



ANALYST MEETING 2007



Driving Total Shareholder Return

David Shedlarz

Vice Chairman

Agenda

- Total Shareholder Return (TSR) framework
- Key TSR drivers
 - Business development
 - Cost reduction
 - Continuous improvement
 - Dividends/share purchase programs
- Financial performance

Agenda

- Total Shareholder Return Framework
- Key TSR Drivers
- Financial Performance

Total Shareholder Return Framework



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- Total Shareholder Return Framework
- Key TSR Drivers
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Business Development Philosophy

Follow the science to supplement our internal pipeline with products and services that add value for our customers and patients

An Aggressive, Disciplined Approach to Business Development

- New business development strategy
- Increased financial discipline and more rigorous new-product investment criteria
- Explicit commitment to:
 - Deliver two products per year beginning in 2010
 - Generate additional revenues from our synergistic and adjacent businesses

A Three-Pronged Strategy to Drive Revenue Growth

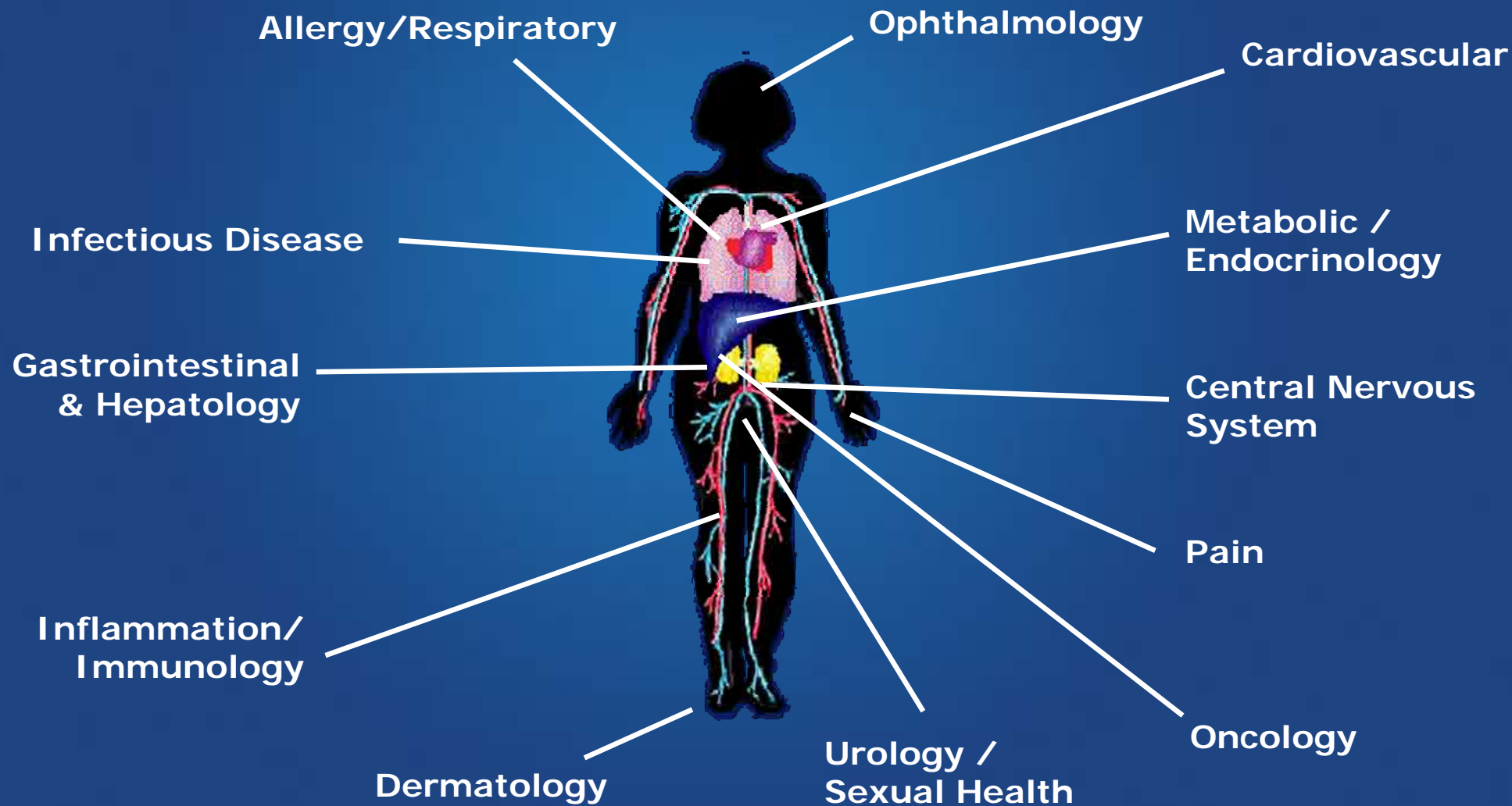


- Complement Current Portfolio
 - Address gaps in drug portfolio
 - Seize opportunistic investments
 - Coordinate search for value across therapeutic areas

