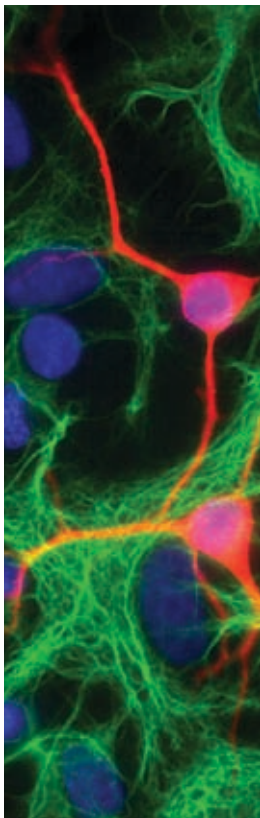
2007 Corporate Responsibility Report

Strong Actions

Partnering for Positive Change



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We Pursue Innovative Solutions to Health Challenges Around the World.

Medical innovation is the core of our business. It's a force for good—for patients, for those who seek to stay healthy, and for society at large. Yet, our responsibilities and potential impact go far beyond the medicines we discover and develop. They include providing the value that our stakeholders seek.

We engage our stakeholders and partners to address society's evolving needs on broad social, ethical and environmental fronts. There are many opportunities to partner on the safety of and access to our medicines, on new cures and treatments, and on better health for people around the world.

We also believe that good corporate responsibility can be a source of business innovation. New partnerships that address social needs through business practices can foster sustainable healthcare solutions. Pfizer seeks more of these linkages so we can help make the world better for our communities, our key stakeholders, and all those who want a healthier tomorrow.

Jeff Kindler
Chairman of the Board
and Chief Executive Officer

To Our Stakeholders,

Pfizer's most important contribution to society remains discovering, developing and bringing to market new medicines. But producing even a great treatment is not enough. What's also essential is how responsibly we use our skills and resources to invest in health around the world.

OUR VALUES

INTEGRITY

RESPECT FOR PEOPLE

CUSTOMER FOCUS

COMMUNITY

INNOVATION

TEAMWORK

PERFORMANCE

LEADERSHIP

QUALITY

That's why I am pleased to share with you Pfizer's 2007 Corporate Responsibility Report. It is much more detailed than the previous report because our commitment to serving society reaches farther, includes more areas, and involves more partners than ever before.

Of course, sustainable programs of corporate responsibility work best when we invest in the health of communities and invest in the health of our business. This means that for Pfizer, corporate responsibility must be the work of every department—on every day.

And so you will see in these pages the tangible results, throughout our company, of commitment to one of our chief priorities this year: collaborating with and providing more value to stakeholders—whether patients, doctors, healthcare payers, nongovernmental organizations or the community.

You will see in this report not just rhetoric but results, whether in reducing accidents in the workplace or reducing the energy we use. You will see us reach out to the communities in which we operate, whether helping schools, or promoting good health. You will see the ways Pfizer colleagues partner with stakeholders to support innovative public health programs in oncology and tobacco independence—and volunteer for work combating infectious diseases in the least-developed areas of the world.

You will see in this report new partnership and philanthropy models, creating initiatives that answer questions we've asked ourselves: How can we enhance the healthcare available to those in the poorest areas of the world? How do we make sure that our customers can be confident our medicines are safe and effective—and that we inform them about benefits and risks? In a world concerned about greenhouse gases, how can we reduce our environmental footprint?

And while laws and regulations mandate responsible action, at Pfizer we are determined to go beyond compliance. We want not just to follow the law—but lead the way. That's especially true when it comes to becoming more transparent—in plain English, letting you know what we're doing.

And so in this report, you will also see ways to go online at www.pfizer.com and discover how we:

- Post the status of our post-marketing studies—the first company to do so
- Provide results of all our registered clinical trial studies
- Open to public view what's in our pipeline
- Disclose US political contributions twice a year
- Plan to disclose grants to US medical associations and patient groups, beginning next year.

We cannot forget that as we talk about the programs and initiatives described here, they stem from the work of real people, dedicated to change. These are my Pfizer colleagues working in more than 100 countries. I applaud them all. They symbolize the new Pfizer: moving quickly to take the lead, embracing innovation, achieving results responsibly—and improving life for others around the world.

Sincerely,

Jeff Kindler
Chairman of the Board
and Chief Executive Officer

Who We Are

Founded in New York in 1849, Pfizer is the world's largest research-based pharmaceutical company. Taking new approaches to better health, we discover, develop and deliver innovative medicines to treat and help prevent disease in both people and animals. Through consistent, high-quality manufacturing and distribution operations, our medicines reach patients in more than 100 countries. We also partner with healthcare providers, governments, nongovernmental organizations, local communities and other stakeholders around the world to expand access to our medicines and to provide better-quality healthcare and health system support. At Pfizer, our colleagues work every day to help people stay happier and healthier longer, and to reduce the human and economic burden of disease worldwide.

PFIZER FACTS*

Headquarters in New York City

89,000 employees worldwide

Lines of Business
– Human Health Pharmaceuticals
– Animal Health Pharmaceuticals and Vaccines

Operates in more than 100 countries

$48.4 billion in revenues, the world's largest pharmaceutical company

$7.6 billion in Research & Development

11 R&D therapeutic areas

One of the world's leading medicines, Lipitor®, which is a treatment for high cholesterol

World's largest animal health company and leader in annual animal health R&D investment

US EPA Climate Leader member

$1.7 billion in Pfizer Inc philanthropic contributions

Accolades at www.pfizer.com/accolades

All numbers are for fiscal year 2006

OUR LEADING MEDICINES

Cardiovascular, Metabolic & Endocrine

- CADUET®
- EXUBERA®
- GENOTROPIN®
- LIPITOR®
- NORVASC®
- REVATIO®

Neuroscience

- GEODON® / ZELDOX®
- REBIF®
- ZOLOFT®

Infectious Diseases

- ERAXIS®
- VFEND®
- ZMAX®
- ZYVOX®

Genitourinary

- DETROL® / DETROL LA®
- VIAGRA®

Oncology

- AROMASIN®
- CAMPTOSAR®
- SUTENT®

Pain

- LYRICA®
- RELPAX®

Inflammation

- CELEBREX®

Allergy & Respiratory

- CHANTIX® / CHAMPIX®

Ophthalmology

- XALATAN® / XALACOM®

TO CONTACT US

Please see www.pfizer.com/contact or write to our corporate mailing address at Corporate Responsibility, 235 East 42nd Street, New York, NY 10017.

Pfizer Corporate Responsibility

Why Corporate Responsibility (CR)?

In today's world, being a responsible company is the only smart way to operate in both the short-term and long-term. To be responsible and accountable—socially, ethically and environmentally—is to be trusted. We need that trust to serve our diverse stakeholders and support a sustainable enterprise. We know trust is built over time with actions, not words. This report reflects progress in our actions and acknowledges areas where we still need to improve.

Corporate Responsibility and the Board of Directors

The Pfizer Board of Directors' Corporate Governance Committee charter requires directors to "consider the perspectives of stakeholders in the company's decisions regarding current and emerging political, social and public policy issues." The Board receives information about stakeholder perceptions and opinions by various means including direct email from the public (see www.pfizer.com/corpgov), Pfizer senior executives' reports, annual shareholder proposals, and Directors' own personal and professional networks.

Integration of Corporate Responsibility

Integrating our corporate responsibility is not just updating data and meeting certain social responsibility codes. It is about changing our behavior and resource allocation—changing the way we operate, communicate and partner with stakeholders.

On a daily basis, Pfizer Corporate Responsibility is managed globally by a team that is part of Worldwide Public Affairs and Policy. The team is responsible for developing this CR report, establishing Pfizer's CR partnerships with various socially responsible investors, nongovernmental and multilateral organizations, and coordinating with different global Pfizer functional and business areas. The team's focus is to foster and support integration of CR throughout the company with a strong emphasis on stakeholder engagement. The team also serves as an internal-external bridge to foster communication for new ideas.

We integrate corporate responsibility into how we engage on policy issues and even how we develop our medicines. For example, see page 91 on the introduction of our smoking cessation medication Chantix® (called Champix® in Europe).

About the Report

We are pleased to issue Pfizer's second report on our corporate responsibility approach and activities. We decided to publish this longer report to address key issues in detail, supplemented by a summary of our corporate responsibility activities in two printed documents—a 24-page summary report and a brochure. Please note that even more information about our corporate responsibility activities is available on our website at www.pfizer.com/responsibility.

Scope of Reporting
This report covers Pfizer's pharmaceutical and animal health businesses. Pfizer's consumer products business was sold to Johnson & Johnson at the end of 2006. This Corporate Responsibility Report includes activities and data from the calendar year 2006, including data from our consumer products business. The environmental performance data does not include our consumer products business. Additional updates from 2007 are referenced where relevant. We remain committed to internationally recognized standards for CR reporting and we will continue to review our reporting practices in light of evolving standards including external assurance standards.

Materiality
The content of this report is based on a materiality analysis focusing on two key factors—the importance to stakeholders and the potential to influence business strategy. Materiality was assessed by an internal cross-divisional team representing the key businesses and by an external advisory group.

Stakeholder Inclusiveness
We listen to our stakeholders and value their perspectives. In keeping with the principle of stakeholder inclusiveness, we have identified our stakeholders in this report, the feedback we have received, and how we have responded to their expectations and interests. To contact us, please see www.pfizer.com/contact.

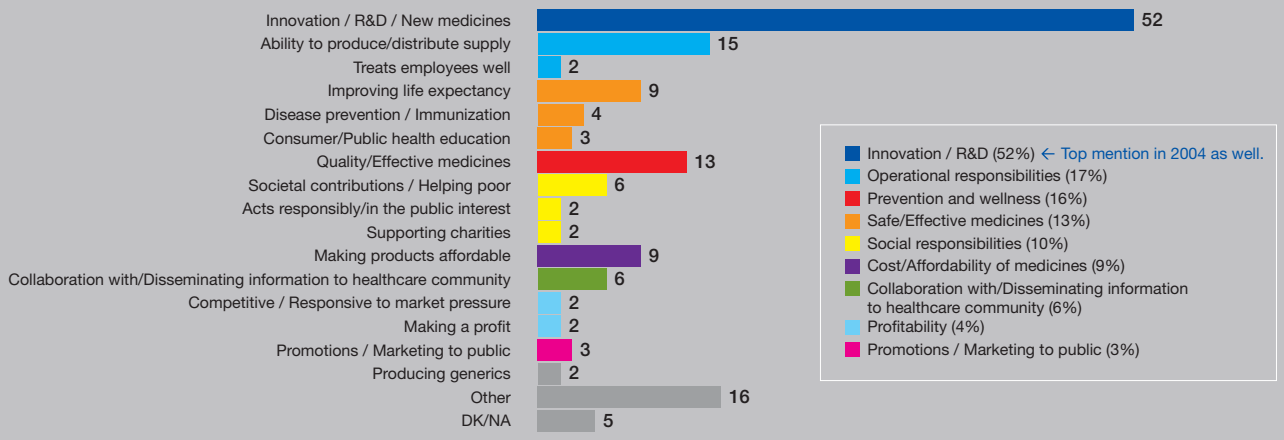
Global Reporting Initiative Sustainability Reporting Guidelines
We considered the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (G3) in preparing this report and include a comprehensive GRI index. We self-declare this report to GRI Application Level B. For information on GRI, please see www.globalreporting.org

Global Public/Civil Sector View

To better understand the global civil sector on a wide range of healthcare issues in 2004 and 2006, the global research firm GlobeScan conducted interviews on behalf of Pfizer with 350 healthcare opinion leaders from China, Great Britain, Japan, Mexico, South Africa and the US with representatives from government, health policy, NGOs and multilateral organizations as shown below. The results from the 2004 survey were included in our 2005 Corporate Citizenship Report.

