in vaccine, we also have noticed favorable Phase 1b data with clostridium difficile and moving forward with one of our formulations towards Phase 2 initiation this year.

And Ian alluded briefly in his introductory remark to some extended work we're doing into renal diseases where we have seen positive Phase 2a data of our novel PD5 inhibitor.

We also moved a second drug, a CCR-25 dual inhibitor into diabetic nephropathy and diabetic macular edema, underlining the important opportunity medical and commercial we see in this disease.
And you may also noted some other highlights including a dual acting inhibitor of uric acid for gout therapy that we recently acquired through a licensing agreement with Kissei.

So I think you will continue to see great momentums with internal and external partnership in this area. Thank you for your interest.

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**Ian Read** - Pfizer Inc - Chairman, CEO

Thank you, and of course on top of that we do have the Phase 3 Xeljanz data coming out and meningitis B. And so I think it's a strong pipeline across all phases. Thank you, Mikael.

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**Chuck Triano** - Pfizer Inc - SVP of IR

Next question, please, Operator.

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**Operator**

Your next question comes from David Risinger from Morgan Stanley.

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**David Risinger** - Morgan Stanley - Analyst

Thanks very much. Frank, I appreciated all the detail that you provided. I just wanted to follow up though. Some potential acquirers of the Established Products Business have implied or suggested that Pfizer can indeed retroactively audit going backwards, and so could you just sort of settle the debate?

Could you talk about why Pfizer cannot retroactively audit going backwards and just explain whether there's any gray area there? That would be great, thanks so much.

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**Frank D'Amelio** - Pfizer Inc - CFO

Sure. So Dave, I mentioned before that three years audited financials and I used the word prospective. The reason I use the word prospective was if not prospective, then it would have to be some portion of retrospective.

Remember, if you're doing something retrospectively it's not just an income statement. It's also a balance sheet. It's a cash flow statement. And these are businesses that in their new construct didn't exist previously to 2014, so it's the complexity involved in their not existing and the full suite of financial statements required, which is why I said prospectively.

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**Ian Read** - Pfizer Inc - Chairman, CEO

Thanks, Frank.

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**Chuck Triano** - Pfizer Inc - SVP of IR

And our last question, please, Operator.
Operator

Your final question comes from Damien Conover from Morningstar.

Damien Conover - Morningstar - Analyst

Great, thanks for taking the questions. Just two quick questions. First on Eliquis, the Lancet in December published a meta analysis that looked at the different anticoagulants and really showed little differentiation among them, obviously better than Warfarin. But I wanted to get your sense of the marketing effort and if you're finding ways to market Eliquis and get a better response over Xarelto and Pradaxa?

And secondly, just a question on the potential breakup of the Company. If you look forward to patent losses beyond the breakup, just trying to get an understanding of how assets might stay within companies or shift companies? For example, with Lyrica I think the patent loss is 2019, how would something like that -- would that stay with the branded Company or would it shift to the established Company, and just trying to get a sense of how that strategy might play out? Thanks.

Ian Read - Pfizer Inc - Chairman, CEO

Thank you. So, I'll take that second question first and then ask Geno to comment on the differentiation and the confidence one can have in meta analysis and compared to randomized perfected trials.

So look, I think the way you see we've set up our divisions now and the sort of transfer of assets is probably similar to what we would do if there was a separation, but it would depend upon what type of separation it was, and clearly you'd have to operate to maximize the value, initially to Pfizer's shareholders at that time, and then there would be commercial considerations on how you ensure that continuing LOEs get well managed by an organization that is capable to maximize it.

So I think your question is a little hypothetical at this time without knowing exactly how we would, if with do, do any type of breakup or separation. Whether it would be selling to another company or a spin, that would clearly change the nature of the transactions et cetera, et cetera. So in all cases, we would be focused on doing what was right for our shareholders and then ensuring maximum value. Geno, do you want to add any comments on?

Geno Germano - Pfizer Inc - President of Global Innovative Pharma

Yes, just a comment on our data sets. I mean, our Eliquis data set is really an outstanding data set, a randomized prospective controlled clinical trial demonstrating superiority across three important efficacy and safety end points. It's a extremely strong database and, frankly, having randomized trials with those results is the strongest form of evidence that we could possibly have.

What we're doing with that that's really helping us in a competitive field is taking it to, frankly, the clinicians that can understand and appreciate the data the best, and that's the specialists, the cardiologists. We've increased substantially our medical education, our focus on the cardiologists, and as a result we've seen a nice response.

In fact, we use as a leader indicator new to brand prescriptions and we're watching new to brand prescriptions. This is prescriptions where the patient is getting a new brand. And across all of the business we're now over 25%, and among cardiologists we're about 30%, and we've surpassed Pradaxa and we're growing at a more rapid rate than Xarelto.

So we think we've got good momentum going here and it's on the back of the excellent data set we have.
Ian Read - Pfizer Inc - Chairman, CEO

Thank you.

Chuck Triano - Pfizer Inc - SVP of IR

Thank you. And thank you this morning for everyone’s attention. Thanks.

Frank D’Amelio - Pfizer Inc - CFO

So long, everybody. Thank you.

Operator

Ladies and gentlemen, this concludes the Pfizer’s fourth-quarter 2013 earnings conference call. Thank you for participating. You may now disconnect.

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