- Acquire Synergistic Products and Services
 - Amplify value of current and future products
 - Enhance our ability to demonstrate value

- Pursue Adjacent Healthcare Products and Businesses
 - Invest in businesses such as vaccines

Complement Current Portfolio Areas of Emphasis



Foundation for Financial Discipline

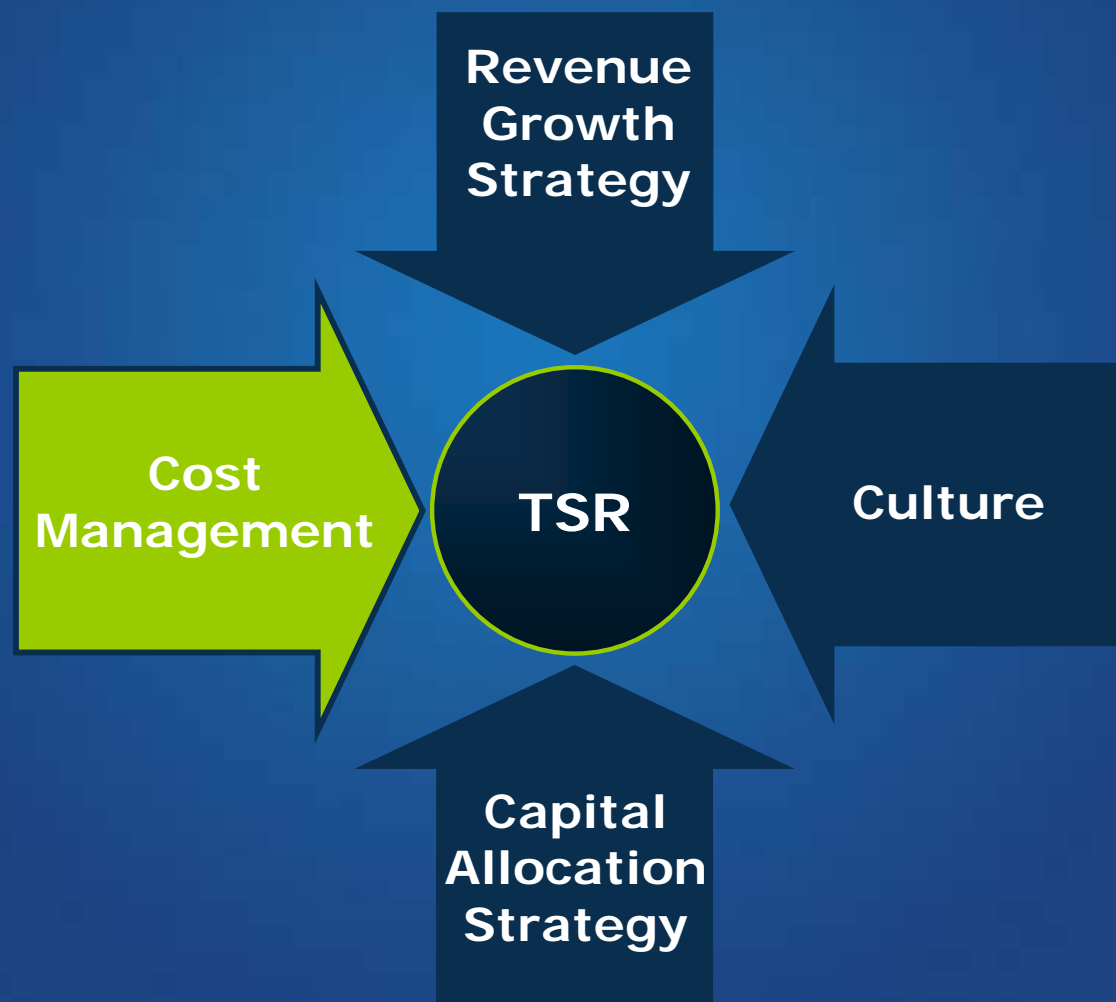
- Allocation of capital for business development grounded in TSR capital allocation model
- Specific opportunity assessment based on comprehensive understanding of scientific, technical, commercial attributes and challenges
- Multidisciplinary analysis of compounds and technologies
- Flexible transaction strategies and deal structure to attract and foster innovation
- Prudent and consistent decision criteria

Renewed Commitment

- Target: two new products a year – beginning in 2010
- Apply our resources prudently and effectively to turn them into valuable and innovative solutions
- Augment the revenue potential of these new products with revenues from our synergistic and adjacent businesses