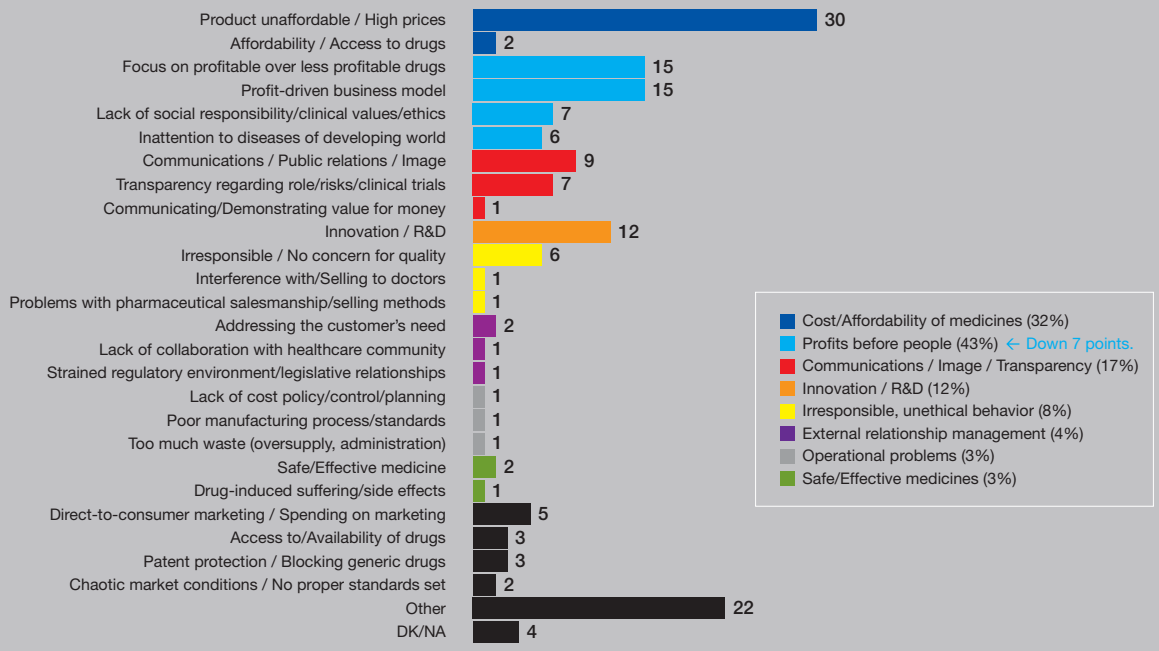
Global Pharmaceutical Industry Key Strengths

Unprompted, Total Mentions*, 2006



Global Pharmaceutical Industry Key Weaknesses

Unprompted, Total Mentions*, 2006



* Respondents were asked for multiple mentions; the measure is calculated as a percentage of total respondents and the total can exceed 100. ** DK / NA – Don't Know / Not Available

The sample size for the first study, conducted in 2004, for the US survey was n=50; in 2006 the sample size was increased to n=100. To ensure comparability of the 2004 and 2006 data, Japan was removed from the 2004 data set, and the US data was "weighted up" to 100 respondents instead of 50. In terms of the total sample, the US respondents "have more weight" than the other countries where 50 stakeholders were interviewed in 2004 and 2006.

Our Corporate Responsibility Standards and Evaluation Partners

Dow Jones Sustainable Asset Management (DJSAM)
www.sam-group.com/htmle/main.cfm

DJSAM is a research organization that evaluates companies as sustainable investments. Pfizer has been selected to be in the DJSAM Index since 2000. Last year, Pfizer had leading scores in corporate governance, environmental reporting, talent attraction and retention, and stakeholder engagement.

FTSE4Good
www.ftse4good.com

This index series, created by the UK FTSE Group, measures the performance of companies against globally recognized corporate responsibility standards. Pfizer has met FTSE4Good Social Responsibility Index criteria since March 2002.

Global Accountability Project (GAP)
www.oneworldtrust.org

GAP is part of the Accountability Program at One World Trust, an NGO that aims to generate wider commitment to the principles and values of accountability. In December 2006, the GAP Index rated Pfizer as among the most transparent and accountable organizations of the 30 reviewed in detail.

Institute for Supply Chain Management (ISM)
www.ism.ws/index.cfm

A member organization of supply chain professionals, ISM developed supply chain standards for social responsibility that focus on community, diversity, environment, ethics, human rights, financial responsibility and safety. Pfizer signed on to these principles in 2005.

S.E.E. Change / Climate Resolve
seechange.businessroundtable.org/

The Business Roundtable's S.E.E. (Social, Environmental, Economic) Change Initiative is a voluntary program for member companies to adopt sustainability principles as a business planning tool. We are also members of the Business Roundtable's Climate Resolve Initiative and in 2007 agreed to a new statement on climate change.

Transparency International (TI)
www.transparency.org

An NGO with a network of local chapters in more than 90 countries, TI's goal is to combat corruption and bribery. Pfizer has served on TI's Steering Committee on Business Principles for Countering Bribery since 2003, and in 2005 joined the Board of TI-USA.

US EPA Climate Leaders
www.epa.gov/stateply

Pfizer is a charter member company under the US Environmental Protection Agency Climate Leaders Program. This is a voluntary industry-government partnership that works with climate change strategies and sets greenhouse gas emissions reduction goals.

United Nations Global Compact
www.globalcompact.org

Pfizer has been a member since 2002 of this network of UN agencies, companies, nongovernmental organizations, labor groups and civil society that supports a shared set of principles on human rights, labor, environment and anticorruption. In 2007, Pfizer attended the Global Compact Leaders Summit in Geneva on "Facing Realities: Getting Down to Business." It was an invitation-only event hosted by UN Secretary-General Ban Ki-moon. The summit focused on creating and supporting sustainable markets around the world. In addition, Pfizer signed "Caring for Climate: The Business Leadership Platform" to advance climate change solutions.

Progress on 2006 Commitments

FOCUS AREA	2006 COMMITMENTS*	PROGRESS
Research & Development	Submit 20 new medicines for FDA approval between 2001 and 2006	Pfizer submitted 19 new medicines for approval by the end of 2006.
Clinical Trial	Disclose results of all late-stage clinical trials on our marketed products	Pfizer has and continues to disclose the results of its late-stage clinical trials on marketed products. In addition, in 2007, we expanded our commitment to include every Pfizer-sponsored clinical study in patients on the NIH-sponsored website www.clinicaltrials.gov. This includes Phase 1 trials and non-interventional studies with prospective data.
Global Manufacturing More information available in EHS section (page 60)	Apply advanced science and technology in the manufacture of medicines to produce cost-effective high-quality products	• A comprehensive Technology & Innovation strategy is in place aimed at saving $5 billion over 10 years through the introduction of new technologies and processes. • Extensive use of enzymes instead of chemical reagents is an important component and will yield significant environmental benefits as well as cost reduction. For example, a new process has been adopted for Lyrica® manufacture which is not only significantly cheaper but will eliminate up to 5 million gallons per year of solvent usage.
	Continue to reduce injuries, energy use, wastes and emissions, relative to production levels and the number of colleagues	• Compared to 2005, Pfizer Global Manufacturing (PGM) lost time accident rate decreased by 12 percent and total injury rate went down by 8 percent. • PGM energy consumption was reduced by 10 percent compared to 2005, bringing CO_2 emissions down by 9 percent adjusted for acquisitions and divestitures. • PGM hazardous waste was reduced by 18 percent and nonhazardous waste by 19 percent. Excluding divested and closed sites, hazardous waste was reduced by 10 percent and nonhazardous waste by 2 percent.
	Ensure that contract manufacturers and key suppliers have responsible environment, health and safety (EHS) management related to production of materials for Pfizer	We review key suppliers of active pharmaceutical ingredients (API) and all contract manufacturers of either API or final drug products. In 2006, 100 EHS reviews were completed to assure the responsibility of these key suppliers. Reviews were done globally, with a particular focus on China and India. The results are considered in our supplier decisions.
	Support the communities in which we operate manufacturing plants through community outreach activities focused on education, public health, safety and improvement of the environment	• All PGM sites, including major logistics centers, established community outreach programs. Over 140 projects were implemented as part of this effort. • PGM sites obtained 39 EHS awards from government and other external organizations.
	Offer our resources and talent to respond to global disasters, such as we did with the Southeast Asian tsunami and Hurricanes Katrina and Rita	We continue to offer our colleagues and resources though the Pfizer Global Health Fellows program, to combat infectious diseases in areas where they are most endemic. For more information on this program please see pages 43-44 and 49.
Corporate Responsibility	Follow internationally recognized standard for corporate responsibility reporting, such as the Global Reporting Initiative	Pfizer considered the GRI Sustainability Reporting Guidelines (G3) in preparing this report and included a comprehensive GRI Index. We self-declare this report to GRI Application Level B.
	Develop corporate responsibility performance measures	Pfizer has worked with internal and external stakeholders to better understand our CR performance and ways that we can improve in this area (pages 6-13). We are using this information to develop metrics for use in our next reporting cycle.

* As stated in Pfizer's 2005 Corporate Citizenship Report. Given the transition Pfizer is undergoing, commitments for 2008 will be posted on our Corporate Responsibility website at www.pfizer.com/responsibility in 2008.

FOCUS AREA	2006 COMMITMENTS*	PROGRESS
Sales and Marketing	Educate physicians for a minimum of six months about a new prescription medicine prior to beginning TV and print advertising	• As of June 2007, Pfizer will have spent 11 months following the commercial availability of Chantix® in the US educating physicians about this product without running any branded consumer TV or print advertising. We will continue to educate healthcare professionals for several more months prior to beginning any branded consumer advertising. • Exubera® branded advertising began in 2007, more than 9 months following the first commercial availability of the product in the US. During this time, Pfizer has invested significant resources in educating physicians and educators about Exubera® and the use of inhaled insulin.
	Include language in product TV and print ads informing consumers that doctors may recommend alternative treatments, including lifestyle changes, when appropriate	Pfizer medicines are not for everyone and our advertising makes that clear. We will continue to use language in all our advertising to ensure that consumers know that their physician may recommend something other than the advertised product, including diet and exercise.
	Stop using "reminder ads" on TV and in consumer magazines with the exception of sponsorship-related activities	In 2006, Pfizer has not run any TV or print reminder advertisements.
	Use a new consumer-friendly and consumer-tested print brief summary in all product print ads	The majority of Pfizer print advertisements have an Important Facts brief summary and others are in development.
	Increase advertising efforts behind disease awareness and *Pfizer Helpful Answers*	Pfizer educates people about *Pfizer Helpful Answers* in a number of ways, including campaigns on radio, print and online advertising and local events to help uninsured Americans learn about programs that can help them to save on medicines. Through our outreach efforts, Pfizer is enrolling many new patients in our patient assistance programs.
	Submit to the FDA for review all new DTC TV ads in advance of airing	Pfizer submits all new DTC TV advertising campaigns to the FDA for review in advance of airing. Pfizer supports the FDA having the appropriate resources to conduct these reviews and has been a proponent of advertising review fees as outlined in FDARA legislation.
	Ensure ads are targeted to appropriate audiences; will air erectile dysfunction ads only during programs with more than 90 percent adult viewership	Viagra® advertising is placed on TV programming that has a minimum of 90 percent adult viewership.
Access to Medicines	Provide training for employees to most effectively work with NGOs in developing countries	Pfizer commissioned independent monitoring and evaluation studies through the Boston University School of Public Health to understand program impacts and how to increase the program value for beneficiaries. As a result, a three-day training has been incorporated into Pfizer's Global Health Fellows (GHF) program operations.
	Present Global Health Fellows model and provide support to private sector to replicate it	Through a partnership with the Brookings Institution's International Volunteerism Initiative, Pfizer has been working to promote International Corporate Volunteerism. Meanwhile, Pfizer has advised and supported several companies in their efforts to establish Fellowship programs, including BD and Ernst & Young.
	Provide 35 million doses of antibiotic to treat active trachoma infection worldwide	Through the International Trachoma Initiative (ITI), 17 million treatments of Zithromax® (azithromycin) were provided in 13 countries in 2006. The shortfall was due to delays in scaling up the program in some countries due to bureaucratic or customs clearance issues, the reduced incidence of trachoma, and zones of armed conflict. In 2007, as of presstime, the ITI is on target to reach 35 million doses by yearend.

* As stated in Pfizer's 2005 Corporate Citizenship Report. Given the transition Pfizer is undergoing, commitments for 2008 will be posted on our Corporate Responsibility website at www.pfizer.com/responsibility in 2008.

Operating with a New Stakeholder Model

Stakeholders are people or groups who affect, or are affected by, Pfizer's business activities. We share with them an overarching goal—good health for all people at manageable costs, and a healthcare system that is sustainable.

Our relationships with stakeholders are at the heart of our corporate responsibility because they define what it means for Pfizer to create value. That is why Jeff Kindler, after being named CEO in July 2006, and the new senior management team met with a variety of stakeholders. They wanted to find out what was on stakeholders' minds, what worked well—and what needed to be strengthened. Some of the company's new priorities and actions are a result of these discussions. Here are just some of the stakeholders our senior management met with in the past year:

- American Heart Association
- American Lung Association
- American Medical Association
- Campaign for Tobacco Free Kids
- Easter Seals (disability services)
- Institutional and other shareholders
- International Alliance of Patients' Organizations
- National Alliance for the Mentally Ill
- National and local government leaders
- Organization for Economic and Cooperation Development (OECD)
- Oxfam Great Britain and Oxfam America
- Pfizer colleagues around the world
- Pharmaceutical Industry Labor Management Association
- Sheet Metal Workers International Association
- Women Impacting Public Policy
- World Health Organization

Senior management heard a spectrum of comments from stakeholders, ranging from Pfizer being seen as an inflexible business partner, to questions about the stock price and from awe at Pfizer's scientists for their skills and dedication, to surprise at the scope of our partnerships in improving access to medicines.