**We understand the challenge and
we are dedicated to meeting it**

Total Shareholder Return Framework



Reduce and Restructure Our Cost Base

Objectives

- Drive short-term financial performance
- Provide greater agility and operating flexibility
- Support strategic priorities that underlie mid- and long-term performance

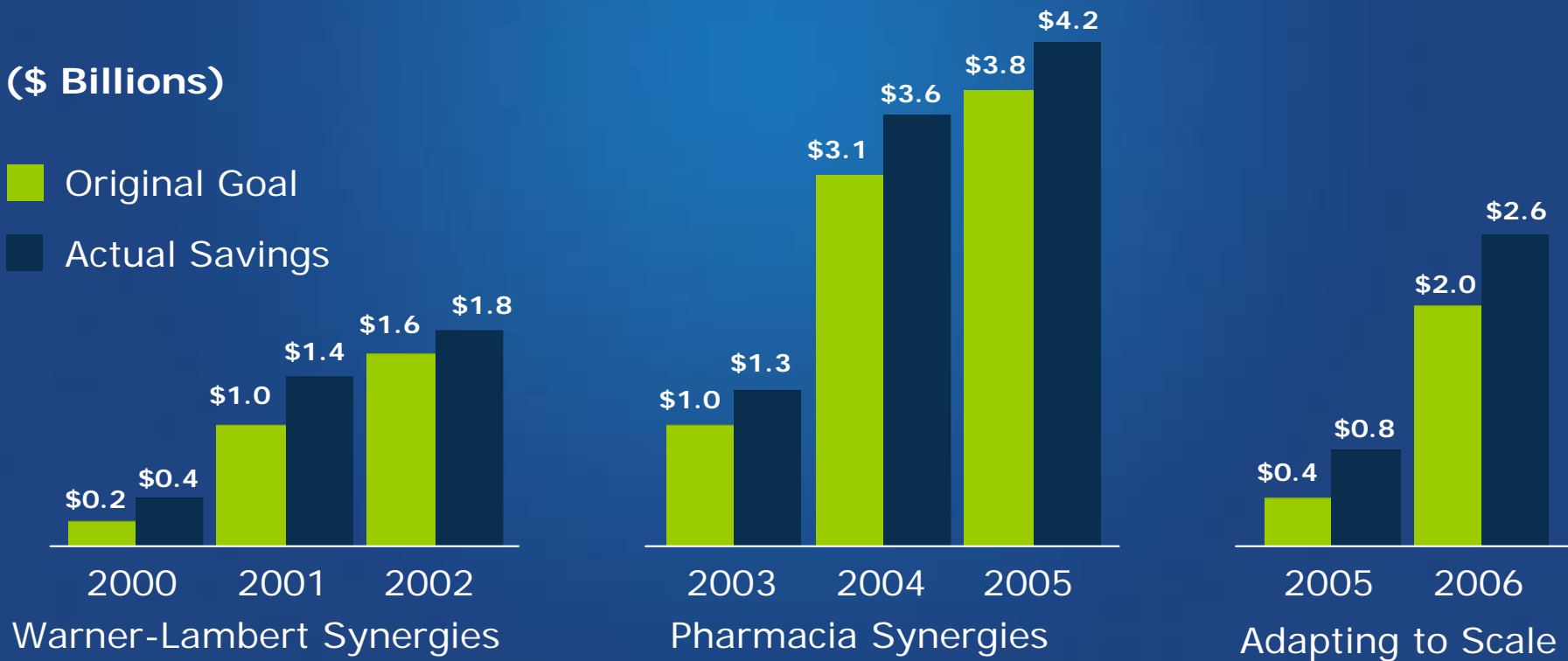
Pfizer Inc

Recent Cost Reduction Initiatives

- Proven track record of effectively managing cost base
- Exceeded original cost savings goal in all periods

(\$ Billions)

Original Goal
Actual Savings



Expense Drivers

Expense Reduction

- Integration synergies
- Restructuring

Expense Growth

- Investments
 - R&D pipeline
 - Business development
 - New product support
- Inflation
 - About \$1 billion a year in inflationary increase on current cost base
- Manufacturing product mix
- Foreign exchange
- Stock option expensing

Pfizer Operating Expenses*

2003-2006

- Relatively flat Pfizer operating expenses*

(\$ Billions)



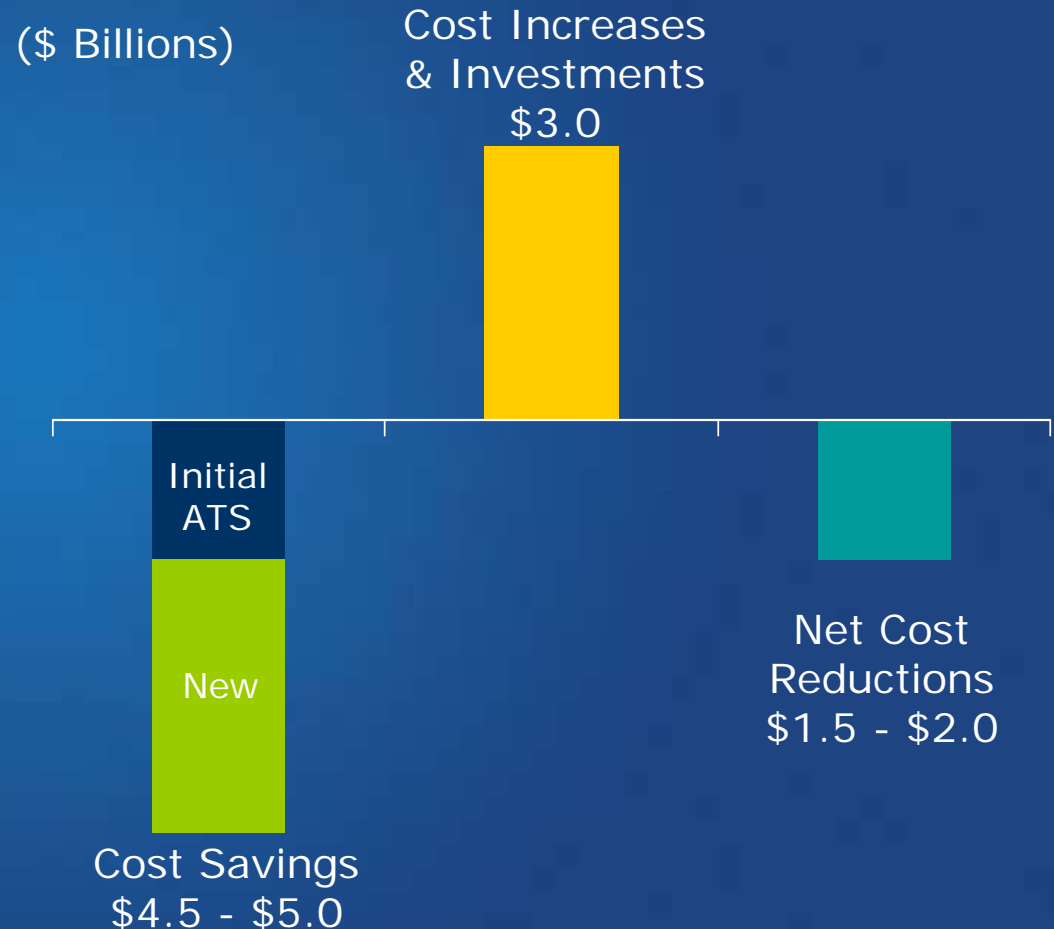
* Operating expenses are defined as SI&A and R&D expenses, pre-tax, excluding purchase accounting adjustments, acquisition-related costs, and certain significant items

** Pro-forma Amounts Include Pharmacia for the Full Year and Exclude Divested Pharmacia Businesses

Implementation of proposed intentions expressed in this document may be subject to works councils and consultation in certain countries
Valid as of January 22, 2007.

Commitment to Further Restructuring – Total Cost Base 2006-08

- On track to meet original 2007 and 2008 adapting to scale savings goals
- Will pursue a broad profile of new cost savings initiatives
- Commitment to make critical investments to build shareholder value



* Adjusted Income is defined as reported Net Income excluding purchase accounting adjustments, acquisition-related costs, discontinued operations, cumulative effect of a change in accounting principles, and certain significant items.

Sources of Incremental Savings

Organization		<ul style="list-style-type: none">▪ Delayer▪ Increase spans of control▪ Eliminate redundancies
Marketing		<ul style="list-style-type: none">▪ Reduce global sales force▪ Rationalize and reallocate marketing and medical spending
Manufacturing		<ul style="list-style-type: none">▪ Reduce number of sites/increase outsourcing▪ Effectiveness/efficiency: right first time culture▪ Lean manufacturing▪ Technology and innovation
R&D		<ul style="list-style-type: none">▪ Reduce site infrastructure▪ Discontinue discovery in two therapeutic areas▪ Increase outsourcing and operational improvements
Procurement		<ul style="list-style-type: none">▪ Leverage purchasing power
Support Functions		<ul style="list-style-type: none">▪ Increased outsourcing▪ Demand management and standardization