However, most stakeholders agree that, given the complexity of public health problems facing the world today, no single entity—government, corporation, academic institution, nongovernmental organization, civic organization or others—can solve healthcare issues alone. It takes all of us working together, contributing our respective strengths.

Some stakeholders have different views on how to achieve healthcare goals. Our challenge is to build on areas of agreement and find common ground. To achieve this, we seek to constantly improve our communications and transparency, to listen and respond better to stakeholders, and to learn from them. We also share insights on how the pharmaceutical industry works as part of wider healthcare systems. We need strong and trusting partnerships to make progress on improving global health.

Given this reality, we will continue to engage stakeholders regularly and continue to share knowledge, skills and goals on how to prevent or manage diseases, get medicines to the people who need them, and promote good health among diverse populations. These partnerships take many forms—as described in this report.

Channels for Engaging Stakeholders:

- Advisory boards on issues and products
- Associations and networks for patient advocates
- Conferences at international, regional and national levels
- Dialogues with multicultural stakeholder groups
- Email and letter responses
- External compliance hotlines
- Focus groups with different stakeholders
- Grassroots outreach programs within communities
- Management-employee advisory councils and "townhalls"
- Media briefings and interviews with journalists
- Meetings, briefings and feedback sessions with investors, customers, legislators and regulators
- Partnerships in the field with NGOs and MLOs
- Pfizer.com website interactive features
- Professional trade associations for science and business
- Sales calls to physicians
- Surveys of colleagues and customers

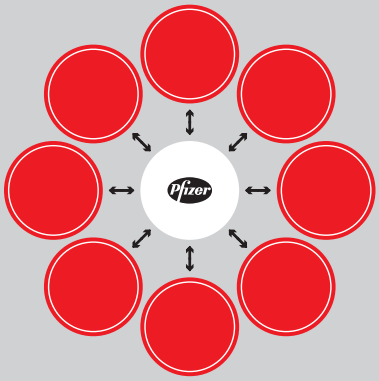
WHO Health Evidence Network

www.euro.who.int/HEN

Pfizer supports the important work of the World Health Organization (WHO) Health Evidence Network (HEN), which provides policymakers with independent and ready-to-use evidence-based information on public health and healthcare issues. HEN also provides easy access to other international databases and sources of information. The scope of HEN's work corresponds with the 14 strategic technical objectives of WHO. In 2007, based on stakeholder dialogue, we offered suggestions on potential healthcare topics and the creation of work groups and policy briefs to support public healthcare decision-makers while respecting their independence. We also support HEN with an unrestricted grant, and with technical and scientific expertise.

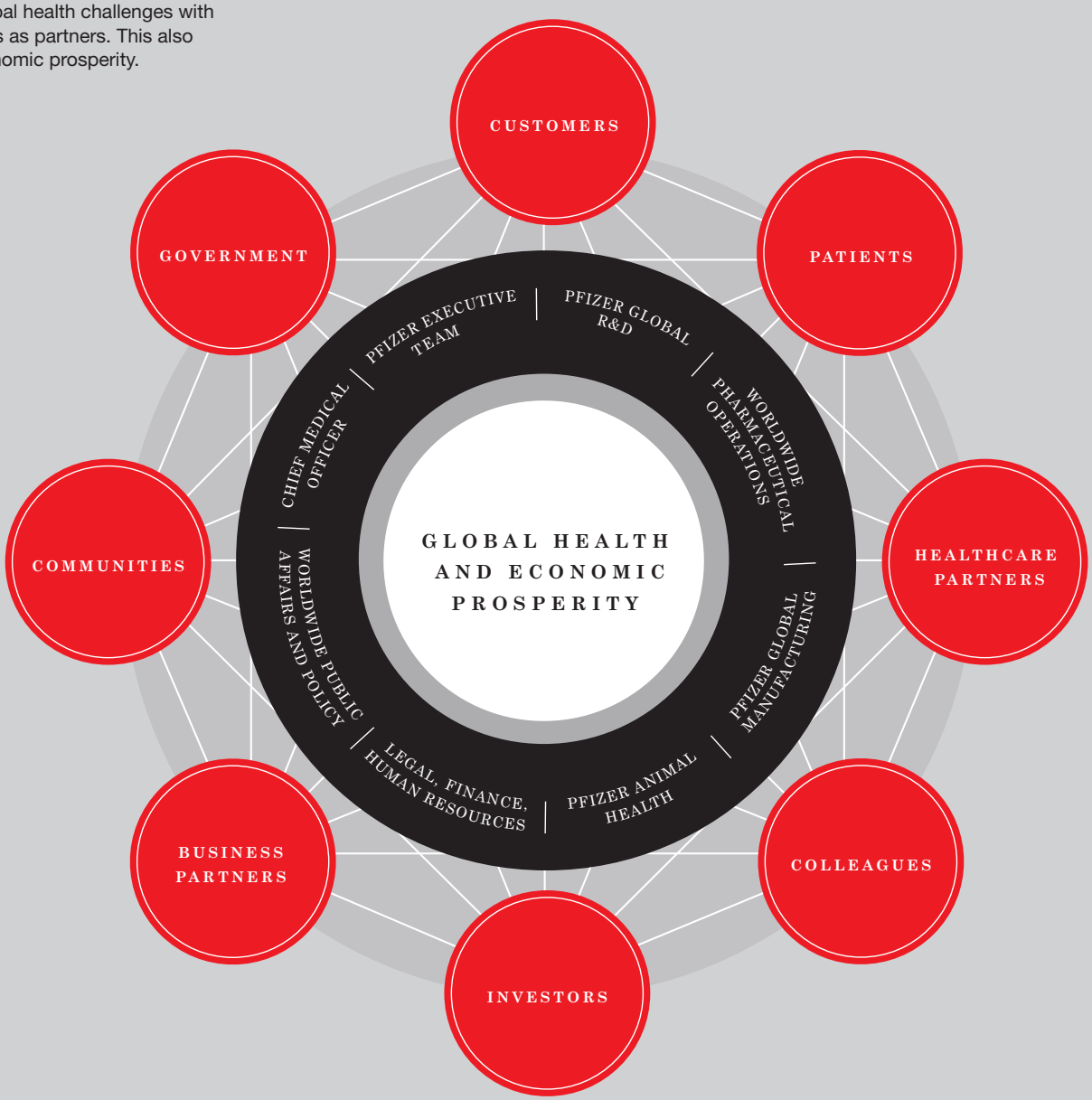
Pfizer's Old Stakeholder Model

Previously, we engaged with stakeholders one-on-one in areas of shared interest.



Pfizer's New Stakeholder Model

Today, in a networked world, we focus on mutual goals—on pursuing innovative solutions to global health challenges with our stakeholders as partners. This also helps build economic prosperity.



Changing How We Integrate Stakeholder Needs

We are seeking to provide more social value today, as well as medical results, because that is what society is asking of us. By better serving our key stakeholders, we ultimately better serve our shareholders.

For a macro view of this change, please see the chart on page 11. We are hiring a diverse workforce to reflect the diverse societies in which we operate. This is one way to give society a stronger "voice" within Pfizer—to employ in influential positions colleagues from biotech firms, patient advocacy groups, health professionals' organizations, insurance providers, governments, think tanks and academia who influence our dialogue. This diversity changes how we think and operate at the very core of our business. Changes on the day-to-day level, for example, are evident in our ACE (Aligning Customer Excellence) Program in Europe (page 84).

We also engage directly with stakeholders through issue advisory boards, employee surveys, conferences, small meetings and public-private partnerships. Some approaches have predefined feedback and follow-up methods. Other approaches are more informal and help shape future goals and activities.

Following are two new initiatives from early 2007:

Pharma Futures II: Prescription for Long-Term Value

www.pharmafutures.org

A senior Pfizer executive participated in Pharma Futures II, a dialogue initiated by pension funds and pharmaceutical companies to create a better understanding among all participants about the significant challenges in the healthcare sector, and the pharmaceutical industry's role in finding solutions with other stakeholders. Pension funds included ABP Netherlands, the Ohio Public Employees Retirement System, and the Universities Superannuation Scheme in the UK. Participants discussed a range of subjects, including the changing healthcare landscape around the world, biomedical R&D productivity, access to medicines, and clinical trials in emerging markets. The Pharma Futures II report is available on the website listed above.

Improved Patient and Medical Group Transparency

We continue to take significant steps to improve our transparency in how we partner with patient and medical organizations.

Patient and medical groups carry out valuable work to improve the lives of people with a particular disease or medical condition. They often look to industry partners to provide financial support and other skills for their activities. This is one way we contribute to the improvement of patients' lives beyond our core business of developing innovative medicines. For example:

In the United Kingdom
www.pfizer.co.uk/template4.asp?pageid=392

In the UK we are required, as a member of the Association of the British Pharmaceutical Industry, to publish a list of the patient organizations we work with. As part of our commitment to working with these groups in an open and transparent way, Pfizer UK has gone beyond the UK industry code and described the full nature of our relationships with these groups, as noted on our website above.

In the United States
www.pfizermededgrants.com

In the US, in 2008, we will develop a disclosure plan for educational grants and include stakeholders in our planning process, as noted on our website above. This will ensure stakeholders' views are considered as the reporting process is developed. Continuing medical education, sponsored by these grants, provides educational opportunities to physicians and other healthcare professionals that help them to improve patient care.

Our Collective Action

Some social or environmental problems can only be solved by collective action, when stakeholders from an entire industry or a cross-section of society band together for the greater good—when "all hands on deck" can provide solutions most effectively. We try to demonstrate our corporate responsibility by taking a leadership role in such collective actions, either within the biomedical community or in cross-sector initiatives. We know that working with our colleagues from other companies and civil institutions results in more effective, long-term solutions.

Examples include:

Partnership for Quality Medical Donations
www.pqmd.org

PQMD is dedicated to advancing the quality of medical products delivered to underserved people and disaster victims around the world. Pfizer sponsored two key PQMD projects. We funded a study to develop a methodology for estimating the number of patients treated based on the volumes of medicines shipped to developing countries by PQMD members. We also funded and directed the creation of an educational film that teaches the basics of medical inventory management and raises awareness of the supply chain management profession globally. The film is available on the website above. PQMD's current chairman is a Pfizer colleague.

Working to Provide Coverage for the Uninsured
www.coalitionfortheuninsured.org

With approximately 47 million Americans still lacking healthcare coverage, Pfizer joined a highly diverse group of 16 public-private partners to rethink the issue and lay out a path for progress. Over the past two years, this coalition, the Health Coverage Coalition for the Uninsured (HCCU), comprised of healthcare providers, trade associations and activist groups, developed consensus recommendations for covering a significant number of the uninsured. On January 18, 2007, the coalition released an agreement which all the parties endorsed, in what we think is a national healthcare first in the US. For more information on the key principles and recommendations, please see page 89.

The Global Environmental Management Initiative
www.gemi.org/waterplanner/

GEMI is a coalition of companies committed to improving sustainable business practices. The initiative's recent effort is called "Collecting the Drops: A Water Sustainability Planner." Pfizer played a leading role in developing this water sustainability tool by providing strategic direction on the approach and technical content, based on our own successes and challenges with managing water. The planner is designed to help guide a facility through the process of assessing and identifying specific water uses and needs in comparison to the availability of water in the region; the impact of operations on the available water resources; and those factors that may pose a risk to the operation's ability to produce. The planner is available on the website above.

Addressing Key Issues

finding

CURES AND TREATMENTS

Our most important contribution is discovering, developing and delivering innovative medicines that society values to prevent and treat disease.

To achieve these goals, we are committed to improving R&D productivity, increasing the transparency of our pipeline and clinical trial practices, improving drug safety monitoring, and working in partnership with our stakeholders to advance the discovery and development of effective new medicines.

Pfizer

"Rv"

2006/2007 KEY ACTIONS

Launched innovative new medicines to treat major diseases—for two hard-to-treat cancers, diabetes, tobacco dependence and bloodstream infections.

Received FDA approval for Selzentry™* (maraviroc), a breakthrough treatment for HIV/AIDS.

Established a collaboration with the World Health Organization to help find new compounds for diseases of the developing world.