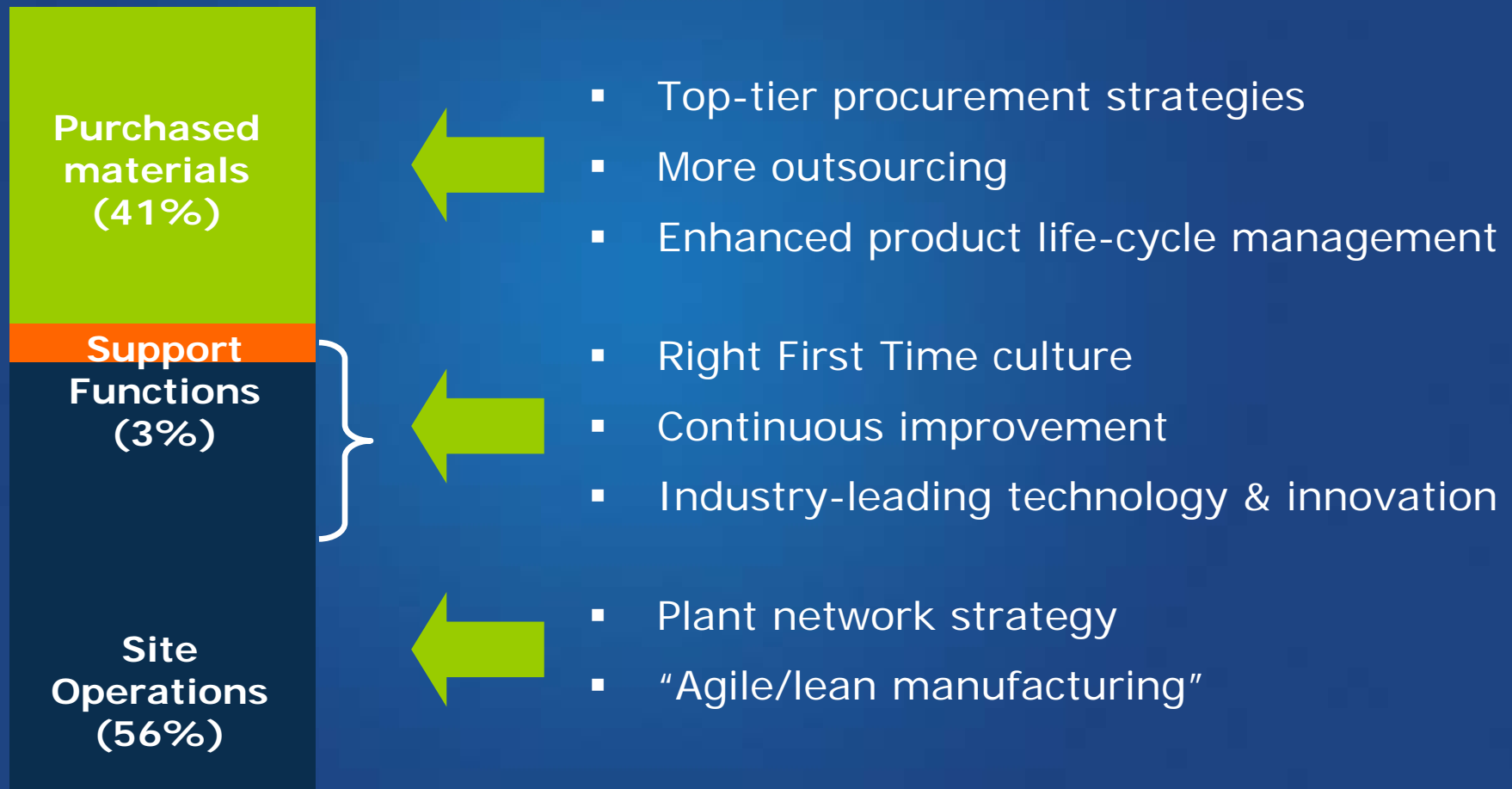
Pfizer Manufacturing Has Long Record of Efficiency and Effectiveness

- Significant site reductions have already been achieved with more to come
 - from 93 sites in 2003 to fewer than 48 by the end of 2008
- Aggressively pursuing outsourcing
- Great progress in revenue per site – Pfizer Manufacturing supports approximately \$1 billion per site based on the site closures announced to date
- Approximately 15% Cost of Goods Sold* as a percent of reported revenues

* Represents Cost of Goods Sold as a pre-tax component of Adjusted Income

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Pursuing More Aggressive Cost & Effectiveness Efforts



Manufacturing Costs

Support Functions

Sources of Cost Savings

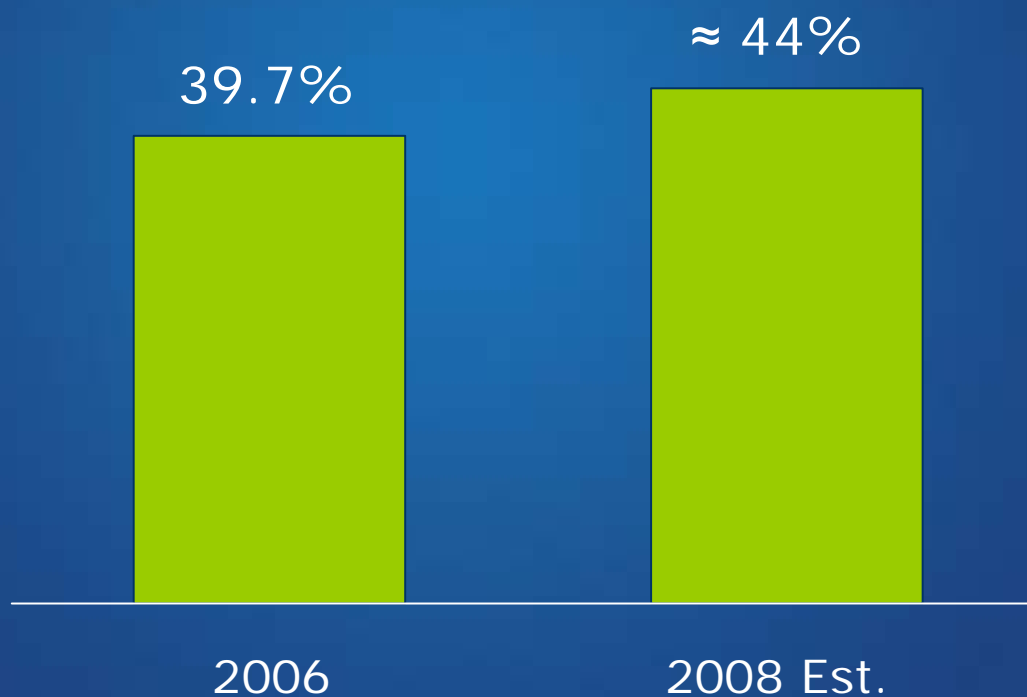
Source of Savings

- Demand management
- Standardization
- Policy changes
- Process redesign
- Streamlining
- Outsourcing
- Service levels

Examples

- Reduce facilities "footprint"
- Leverage procurement of services across sites (e.g., maintenance, security, cafeteria)
- Coordination and rationalization of major IT applications
- HR self-service
- Pay practice harmonization