Continued to develop 242 research programs—the most Pfizer has ever had—spanning 11 therapeutic areas.

Expanded disclosure of our clinical trials.

Launched www.pfizer.com/pipeline to improve R&D transparency.

Established a stem cell research policy to guide our external partnerships beginning in 2007.

Partnered with the National Institutes of Health (NIH) and biotech firms to unravel the genetic causes of common diseases.

Launched the mainstream pharmaceutical industry's first "incubator" to support early-stage research start-ups.

*Selzentry™ will be known as Celsentri® in all countries outside the US pending regulatory approval.

Launching Medicines for Unmet Medical Needs

Continuous biomedical innovation is essential, not only to find cures and effective treatments for patients, but also to reduce the direct and indirect costs of disease on society, which includes such things as lost job productivity. In 2006, Pfizer introduced several innovative medicines that are expected to have significant benefits for patients and society. They are:

Chantix®

Pfizer's smoking-cessation medicine, Chantix® works by reducing the severity of the smoker's urge to smoke, while diminishing the sense of satisfaction if a patient smokes during treatment. It's offered with a personalized patient support program called GetQuit, to help smokers quit. According to many public health, cardiovascular, pulmonary and cancer experts, helping smokers quit is one of the most important things a physician can do to improve patients' overall health and reduce their risk of developing serious chronic conditions.

Sutent®

Sutent® is the first medicine ever to be approved simultaneously by the FDA to treat two types of deadly cancer—advanced renal cell carcinoma, a type of kidney cancer, and gastrointestinal stromal tumor, known as GIST. Also approved to treat these diseases by the European Union, Sutent® not only kills cancer cells but starves the tumors of blood and nutrients. Pfizer is now investigating its efficacy in breast, lung and colorectal cancers.

Exubera®

The first inhalable form of insulin, Exubera® meets a critical medical need to manage Type 1 and Type 2 diabetes in adults, by offering a highly effective alternative to pills and insulin injections. The global incidence of diabetes is currently at epidemic levels. Millions of patients are not achieving or maintaining acceptable blood sugar levels, despite the availability of current therapies.

Eraxis®

Eraxis® treats candidemia, the most deadly of the common hospital-acquired bloodstream infections, which can spread quickly, especially for patients with weakened immune systems. Eraxis® is an important new treatment for the approximately 60,000 patients in the US who contract this dangerous infection each year.

Lyrica®

In June 2007, the FDA approved Lyrica® for the management of fibromyalgia, a common chronic and widespread pain condition. The approval represents a breakthrough for the more than six million Americans who previously had no FDA-approved treatment options. This is Lyrica's® fourth FDA-approved indication. It was initially approved for the management of neuropathic pain associated with diabetic peripheral neuropathy and postherpetic neuralgia, and for adjunctive use in the treatment of epilepsy.

Developing a Breakthrough Medicine for HIV-AIDS

As resistance to available HIV/AIDS medicines increases, many people living with HIV/AIDS are running out of treatment options. For these treatment-experienced patients, Pfizer's Selzentry™ (maraviroc), a novel compound in a new class of drugs, may offer help where currently available therapies have failed. Discovered by Pfizer scientists in 1997, Selzentry™ is an oral medicine that blocks viral entry to human cells. Rather than fighting HIV inside white blood cells, it prevents the virus from entering uninfected cells by blocking its predominant entry route, the CCR5 co-receptor.

In August 2007, the FDA approved Selzentry™ for use along with other antiretroviral agents for treatment-experienced patients infected with CCR5-tropic HIV-1. It is the first member of a new class of oral HIV medicines in more than a decade. We also received a positive opinion from the Committee for Medicinal Products for Human Use, in Europe, and are submitting marketing applications around the world.

We are engaging key external stakeholders including bilateral and multilateral organizations (such as the World Health Organization and UNAIDS), nongovernmental organizations, regulatory bodies, HIV/AIDS advocates and people at risk and living with HIV/AIDS, and other key opinion leaders in the field, to determine how to best facilitate responsible access to Selzentry™ in developing world countries based on Selzentry's™ current utility and approved indication. We plan to proactively communicate our access strategy for the developing world as this work nears completion.

Expanding Research for Diseases of the Developing World

We believe we have a responsibility to conduct and support research for diseases that affect the developing world and are expanding our efforts to help meet this global health challenge. As a single company, however, we are limited in our ability to solve such universal health problems and recognize that multisector solutions are needed. Today, public-private partnerships are essential to making progress on this front.

Collaborating with the World Health Organization

Our collaboration with the World Health Organization's Special Program for Research and Training in Tropical Diseases (WHO/TDR), announced in October 2006, is an unprecedented partnership for a public company. We are opening our library of medicinal compounds—the world's largest—to help search for new antiparasitic medicines against such deadly diseases of the developing world as malaria, leishmaniasis, African trypanosomiasis, onchocerciasis, schistosomiasis, and Chagas' disease. We will also bring scientists from developing countries into our laboratories for training in drug discovery techniques.

"This collaboration is a step forward in expanding worldwide capacity in tropical disease research, because it enhances access to research tools for developing country researchers and expands access to large numbers of compounds for screening to identify new leads."

DR. ROBERT RIDLEY
DIRECTOR OF WHO/TDR

Improving Treatments for Malaria

Through our Zithromax®/chloroquine clinical trial program, Pfizer scientists are developing a potential malaria treatment based on our widely used antibiotic, Zithromax®. Dosed in combination with chloroquine, Zithromax® demonstrated positive results in the treatment of adults with malaria in Africa. Currently, clinical studies are ongoing at centers in South America, India and Africa.

Opening a New Front Against Infections

We expanded our commitment to fighting infectious diseases in 2007 by acquiring UK-based PowderMed Ltd, whose proprietary, DNA-based technology is designed to deliver a new generation of vaccines.

This vaccine development program, with a needle-free delivery system, is at the forefront of a scientific effort to overhaul a vaccine manufacturing system that has remained largely unchanged for the last 50 years. While the research is at an early stage, this new DNA-based technology is quickly adaptable to changing strains of influenza. The pipeline also includes vaccines in phase I development for herpes simplex virus (HSV) as well as other viral diseases.

Bringing an R&D Pipeline Strategy to Life

Our broad and diverse pipeline of new medicines will help drive the development of new medicines for a wide variety of therapeutic areas over the next several years. We determine our R&D priorities according to medical need, followed by breakthrough potential, obstacles and commercial opportunities. The depth of our mid-stage pipeline gives us confidence that we can generate a steady stream of

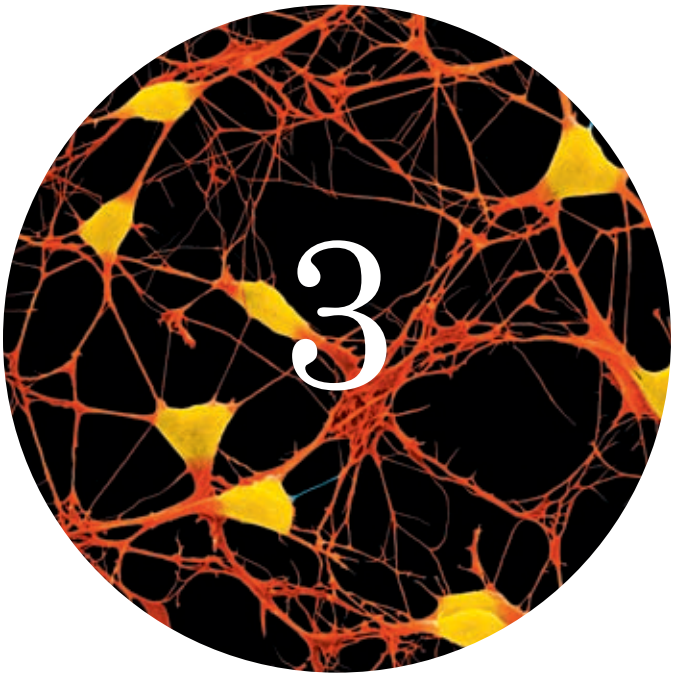
Cardiovascular, Metabolic and Endocrine Disease

There are seven main areas of focus—atherosclerosis, hypertension, obesity, diabetes, bone and muscle health, thrombosis and growth hormone deficiency. Pfizer is building on its traditional strengths in cardiovascular research and is expanding research in metabolic and endocrine diseases. Drug candidates in late-stage development include a potential new treatment for obesity now in Phase III studies.

Oncology

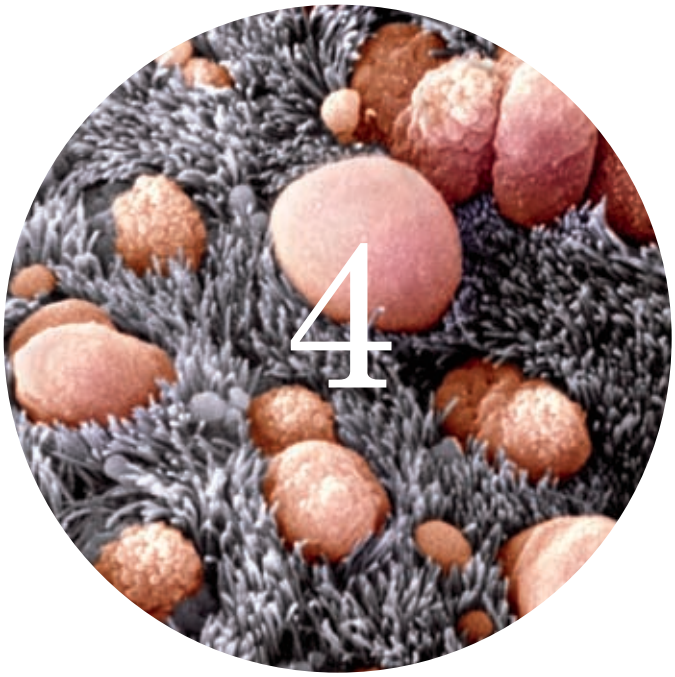
The number of oncology R&D projects at Pfizer has increased four-fold over the past five years. At the annual Association of Clinical Oncology meeting in June 2007, we presented 52 abstracts on 10 different medicines. These presentations highlighted 212 clinical trials under way in oncology, the most in the industry. Late-stage development projects include Phase III trials against melanoma and pancreatic, breast, thyroid and lung cancers.

new medicines that will address significant unmet medical needs. We now have more drug candidates, more clinical trials, and more research programs than ever before—a total of 242 programs spanning 11 therapeutic areas. Our four major areas of concentration include:



Neuroscience

This portfolio includes new drug targets in areas of critical medical need—Alzheimer's disease, pain, cognition and attention-deficit/hyperactivity disorder, depression and anxiety, and sleep disorders. Pfizer's Lyrica®, the company's new medicine for neuropathic pain, was recently approved by the FDA for the treatment of fibromyalgia, which is characterized by chronic, widespread pain that affects tens of millions of people worldwide.



Infectious Diseases

We are targeting key bacterial agents and key viral diseases. Pfizer is breaking new ground in our approaches to the treatment of HIV/AIDS, especially with the recent FDA approval of Selzentry™. We are also exploring a number of other R&D approaches to find new treatments for HIV/AIDS.

Pfizer's Eleven Therapeutic Areas

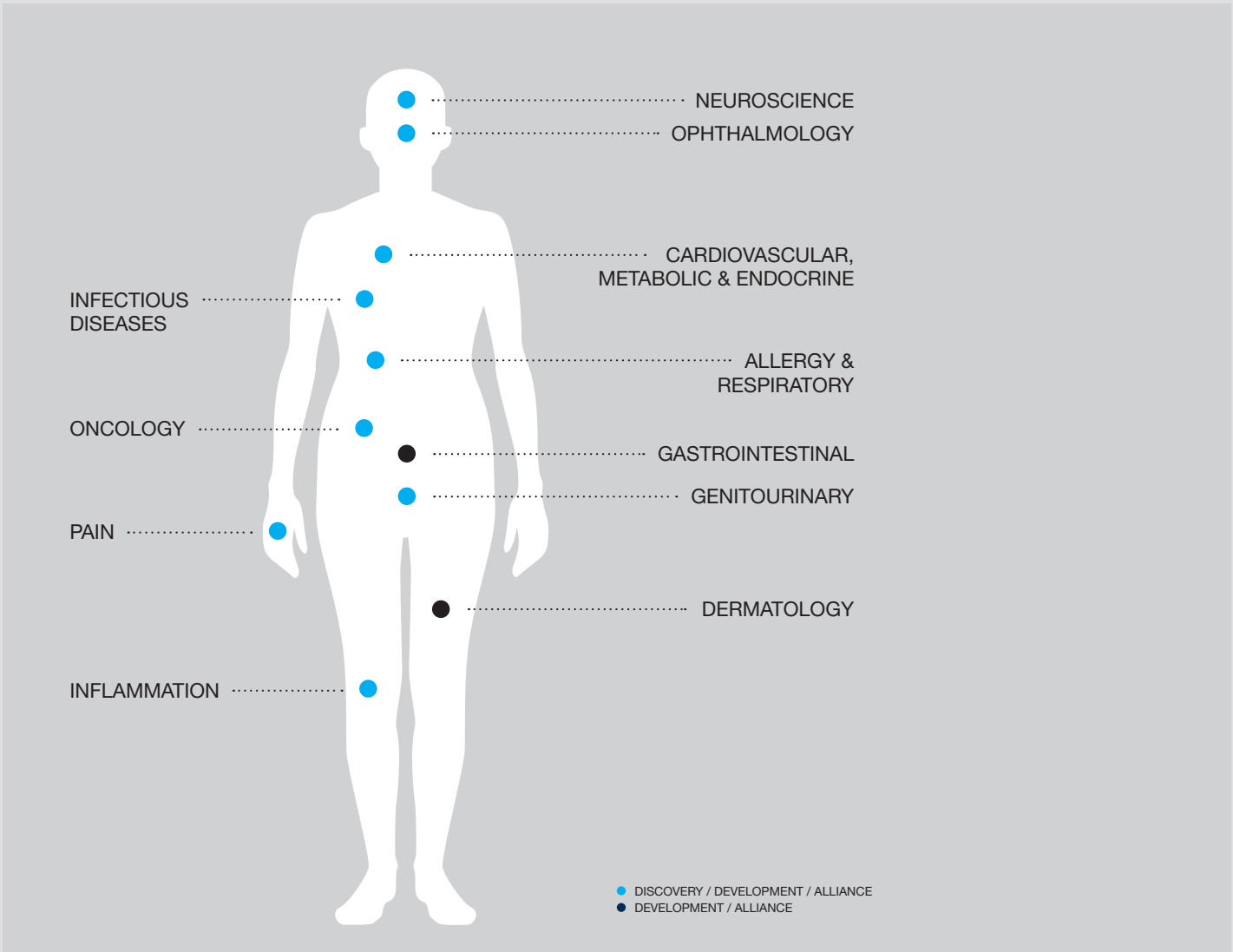
With aggressive targets, virtually across the board, we have important research programs underway in atherosclerosis, oncology, diabetes, obesity, rheumatoid arthritis, HIV/AIDS, schizophrenia, liver disease, and Alzheimer's, among others. As a result, our portfolio of new molecular entities (potential new medicines as yet untested and unapproved) has almost tripled since the beginning of the decade.

We now expect that our Phase III portfolio (when compounds are tested in large-scale clinical trials) will grow dramatically over the next three years. Four new programs advanced into Phase III in late 2006 are:

- Axitinib, a promising new treatment for thyroid cancer
- CP-945,598, to treat obesity and its complications
- Sutent® for the treatment of metastatic breast cancer
- Pediatric studies of Zithromax®/chloroquine to treat malaria, the single greatest killer of children in Africa.

Increasing Pipeline Transparency

Various stakeholders have told us they would like a broader picture of our pipeline and its potential, as well as a transparent assessment of our opportunities and challenges. We are now posting information about our pipeline on www.pfizer.com/pipeline—where doctors, patients, investors and the public can track our progress over time. With a pipeline that is 250 percent larger than it was just six years ago, the new website provides details on all major projects in all key disease areas.



What Is a Clinical Trial?

Clinical trials are crucial to discovering and developing new medicines. This section describes what clinical trials are and how they work. A clinical trial is a research study performed with human volunteers to answer specific health questions and to prove the relative safety and effectiveness of a potential medicine. Patients in clinical trials are carefully selected by healthcare professionals/physicians and closely monitored to ensure their safety and the integrity of the results. Government agencies regulate all phases of clinical research up to the approval of a new drug. Carefully conducted clinical trials are the safest way to find new or improved treatments, advance medical knowledge, and improve clinical practice in many areas of medicine.

Ensuring Ethical Clinical Trials

Pfizer and its various stakeholders continually look for ways to improve the clinical trial process—to better assess a product's benefit/risk profile, strengthen protections for clinical trial participants, and expand public disclosure of clinical trial results in all phases.

For scientific, humanitarian and regulatory reasons, we perform these trials around the world uniformly and with necessary rigor, to ensure the highest research standards, while demonstrating utmost respect for the health, well-being and safety of research participants, and the culture, laws and regulations of countries where we conduct our studies. Our Clinical Trial Disclosure Policy is posted on www.pfizer.com/research/registration_disclosure_authorship.jsp.

What are the different phases of clinical trials?

Clinical trials are divided into the following phases:

1 Phase I trials are the first studies of a drug in human subjects. Phase I trials test the safety and tolerability of a prospective medicine, helping to determine which dosages are safe and well tolerated. The studies are typically in a small sample of study subjects, who are usually healthy volunteers, although for some types of drugs, Phase I trials may be conducted in patients who have the condition that the drug is intended to treat.

2 Phase II trials usually involve patients with the disease that the new medicine is designed to treat. The emphasis in Phase II is determining the effectiveness of the medicine against the disease; the most effective dose (that produces minimal side effects); and the most appropriate method of delivering the new medicine.

3 Phase III trials are typically large-scale studies which can involve thousands of patients. Through large-scale testing, a research sponsor is able to develop a profile of the drug's efficacy, advantages, and side effects. Phase III studies normally last several years and often involve comparison of the prospective new medicine with currently available therapies.

4 Phase IV studies are conducted after a product is already approved for sale by a government regulatory body (FDA in the US). Phase IV studies provide additional information about the medicine, often including information about long-term risks, benefits, and optimal use (see page 54 for further details).

Maintaining Clinical Trial Standards in the Developing World

In recent years there has been an increase in clinical trials conducted in developing and emerging countries. While we still conduct most of our trials in North America and Europe, others are done in advanced countries in Asia and Latin America. Around 10 percent of study participants come from Eastern Europe and another 10 percent from Asia, excluding Japan. A very small percentage come from the Middle East and Africa.

There are several reasons for this changing trend. Some countries require local clinical trials before a medicine can be registered there, even if it has been approved by regulators elsewhere. There are also specific medical reasons, like targeting certain diseases according to global incidence and prevalence.

We conduct clinical trials in accordance with local laws and regulations, and recognize international standards, like the International Conference of Harmonization, Good Clinical Practices (GCP) Guidelines (www.ich.org/LOB/media/MEDIA482.pdf) and the Declaration of Helsinki. We also have the responsibility to ensure that GCPs are followed by contract research organizations we hire.

Increasing Clinical Trial Transparency

Ethical standards for clinical research are evolving and stakeholders have a growing interest in greater transparency.

With the expansion of our clinical trials disclosure policy in January 2007, we now register every Pfizer-sponsored clinical study in patients on the NIH-sponsored website www.clinicaltrials.gov. This includes Phase 1 trials and non-interventional studies with prospective data. For every trial Pfizer registers, we also disclose the results in the PhRMA results database (www.clinicalstudyresults.org), including data for products that receive regulatory approval. As of August 8, 2007, Pfizer registered 842 studies on the NIH site and posted 554 studies on the PhRMA results site. This expanded policy builds on our previous clinical trials disclosure commitment, which was based on the January 2005 Joint Statement of the International Federation of Pharmaceutical Manufacturers and Associations (IFPMA).

For more information, please see www.pfizer.com/research/clinical_trials.jsp.

Trovan: Facing Challenges in the Developing World

Addressing Stakeholders

Pharmaceutical companies face unique challenges when conducting drug trials for potentially life-saving medicines in countries with weak, ambiguous or nonexistent medical and regulatory infrastructures. In recent years, companies have been challenged legally and in the media regardless of their scientific success or failure, or the humanitarian nature of their efforts.

Pfizer is currently facing such a legal issue. The case concerns a clinical trial of Pfizer's antibiotic, Trovan, and children suffering from meningitis during a severe meningitis epidemic in Kano, Nigeria in 1996. Eleven years later, in June 2007, Kano and federal authorities filed civil and criminal lawsuits in Nigeria against Pfizer.

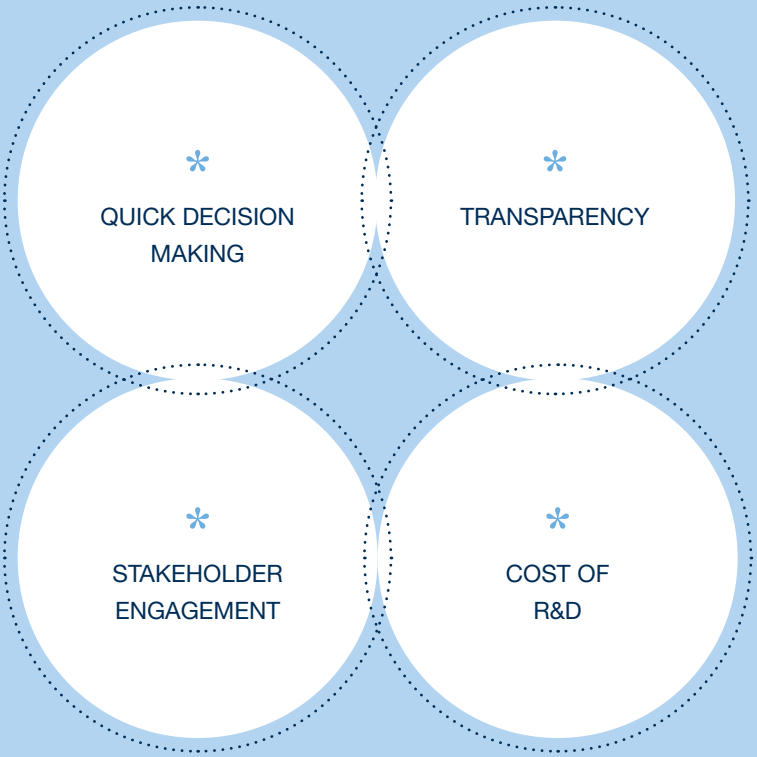
One of the allegations is that Pfizer failed to obtain proper informed consent from the children's families. As Pfizer stated in its response to this action, Pfizer acted in the best interest of the children and used the best medical knowledge available to treat patients. Before any child was admitted to the study, the entire process for conducting the trial was explained to each parent or guardian in their native language, and consent was obtained orally. The parents or guardians were allowed to remain with and see their children during the treatment. The study was conducted with the necessary approvals from the relevant government agencies and in a responsible and ethical way consistent with the company's commitment to patient safety. Trovan proved safe and effective. The study's survival rate for both Trovan and the comparative drug exceeded the survival rate of any other treatment being administered at the Infectious Disease Hospital in Kano.

Addressing the Epidemic

Nigeria's 1996 meningitis outbreak was the most serious meningitis epidemic ever recorded in the country. It took the lives of almost 12,000 people over six months, and significantly strained the country's health system. Pfizer's goal was to bring a life-saving and innovative form of antibiotic that could be used effectively in a meningitis epidemic.

Trovan was not only demonstrated in pre-clinical studies to be effective at treating the meningitis pathogen, its oral form avoided the use of intravenous administration or intramuscular injections.

At the time of the study, Trovan was in late-stage development and had been tested clinically in more than 5,000 patients in the United States, Europe and elsewhere. Pfizer was getting ready to begin a global pediatric meningitis clinical study when the 1996 epidemic broke out. This pediatric meningitis study was eventually conducted in 1998 and the study concluded that Trovan raised no new safety concerns.



Torcetrapib: A Case Study in Responsible Actions

For 15 years, our scientists had been working on a compound to dramatically improve the treatment of cardiovascular disease. The compound, torcetrapib, aimed to raise "good" cholesterol, and the research looked very promising.

Then, in December 2006, to the surprise of many, we immediately terminated all clinical trials for torcetrapib. With our focus on patient safety, we knew we had to stop the trial when the Data and Safety Monitoring Board (DSMB), an independent body overseeing the drug's morbidity and mortality study, alerted us about a statistical imbalance in mortality all-cause and cardiovascular events among trial participants.

The data was both surprising and disappointing. We had great hopes for the treatment and had already spent more than $1 billion dollars developing this medicine. Developing torcetrapib required innovation across all areas of Pfizer—from biology and chemistry to manufacturing.

When we decided to terminate the trial, our medical team immediately reached out to hundreds of clinical trial investigators to notify them of the decision, and we contacted other key audiences, including regulatory agencies around the world. We also were open and accessible in communicating with the media and financial communities, as well as with our employees.