Pfizer Operating Margins*

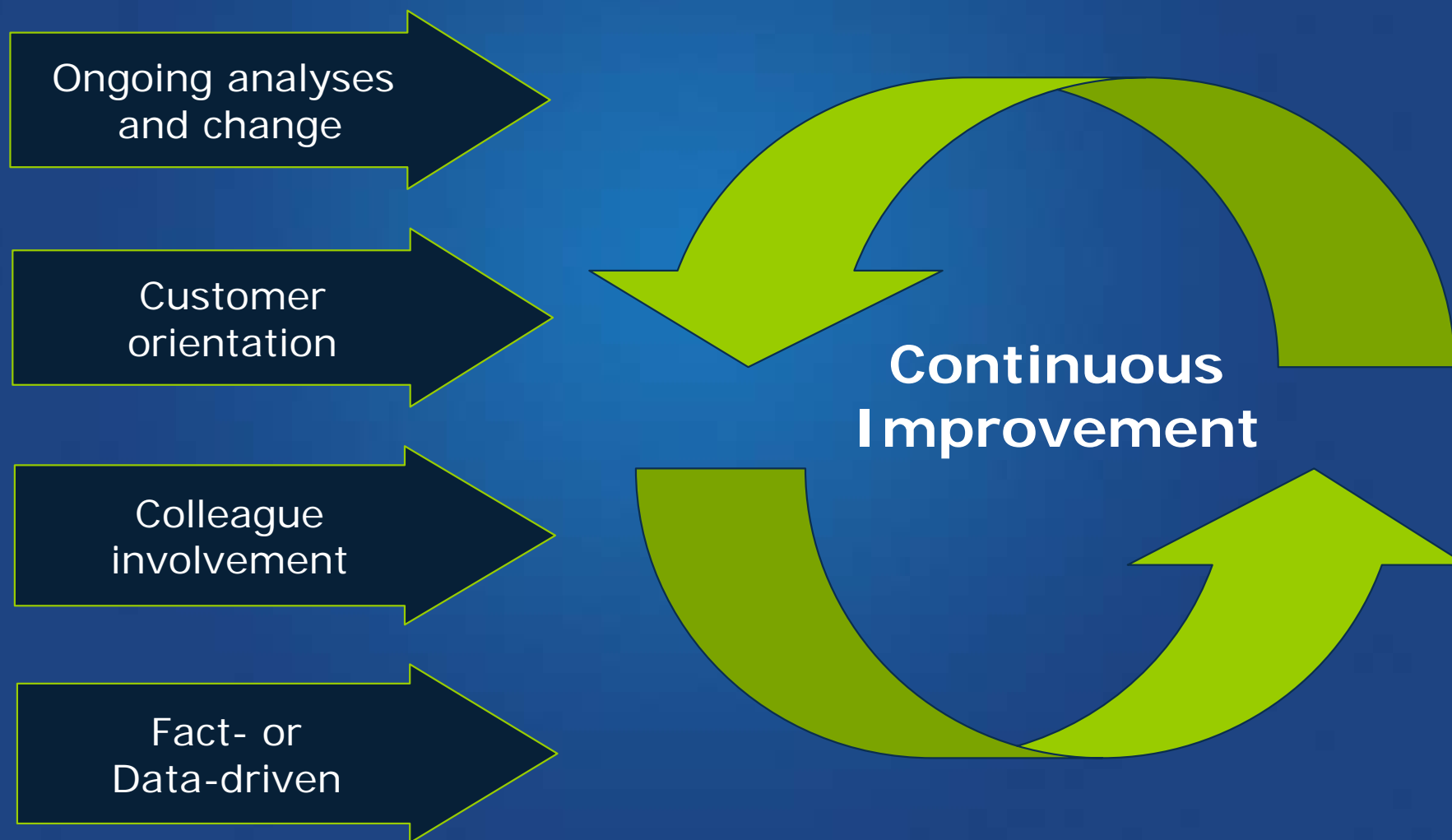


* Adjusted Income before Taxes as a % of revenues

Total Shareholder Return Framework



Continuous Improvement Basic Attributes



Driving Continuous Improvement

- Goal of instilling a culture of continuous improvement
 - Doing things that create value
 - Doing things more effectively
 - Doing things at a lower cost
- Many initiatives already underway: finance, manufacturing, R&D, legal, logistics, etc.
 - Six Sigma
 - Lean Sigma
 - Impact (Work-Out)
- Training throughout the organization – top to bottom
- Desired outcomes aligned with rewards and recognition

Total Shareholder Return Framework



Dividend Growth

(Quarterly Dividend per Share)

- Strong operating cash flow supports dividend growth
- 18% CAGR over past ten years
- 40 consecutive years of dividend increases
- 21% increase in 1Q 2007 dividend
- Strong dividend yield



Amounts reflect stock splits in 1997 and 1999

Share Purchases

- Over \$35 billion in shares repurchased over the last five years
- Up to \$10 billion in purchases for 2007

(\$ Billions)



Agenda

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Pfizer Inc

2006 Financial and Operational Outcomes

Earnings

- Adjusted Diluted EPS⁽¹⁾ of \$2.06
- Reported Diluted EPS of \$2.66

Shareholder Value

- \$7 billion share purchases
- About \$17 billion in Cash Flow from Operations

New Products

- Sutent, Eraxis, Chantix, and Exubera Launched
- Fesoterodine and Maraviroc NDA's filed



Revenues

- Pfizer Inc: \$48.4 billion; 2% growth
- Lipitor: \$12.9 billion
- Celebrex: \$2.0 billion
- Lyrica: \$1.2 billion
- Geodon: \$758 million

Operating Expenses

- Gross margin* of 85%
- SI&A expenses** : \$15.4 billion
- R&D expenses** : \$7.5 billion
- AtS savings of about \$2.6 billion

(1) Adjusted Diluted EPS is Reported Diluted EPS excluding purchase accounting adjustments, acquisition-related costs, discontinued operations, cumulative effect of a change in accounting principles, and certain significant items

* Cost of Goods Sold as a pre-tax component of Adjusted Income used in this calculation

** SI&A and R&D expenses are each presented as a pre-tax component of Adjusted Income

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Pfizer Inc

2007 Guidance

- Revenues comparable to 2006
 - Impact of loss of exclusivity offset by new and key in-line product growth
- Gross margin using components of Adjusted Income⁽¹⁾ largely unchanged from 2006 gross margin of 85%
 - Cost savings initiatives offset unfavorable change in product mix
- SI&A pre-tax component of Adjusted Income⁽¹⁾ decreases by about \$500 million to approximately \$14.9 billion
 - Despite inflation and investments

(1) Adjusted Income is defined as Reported Net Income excluding purchase accounting adjustments, acquisition-related costs, discontinued operations, cumulative effect of a change in accounting principles, and certain significant items