The one silver lining in all of this was the overall public reaction to our news. While our stock lost approximately 10 percent of its value by the end of that first day, we received praise for our swift response from some of our harshest media critics. As one newspaper described it, the way we handled the crisis helped to "restore our faith in the integrity of corporations that play such a big role in safeguarding our health and safety." The stock price later recovered.

The torcetrapib story is a reminder of the profound risks associated with biomedical R&D. The fact is, 75 percent of all biomedical research ends in failure, so the average cost to discover and develop one approved medicine has increased to more than $800 million, according to the Tufts Center for the Study of Drug Development.

As Pfizer's head of global R&D said, "We do science to help cure the world's diseases, and when it works, it's fantastic. But no project advances without a hitch and nothing we do is truly unsuccessful…this is one of the most important projects we've ever worked on and we will learn from this."

Pfizer's Stem Cell Research Policy

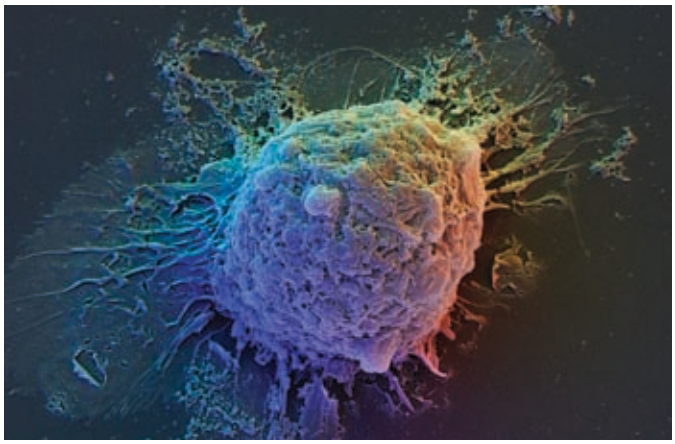
When people think of human embryonic stem cells, they don't often imagine the power of these cells in drug discovery.

For more than a decade, Pfizer has been using animal or adult stem cells in its laboratories to help screen new compounds and identify safer and more effective medicines.

With compelling evidence from this research, Pfizer has begun to explore accessing drug development technology from leading academic, biotechnology or pharmaceutical partners, who also have experience with currently-available, human embryonic stem cell lines that have been approved for US government-financed research. A Pfizer Stem Cell Policy will guide the company's exploration of new external partnerships beginning in 2007. The policy summary follows:

- Pfizer recognizes the enormous potential of stem cell research. Stem cells are important tools for modern biomedical research, including Pfizer's search for innovative new medicines.
- Pfizer has made significant investments in animal stem cells and in human adult hematopoietic (somatic) stem cells. The company will continue to invest in these stem cell technologies.
- Pfizer recognizes that human embryonic stem cells may provide even greater potential due to their increased ability for self-renewal and capacity to form a wide variety of cells and tissues.
- Pfizer acknowledges the sensitive issues raised by this research, and we support proper ethical safeguards that take into account both the moral issues and public sensitivities. The company will only utilize the human embryonic stem cell lines that have been approved for US federal funding.
- Pfizer strongly opposes any efforts to clone human beings.

For more information, please see www.pfizer.com/responsibility/stem_cell_research.jsp.



A human stem cell culture.

Pursuing a Humane Approach to Animals in Research

We understand our stakeholders' concerns about the use of animals in research testing. Based on our Animal Welfare policy, we proactively look for alternatives that reduce, replace or refine our work with animals. In order to adopt new nonanimal test methods, we engage in and lead cross-industry efforts aimed at developing new testing and information systems that may help accurately predict medical outcomes and reduce the use of animals in testing.

Currently and for the foreseeable future, it is only through the combination of animal-based research and alternatives that we can understand the fundamental biology of the diseases we are trying to treat, discover new medicines and assess their safety.

While new technologies can reduce our use of animals, most are applicable only for safety evaluations, which are the smaller portion of our animal use. The majority of the animals utilized in testing are used to understand basic causes of disease and to test the efficacy of new candidate compounds for medicines. A range of studies measure how a new medicine is absorbed and how the body distributes and breaks it down. Exploratory studies of this kind can be done in tissues, but the pivotal studies have to be done in whole animals before we can conduct them in humans.

We work through pharmaceutical trade organizations and relevant scientific boards, and directly with global regulatory authorities, to increase the common understanding and acceptance of appropriate alternative methods. One example of this is our strategic investment in the work of the International Life Sciences Institutes/Health and Environmental Sciences Institute. We are also members of the In Vitro Testing Industrial Platform (IVTIP).

Pfizer cannot eliminate our use of animals in research at this time. But we can make sure that the tests we need to carry out—some of which are required for regulatory purposes and others because it's the only way to get the necessary medical answers—are done to the very highest ethical standards of animal welfare.

Animal Welfare Policy

For as long as it's necessary to use animals in the discovery, development and evaluation of new medicines, we are committed to humane treatment. Parties conducting animal-based research on behalf of Pfizer must adhere to our standards. We embrace the three principles known as the 3Rs of animal research first proposed in 1959 by Russell and Burch.

Replacement of animal experiments with non-animal experiments, such as mathematical models, computer simulations, and in vitro biological systems wherever appropriate; and where animals must be used:

Reduction of the numbers of animals used in each study, and of the number of studies involving animals, to the absolute minimum necessary to obtain valid results and achieve our research objectives; and

Refinement of procedures involving animals to minimize the potential for pain and distress.

For more information, please see www.pfizer.com/responsibility/laboratory_animal_care.jsp.

Improving Animal Health

Pfizer Animal Health (PAH) is dedicated to improving the safety, quality and productivity of the food supply and helping pets live longer, healthier lives through innovation in products for livestock and companion animals. In 2006, PAH spent $270 million on research to improve the health and welfare of animals. One recent Pfizer launch, Improvac—a novel alternative to surgical castration of boars—is a good example. The animal welfare community is applauding this product for its humane approach to a necessary animal husbandry practice.

To advance canine cancer research, PAH announced that it will donate $1.1 million over two years to help establish a national canine tumor tissue bank. The Pfizer Canine Tumor Biospecimen Bank will be housed at the National Cancer Institute (NCI) in Bethesda, Maryland, and will be managed by the Morris Animal Foundation (MAF)—the world's largest charitable nonprofit organization funding research to protect, treat and cure animals worldwide. With this tissue bank, veterinary and medical investigators can explore the mechanisms of cancer, evaluate promising new drug candidates and possibly develop a better understanding of the relationship between human and animal cancers.

Expanding Scientific Collaborations and Partnerships

We are increasingly open to new and different approaches to maximize the potential of our R&D activities—in the form of scientific alliances and partnerships with academia, public research institutions, foundations, nongovernmental organizations, biotechnology companies and governments.

Effective partnerships not only help us achieve scientific advances, but they also help us streamline the complex and expensive R&D process. Pfizer's alliance portfolio is large but focused, involving partners with expertise that spans the entire process of discovering, developing and delivering new medicines for patients in need.

Collaborating with The Scripps Research Institute

In December 2006, we announced a five-year research collaboration with The Scripps Research Institute. Scientists from Pfizer and Scripps will work together to study and evaluate possible therapeutic approaches for such uncured diseases as cancer, diabetes and mental illness. The collaboration will involve the development of new tests to rapidly validate approaches as possible novel treatment options.

The FDA's "Critical Path" Initiative

In 2004 the US FDA launched Critical Path, a cooperative initiative aimed at improving the scientific and regulatory processes that can turn new science into better medical treatments. Since its inception, Pfizer has been an active supporter of this initiative. In 2005, with extensive input from public and private stakeholders including Pfizer, the FDA published a Critical Path Opportunities List, highlighting such areas as the qualification of better evaluation tools and the development of streamlined clinical trial methods. The initiative has stimulated the formation of public-private partnerships such as The Biomarkers Consortium.

The Biomarkers Consortium

In October 2006, the Foundation for the National Institutes of Health (FNIH), the FDA, the NIH, and the Pharmaceutical Research and Manufacturers of America (PhRMA), with active participation from Pfizer, launched The Biomarkers Consortium, a public-private research partnership. The Biomarkers Consortium sponsors projects to discover, develop and qualify new biological markers—molecular or biological indicators that help identify risk for disease, make a diagnosis or assess drug safety—to support new drug development, preventive medicine and medical diagnostics. Results from Consortium projects will be broadly available to researchers worldwide.

Genetic Association Information Network (GAIN)

Launched in 2006, GAIN is a public-private partnership involving the Foundation for the National Institutes of Health (FNIH), the NIH and Pfizer. GAIN is designed to unravel the genetic causes of serious illnesses such as Alzheimer's disease, diabetes, heart disease, stroke and osteoporosis, and make the information publicly available to researchers worldwide. By comparing the genetic makeup of people with these diseases with that of people who are healthy, the program hopes to speed up the development of new methods of prevention, diagnosis and treatment. Pfizer led the private sector by committing scientific and financial support, including an initial $5 million to set up GAIN's management structure, plus approximately $15 million in genotyping capacity to study five common diseases.

Incubating Science Innovation

Adopting a long-held practice that has yielded innovative new medicines for biotech companies, we recently launched the mainstream pharmaceutical industry's first "incubator" at our La Jolla, California, laboratory. Pfizer provides funding and laboratory space in support of early-stage research being conducted by academics and small biotech start-ups, which in turn brings external innovation and cutting-edge ideas closer to Pfizer. Through the "incubator," scientists can focus on science rather than worrying about funding and the complex logistics involved in running a small company. Pfizer and innovators begin with a pre-agreed equity share and when the research plan is complete, we will have an option to acquire exclusive rights at a fair price. If we don't purchase the rights, the start-up may continue as an independent business.

AWARDS AND RECOGNITION

Two Pfizer scientists, along with a non-Pfizer scientist, were presented in March 2007 with the PhRMA Discoverers Award. These three scientists are responsible for the discovery of Zyvox®, the first member of an entirely new class of antibacterial agents to reach the market in the 35 years prior to its approval in 2000.

A Pfizer scientist was appointed to the US National Human Genome Advisory Council in 2006.

In 2006, Pfizer La Jolla was presented with the Most Innovative Product Award for Sutent® by CONNECT, a nonprofit group focusing on technology growth.

Pfizer India won the 2006 Pharma Excellence Award for Exubera® in the "Innovative Products of the Year" category.

investing

IN HEALTH

Improving access to medicine and strengthening healthcare systems for underserved people around the world are among the standards by which our success as a pharmaceutical company is measured.

To that end, we are working on new solutions with our partners. We are investing in effective and sustainable healthcare delivery resources, and working with national governments, international agencies, nongovernmental organizations, multilateral organizations, academic institutions and others to help people get the medicines and services they need.

2006/2007 KEY ACTIONS

Launched "Mobilize Against Malaria" with NGO partners and three African governments to help in malaria treatment.

Launched ConnectHIV to support 20 community-based AIDS service organizations working to stop the spread of HIV/AIDS in the US.

Joined a new coalition created by The Brookings Institution to increase the number of US volunteers involved in international service.

Launched Global Health Partnerships to support innovative public health programs in the areas of oncology and tobacco dependence.

Developed disease management programs in the US, Italy and the UK.

Implementing a Holistic Approach to Healthcare Delivery

Making medicines accessible around the world requires a commitment on many fronts: engaging and educating providers and patients about diagnosis and treatment, building healthcare capacity, delivering the medicines where they need to be and when they need to be there, and partnering effectively with organizations treating patients on the ground.

Treat, Teach, Build, Serve

To invest in effective and sustainable delivery of healthcare resources and expertise to underserved people around the world, Pfizer coordinates its efforts under four major areas of support.

We define them as:

- **TREAT** Improving access to medicines and healthcare services.
- **TEACH** Increasing patient education and health worker training on health issues and prevention.
- **BUILD** Working to strengthen healthcare organizations and expand their ability to serve their patients and communities better.
- **SERVE** Advocating for improved healthcare for the underserved and sharing best practices to improve healthcare delivery to this population.

This and the next two pages include examples of programs that contribute in all four areas.

Mobilize Against Malaria

Malaria is Africa's leading cause of child mortality. We have made a commitment to help close critical treatment gaps in malaria for patients in Senegal, Ghana and Kenya. This effort, through the Clinton Global Initiative (www.clintonglobalinitiative.org), includes engaging in partnerships with governments, NGOs and leading local and international organizations to help develop and strengthen access to malaria treatment, provider training and patient education programs.

In partnership with Pfizer's global evaluation team from the London School of Hygiene and Tropical Medicine, each pilot intervention has been designed to reduce the rate of malaria morbidity and mortality by improving malaria symptom recognition, treatment and referral through: 1) targeted training activities to improve the quality of treatment and 2) complementary community mobilization campaigns to better support patients and strengthen the demand for quality care. Specifically, each program works to ensure pregnant women and children under five are seeking treatment appropriately within 24 hours.

Pfizer is partnering with leading NGOs and local evaluation teams to develop robust and measurable programs that will advance malaria-control efforts and that have the potential to be replicated and scaled-up by collaborating institutions.

The Pfizer Mobilize Against Malaria initiative represents the four key components of our investment efforts in the following ways:

- **TREAT** Increase the number of patients receiving prompt and appropriate malaria treatment.
- **TEACH** Train providers and healthcare workers to improve patient diagnosis, treatment and referral.
- **BUILD** Enhance the effectiveness of the informal and public sectors in the delivery of appropriate treatment for malaria.
- **SERVE** Partner with the London School of Hygiene and Tropical Medicine to evaluate the effectiveness of malaria interventions and share knowledge and learnings with the Ministries of Health and other stakeholders with the resources to expand best practices throughout the targeted countries.

ConnectHIV

The Pfizer Foundation is providing $7.5 million in grants, technical assistance and networking resources over three years (2007-2010) to 20 mid-sized AIDS service organizations (ASOs) in the 10 states of the US with the highest number of new AIDS cases. ConnectHIV programs will serve communities that are disproportionately affected by HIV/AIDS.

The program aims to prevent new infections to high-risk populations and delay disease progression for those already infected by supporting ASOs that take a comprehensive approach to prevention, access to care, and treatment. An independent committee of internal and external HIV/AIDS experts reviewed over 115 applicants to choose the 20 ASOs that received support. Criteria included a commitment to the HIV/AIDS prevention and care continuum, the ability to reach underserved, multicultural communities, evaluation expertise, and the potential for program replication.

- **TREAT** Help improve treatment education and increase adherence to treatment protocols for those who are infected.
- **TEACH** Support ASOs that take a comprehensive approach to prevention practices and access to care, and develop a collaborative network of ASOs that share replicable program models and best practices.
- **BUILD** Support and enhance the capabilities of ASOs through technical assistance and professional training so they can reach as many underserved people as possible.
- **SERVE** Partner with the Academy for Educational Development and Johns Hopkins Bloomberg School of Public Health—leaders in the HIV community—to measure the impact of ConnectHIV and share lessons learned and best practices with other organizations addressing the HIV/AIDS epidemic.

International Trachoma Initiative

This public-private partnership, which Pfizer helped found and continues to support, is dedicated to eliminating trachoma, the world's leading cause of preventable blindness, through health worker training, patient education and donations of the Pfizer antibiotic, Zithromax® (azithromycin).

The ITI has given 54 million treatments of Zithromax® to trachoma patients in 13 countries as part of WHO's SAFE strategy (Surgery, Antibiotics, Face-Washing and Environmental Improvement). Since 1998 the program has supported the training of thousands of healthcare workers around the world who, in turn, have completed more than 277,000 surgeries to treat advanced cases of trachoma.

For example, in Niger, the collaboration between the Ministry of Health and ITI has reduced the prevalence of trachoma from over 60 percent to 7 percent in some regions of Niger.

In 2006, after six years of work, Morocco became the first country to complete the campaign for trachoma control and is working toward WHO certification that blinding trachoma has been eliminated as a public health problem.

- **TREAT** Expand trachoma treatment to millions of patients in Africa by providing, at no cost, millions of treatments of the antibiotic Zithromax® to patients in 13 countries.
- **TEACH** Train thousands of healthcare workers to communicate prevention techniques, treat the disease and perform needed surgeries.
- **BUILD** Support and enhance the public sector infrastructure so treatment is possible; partner with the WHO to provide technical training.
- **SERVE** Advocate for improved funding for neglected diseases like trachoma and encourage other funders to offer support and resources.

Alliance for a Healthy Border

On both sides of the United States-Mexico border, the Hispanic population is struggling with disproportionately high rates of diabetes and cardiovascular disease. In most of the US, Hispanics are almost twice as likely as non-Hispanic whites to suffer from diabetes, and heart disease accounts for almost 30 percent of overall deaths among this population. These rates are even worse along the border.

In an effort to slow these disturbing trends, Pfizer has joined US community health centers, Mexican community organizations and the University of Texas-Pan American to create the Alliance for a Healthy Border. The Alliance has two ambitious goals: to prevent these diseases from striking in the first place and to stop their progression among people already affected by them. We are providing grants to community health centers in four US border states, as well as community organizations in Mexico, to promote best practices in prevention and disease management.

- **TREAT** Provide grants to community health centers that provide treatment to patients who otherwise might not receive it.
- **TEACH** Provide prevention education and disease management techniques to Hispanic populations that suffer disproportionately from diabetes and cardiovascular disease.
- **BUILD** Strengthen the capabilities of community health centers through technical assistance and training.
- **SERVE** Partner with the University of Texas-Pan American to measure the impact of program interventions; share lessons learned and best practices with other organizations committed to improving Hispanic health.

Pfizer Global Health Fellow Elizabeth Gesierich with Irene Njoroge, an administrator at the Amurt HIV/AIDS Orphans Day Care Centre in Nairobi, Kenya.

Pfizer Global Health Fellow Dr. Ponni Subbiah trained new physicians at Mulago Hospital in Kampala, Uganda, with Health Volunteers Overseas.

Additional Programs Around the World

We support a range of sustainable healthcare delivery resources in countries where we operate to help underserved people get the care and treatments they need. Below is a sample of these programs. More information may be found on the Pfizer country-specific websites on www.pfizer.com.

TREAT

Improving access to medicines and healthcare services

INTERNATIONAL

Diflucan® Partnership Program

Diflucan® (fluconazole), a Pfizer medicine that treats two fungal **opportunistic infections associated with AIDS,** is provided free of charge to governmental and nongovernmental organizations in developing countries.

- The program has donated approximately $570 million in medicine to organizations that treat HIV-positive patients with life-threatening fungal infections. The program is active in 59 countries hardest hit by HIV/AIDS.
- Since 2000, the Diflucan® Partnership Program supported the training of 20,000 health professionals in the diagnosis and treatment of fungal opportunistic infections.

UNITED STATES

Pfizer Helpful Answers

In the United States, the Pfizer Helpful Answers family of patient assistance programs helps Americans **without prescription drug coverage** save on many Pfizer medicines, no matter their age or income. Patients with limited income may qualify to get their Pfizer medicines for free. In the past five years Pfizer has helped over five million patients receive nearly 50 million Pfizer prescriptions for free or at a savings.

Pfizer is also a member of the Partnership for Prescription Assistance (PPA)—a national effort sponsored by America's pharmaceutical research companies that helps low-income, uninsured and underinsured individuals access prescription medicines. The PPA connects patients in need to more than 475 public and private patient-assistance programs, including more than 180 programs offered by pharmaceutical companies. As of its second anniversary in April 2007, the PPA has helped more than 3.6 million patients nationwide find programs that provide more than 2,500 prescription medicines for free or nearly free. The PPA also offers a service to inform patients about free healthcare clinics in their communities and has connected more than 135,000 patients with these clinics.

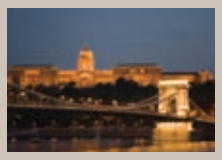
Italy

Project Leonardo is a care management program developed by a public-private partnership between **Italy's Puglia regional government** and Pfizer Italy. The program takes a proactive approach to identifying and treating patients with such chronic diseases as diabetes, congestive heart failure, and other cardiovascular conditions—as well as patients with risk factors for cardiovascular disease. Pfizer provides detailed operational, technical and clinical consultation. This patient-centered program is designed to reduce cardiovascular risk by modifying patient lifestyles, improve continuity of care and appropriate access to needed services, and implement consistent care guidelines for the program staff and physicians involved in the project.

Mexico

In the battle against Type II diabetes, Pfizer has been working over the last two years with the **Mexican Diabetes Association** in Mexico City and Jalisco to educate young patients and their parents on the importance of making the necessary changes in their daily routines. This partnership—with the help of nutritionists, treatment experts, psychologists and support groups—has developed a plan that gives the members of low-income families all the tools and information they need to treat diabetes as an integral disease, including a personalized nutrition plan and follow-up monitoring. In addition to support groups for children and parents, a special camp on diabetes education has also been organized for children and teenagers. In all, 140 families have learned to deal with diabetes, control glucose levels, become more independent, and have a positive attitude.

Hungary



The death of every second man in Hungary is caused by cardiovascular diseases. Only 60 percent of Hungarian men reach the age of 65. That's why Pfizer joined with the **Hungarian Society of Hypertension** and a national health program on treating and preventing cardiovascular disease to combat the problem. Together they developed a program that encourages the population to take part in screenings. By using a simple, non-invasive measurement with an arteriograph, which measures arterial stiffness, Pfizer is helping to increase awareness about the early phase of athero- and arteriosclerosis and playing a role in reducing cardiovascular morbidity and mortality. As part of our support, we placed 21 arteriograph machines in national or regional health centers around the country. The collected experience, data, information, and results of the working groups will be published in national specialist journals.

TEACH

Increasing patient education and health worker training on health issues and prevention

INTERNATIONAL

Global Health Partnerships: Advancing Cancer and Tobacco Control

Pfizer and the Pfizer Foundation are launching a new global initiative to support innovative public health partnerships in the areas of **oncology and tobacco independence.** With cancer deaths leading all others in most developed countries, and more than one billion smokers in the world today, there is an urgent need for innovative strategies to address these public health crises. The goal of the initiative is to fund programs with measurable impact that will serve as global models in improving cancer-related health outcomes, supporting cancer control efforts, and/or encouraging tobacco independence.

An example of one such partnership is in Latin America, where program partners in Mexico, Brazil, Colombia, Argentina, Costa Rica and Venezuela will receive funds and technical assistance from **the American Cancer Society** for up to three years, starting in 2007, to support expanded detection and screening services for underserved patients and build cancer patient advocacy capacity.

Argentina

"A Tiempo," launched in November 2006 at the Argentine Congress of Clinical Oncology, is an awareness campaign designed to inform people about preventable oncological risk factors and the importance of early detection. Pfizer's objective is to encourage people to get periodical medical examinations, and to encourage people to make lifestyle changes—quit smoking and eat healthier foods—to stop behaviors that may trigger the disease.

This campaign is being carried out in partnership with **Lalcec (Argentine League Against Cancer)**, a nongovernmental organization that has been actively working on behalf of cancer patients for almost 85 years in Argentina.

Southern United States

In the Southern United States, we have responded to an alarming trend in the rates of **HIV/AIDS infections** by partnering with community-based organizations in the region to help prevent the spread of HIV/AIDs through our **Southern HIV/AIDS Prevention Initiative.** The Pfizer Foundation and Pfizer committed a total of $6 million over three years, beginning in 2004, to support a network of more than 50 innovative HIV/AIDS prevention programs across nine Southern states. By providing training for health workers, educators and volunteers, these programs strengthened the capacity of community-based organizations to reach and serve their communities.

After three years of grants and intensive capacity-building support, the majority of grantees demonstrated stronger service delivery, improved organizational capacity, and expanded networks with local and regional AIDS service organizations. In addition, the social impact of the initiative has been significant:

- More than 1,000 individuals were trained as a peer educator or mentor,
- 3,000 individuals were provided with testing and/or counseling,
- More than 11,000 referrals were made to testing, counseling and healthcare services, and
- More than 50,000 community members were reached with prevention materials.

Austria

A nationwide mobile information campaign called the **"Memory Bus"** began in 2003. With physicians, psychotherapists and other mental health experts on board, the bus stops in 24 cities all over Austria every year, offering help and information on the topic of memory weakness, with a focus on educating the population about the importance of **early diagnosis of dementia.** The bus enables visitors to speak candidly and anonymously with a doctor and gain knowledge about this sensitive subject. The Memory Bus has become one of Austria's most popular disease awareness campaigns.

Ireland

Childhood obesity is an epidemic in Ireland, as it is in other developed countries. **"Way2Go, For a Healthier You"** is a national public health information program designed to help families make healthier choices for their children. The focus of this program is on public meetings for parents, where strategies on how to address childhood obesity are discussed. Areas covered include nutrition, communication, physical activity and psychological factors. Another element is an education program for the schools. Way2Go materials are now in all 747 secondary schools nationwide and are being used with students age 11-15. Approximately 224,000 students have an opportunity to be exposed to the program through health, home economics and/or physical education classes.