Pfizer Inc

2007 Guidance (cont'd)

- R&D expense pre-tax component of Adjusted Income⁽¹⁾ essentially flat from 2006 expenditures of \$7.5 billion
 - Increased investment in new product portfolio funded by productivity measures and reallocation of resources
- Effective tax rate of 22.5% on Adjusted Income⁽¹⁾ before taxes
- 2007 reported EPS of \$1.45 - \$1.55 in 2007
 - Impact of AtS implementation/restructuring costs and Pharmacia intangible amortization/fixed asset depreciation
- Adjusted diluted EPS Growth⁽²⁾ of 6% to 9%, or \$2.18 - \$2.25

(1) Adjusted Income is defined as Reported Net Income excluding purchase accounting adjustments, acquisition-related costs, discontinued operations, cumulative effect of a change in accounting principles, and certain significant items

(2) Adjusted diluted EPS uses Adjusted Income

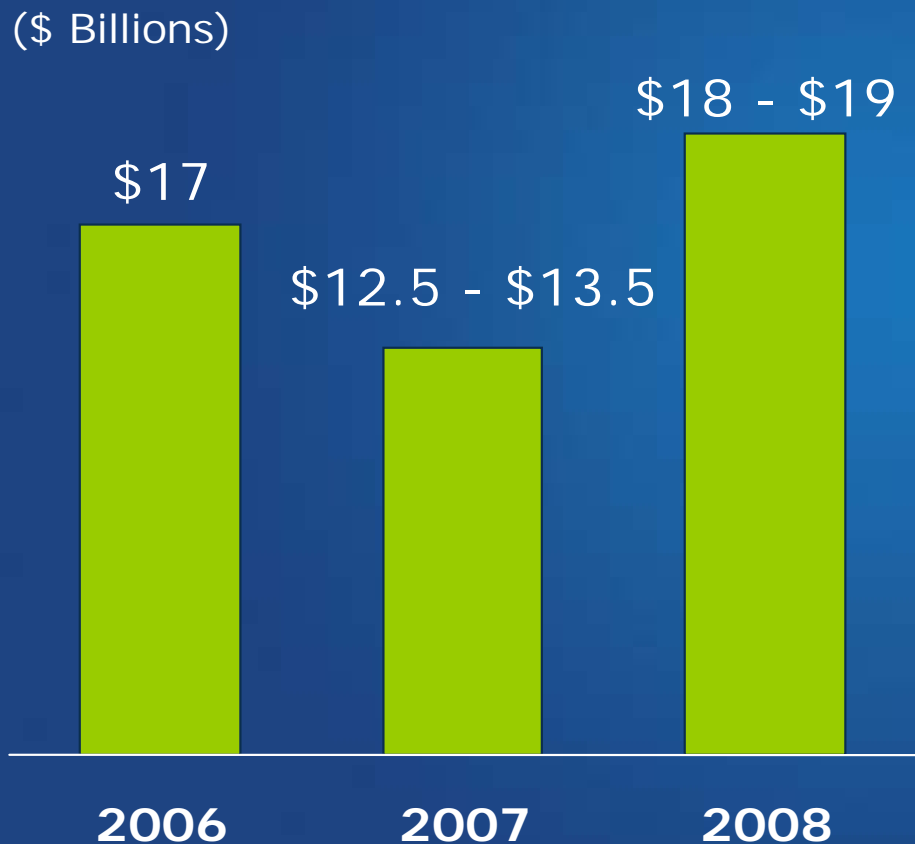
2008 Guidance

- Revenues comparable to 2006
 - Impact of loss of exclusivity offset by new and key in-line product growth
- Total cost component of Adjusted Income⁽¹⁾ about \$1.5-\$2.0 billion lower than 2006 by year-end 2008
 - SI&A reduction of at least 10% relative to 2006 despite inflation and investments
- High-single-digit adjusted diluted EPS⁽²⁾ Growth

(1) Adjusted Income is defined as Reported Net Income excluding purchase accounting adjustments, acquisition-related costs, discontinued operations, cumulative effect of a change in accounting principles and certain significant items

(2) Adjusted diluted EPS uses Adjusted Income

Cash Flow from Operations 2006-08



- Estimated 2007 cash flow from operations of \$12.5 - \$13.5 billion reflects:
 - Approximately \$3 billion in taxes on the sale of Pfizer Consumer Healthcare
 - Incremental restructuring and implementation costs associated with new savings initiatives
- Significant increase in 2008 cash flow from operations
 - Non-recurrence of PCH tax obligation
 - Lower restructuring and implementation costs

Long Term Outlook

2009-10

- Resumption of revenue growth given contribution of new and in-line products and dissipation of loss of exclusivity impact

2011-12

- Revenue challenges due to expected 2011 Lipitor U.S. loss of exclusivity
- Wide array of internal and external product portfolio initiatives being pursued to augment number of new product launches

Conclusion

- Relentless focus on delivering superior TSR
- Business development critical to driving our revenue growth strategy
- Creating a smaller and more flexible cost structure
- Established clear metrics and financial guidance