India

Pfizer's public **breast cancer awareness** initiative in India was led by eminent oncologists. The initiative included group discussions and training of female general practitioners and gynecologists to later help educate female patients about prevention, detection and early diagnosis. Also arranged were awareness sessions run by oncologists for corporations that have a large population of female employees. Key goals included training gynecologists for early detection, increasing referrals to oncologists, and informing patients about the importance of early screening.

Brazil

TEAR Project is an initiative aimed at promoting psycho-social rehabilitation of **mentally disabled individuals** and strengthening their relationship network through work. The partnership between Pfizer, **Guarulhos City Hall** and the **Cornelia Vlieg Association** strives to directly benefit patients by helping them redeem their self-esteem, encourage their inclusion in society, and generate income for their families, since they are often adults in low-income jobs. Backed by a team of psychiatrists, psychologists, social workers, occupational therapists, instructors in industrial trades, and nurse practitioners, the program offers seven different workshops: print shop, paper recycling, stained glass, mosaic work, carpentry, candle craftsmanship, and weaving. Funds raised from selling craft objects made in these workshops are used to generate income for the project participants and to help sustain the initiative.

Germany

As in many developed countries, dementia is an emerging challenge for the German healthcare and long-term care system. To offer solutions for future health challenges, Pfizer Germany and co-promotion partner Eisai developed and initiated a care management project together with Germany's largest statutory health insurance company AOK. The focus of the project, which partners with stakeholders, is to improve the early diagnosis of Alzheimer's, delay the reduction of cognitive skills and entry into nursing home care, and reduce the cost of care. IDA was launched in July 2005 and in January 2007 the recruitment of physicians and patients was completed. Now 129 physicians in the region of middle Franconia (part of Bavaria) are contributing with 390 patients for the project. The care management project is based on a broad perspective to evaluate real-life quality of care, complement drug treatment with other treatment approaches, and integrate the efforts of caregiving relatives.

Spain

The Pfizer Spain Foundation created a **school-based obesity program** to promote and spread health habits for school children. The program is focused on diet, exercise and obesity prevention and helps to reach 10 to 12-year-old children with a message that prevention and healthy lifestyles begin in childhood. The program was developed in partnership with the **Health and Education Regional Ministries from Madrid and Valencia** and trains elderly people (above age 60) as program instructors to provide educational materials and promote discussions with the children. In the past year this program has reached almost 40,000 children in more than 1,700 classrooms and trained 45 instructors.

Sweden

Pfizer Sweden, in cooperation with **22 ophthalmologists,** developed an education program in 2006 for general practitioners and opticians. The objective was to help them make better referrals to eye clinics, with a focus on the most common eye diseases—**glaucoma, age-related macular degeneration, dry eyes and diabetic retinopathy.** The goal: "The right patient, at the right time, with the right level of care." In the program's first year, 36 meetings were held with more than 500 attendees, who said the program was very helpful and would help improve referrals. Additional proof of its initial success was that 90 percent of participating ophthalmologists signed up for another year.

Canada

With a $1.5 million investment from Pfizer Canada, a public-private partnership launched a primary care program in 2006 to **reduce the high rate of cardiovascular disease** in Nova Scotia. Called **ANCHOR** (A Novel Approach to Cardiovascular Health by Optimizing Risk Management), the program assists family physicians in two practice centers to help patients learn about their CV risk factors. The goal is to reduce cardiovascular risk by improving the management of care within these primary care practices and by empowering participants to develop healthy behaviors and adhere to medical therapy. Ultimately, the partnership hopes to build innovative models for cardiovascular and primary healthcare in the region, since Atlantic Canadians have the highest risk of dying of heart disease, in the nation. As ANCHOR's sole sponsor, Pfizer has made a three-year commitment through the QE II Health Sciences Centre Foundation.

Indonesia

Following the devastating tsunami in 2004, the Pfizer Foundation donated $150,000 to help train five psychiatrists from Cipto Mangunkusumo Hospital in Jakarta to become trainers in Cognitive Behavioral Therapy (CBT), a technique used to treat patients with **post-traumatic stress disorder** (PTSD). Pfizer Indonesia was heavily involved in the selection of the recipients. The training was conducted in October 2005 at the University of Pennsylvania. Pfizer Indonesia assisted the psychiatrists in the socialization of CBT as a way to treat PTSD at the National Congress of Psychiatry (Batam, November 2006). Pfizer Indonesia also arranged a media briefing on PTSD, conducted in March 2007, which generated coverage in 19 outlets nationwide. The second part of the program, currently underway, includes the development of a national mental trauma center, since Indonesia is prone to natural disasters.

Japan

Pfizer holds a workshop each year for **voluntary healthcare organizations** to discuss healthcare issues including awareness, communications and improvements for patients, families and healthcare professionals. The two-day workshop is in its seventh year and involves participants from more than 50 voluntary healthcare organizations. Activities underway include a study of diagnosis notes, an education book for medical students, and a focus on team-based healthcare.

Philippines

Pfizer and the **Philippine Association of Diabetes Educators** teamed up to create the Health-Promoting, Diabetes-Preventing Schools Program. This program aims to educate the community about diabetes prevention and management. Through comprehensive research-based and sustainable information dissemination campaigns, the school administrators, teachers, parents and school children are given information about practical ways to prevent diabetes and promote healthy lifestyles.

BUILD

Working to strengthen healthcare organizations and expand their ability to serve their patients and communities better

UGANDA

Infectious Diseases Institute

Pfizer partners with the **Academic Alliance Foundation (AAF)**, **Makerere University**, the **Infectious Diseases Society of America**, and other organizations to support training, treatment and research activities of the Infectious Diseases Institute (IDI) in Kampala, Uganda. The AAF established IDI as a world-class research, training, prevention, care, and treatment facility to address HIV/AIDS and other infectious diseases. As an independent Ugandan NGO within Makerere University, IDI is making significant contributions to infectious diseases research and training, and establishing innovative approaches to healthcare capacity building and strengthening academic medical institutions.

- Since 2004, the IDI has trained more than 1,400 healthcare providers from 26 African countries.
- The institute currently provides prevention, care and treatment to approximately 10,000 patients annually.
- IDI is partnering with: Exxon Mobil to expand training programs; BD to establish an excellence-in-laboratory-training program; and Gilead Sciences to support a new generation of African clinical scholars and infectious disease fellows.

INTERNATIONAL

Global Health Fellows

Pfizer **Global Health Fellows** are colleagues called upon to apply their professional skills to help improve access to healthcare in local communities throughout the developing world. The program was launched in 2003 and continues to help meet the need for stronger health systems and infrastructure that address pressing challenges such as HIV/AIDS, malaria, tuberculosis, and other devastating diseases.

Implemented in partnership **with nongovernmental and multilateral organizations**, Global Health Fellow assignments are designed and implemented according to local needs. The fellowships last for a period of three to six months, allowing Fellows time to integrate into the local community and host organization and make genuine contributions. During their assignments, colleagues train and support their local counterparts, transferring skills so that the contributions they make are sustainable over time.

As of August 2007, 128 Fellows have worked with 26 nongovernmental organizations in 31 countries to deliver healthcare and health system support to those most in need.

Taking Healthcare on the Road

Slovenia For those citizens of Slovenia who do not live near a health center, Pfizer has teamed up with the **Slovenian Heart Foundation** and the **Slovenian Diabetics Association** to launch the Cardiomobile, a specially converted camper van dedicated to reducing cardiovascular disease. The van offers free lectures, an exhibition on cardiovascular disease risk factors, and educational material. Visitors have the chance to check their blood pressure and their levels of blood fats and blood sugar, and even have a free consultation with doctors. A number of celebrities—musicians, politicians and media personalities—have also served as health ambassadors by raising awareness about heart disease and heart-healthy living.

Malaysia An initiative endorsed by **Malaysia's Ministry of Health**, the Care-A-Van provides free health screenings and health education throughout the country to improve the standard of health among the population, especially the less privileged in rural and semi-urban communities. The goal is to increase awareness about the importance of prevention. Since its launch in 1999, the Care-A-Van has visited more than 186 locations and screened more than 80,000 patients nationwide.

WaterAid and Pfizer Global Health Fellows

The international NGO WaterAid helps the world's poorest people gain access to safe water, sanitation and hygiene education—basic human rights that are the first, essential steps in overcoming poverty. In the last few years, several Pfizer Global Health Fellows—experts drawn from Pfizer's employee population—have contributed their professional talents, working on key WaterAid projects for six months at a time.

While the skills of each Fellow have varied greatly, their contributions continue to be highly valued—from an IT manager who converted one WaterAid country office into a modern IT environment, to a senior market manager who designed new sanitation systems and wrote grant proposals for the World Bank. Their perspective and energy not only encouraged new behaviors, but also motivated the local communities to protect and maintain their new water and sanitation facilities.

Juanita Trusty, a Pfizer Director for Human Resources based in Memphis, worked for WaterAid in Abuja, Nigeria from February to July 2006. Juanita helped the local team to develop a Performance Management Process, a Change Management Plan, tools and resources to assess and develop WaterAid partners, and a development plan for country operations, among other projects.

When her work was shared at a regional meeting of WaterAid country representatives, some of them asked her to provide support for their country programs. "Consequently," she notes, "I had an opportunity to visit Ghana to work with the local Administrative and HR Officer. I shared some of the processes we were using in Nigeria and assisted her with staff development planning and partner job analysis, among other things."

Pfizer Health Fellows also develop unexpected connections in the field. When Juanita and her WaterAid colleagues visited BOLDA, a WaterAid partner, they learned about a new program—a support group for people with disabilities to help them gain access to water and basic services. BOLDA's president expressed the need for wheelchairs and computers so members of the group could learn computer skills. Juanita returned and worked to get computers and wheelchairs donated through Pfizer and United Hands, a US-based nonprofit organization for which Juanita volunteered at home.

Juanita was also instrumental in helping to arrange additional Pfizer computer donations that allowed scores of Nigerians to obtain computer skills. Most of the recipients would have never had this opportunity without the Global Health Fellows program. "I wish it were possible for me to pass on all the sincere words of gratitude that I have received," she says.

SERVE

Advocating for improved healthcare for the underserved and sharing best practices to improve healthcare delivery to this population

Netherlands

Chronic Obstructive Pulmonary Disease (COPD), which encompasses both emphysema and chronic bronchitis, progressively restricts a person's ability to breathe. The World Health Organization estimates that COPD kills more than 2.75 million people each year, the fourth leading cause of death alongside HIV/AIDS.

Partners in Care Solutions **(PICASSO)** for COPD is an initiative of Pfizer and Boehringer Ingelheim in collaboration with the **Caphri Research Institute of the University of Maastricht** in the Netherlands. PICASSO focuses on optimizing COPD care, providing support to new and existing COPD projects, stimulating the interaction between these initiatives, and creating disease awareness and strategic partnerships. A multidisciplinary team of experts in COPD and healthcare optimization serve as program ambassadors to help create momentum and support in the field and to promote best practices.

So far, the program has generated many strategic alliances (e.g., with ZonMW, a Dutch governmental healthcare innovation and research department), including 12 scientific research projects focusing on bridging gaps in COPD healthcare, 11 regional implementation projects in direct healthcare and two national task forces to formulate COPD healthcare standards.

Russia

The **"Business for a Healthy Society Task Force,"** launched in 2005, recently published a book called **"Health of Business—Business of Health,"** featuring Russian case studies, with support from Pfizer, to report on the challenges of healthcare in Russia. The task force also sponsors conferences like a recent meeting in Yekaterinburg on health in the workplace, which was attended by 80 health and safety managers, as well as the deputy governor of the region. As a result, local manufacturing companies set up a local chapter of the Healthy Society Task Force. Another recent task force event was a session on how businesses deal with HIV-AIDS, followed by a session during which 40 companies and nongovernmental organizations, all task force members, met to exchange ideas and provide feedback.

Pfizer Health Solutions:

A Case Study in Reversing the Impact of Chronic Diseases

Chronic diseases—illnesses like diabetes, heart disease, asthma and obesity that can be managed but not cured—are the leading causes of death and disability in the United States. In addition to the human cost of suffering and premature death that can accompany chronic disease, the healthcare system cannot effectively address escalating costs without helping people learn to manage and prevent these diseases.

In this challenging environment, Pfizer Health Solutions (PHS) partners with governments, payers and providers to implement and support culturally sensitive, community-based programs that help people engage in healthy behaviors and be more active participants in managing their own health. These partnerships have proven to be effective in helping people prevent complications and acute events. This, in turn, saves healthcare resources by preventing the need for expensive services such as the use of emergency rooms and hospitals. For more information on these partnerships, please see www.pfizerhealthsolutions.com.

The programs include:

Green Ribbon Health

As part of the 2003 Medicare Modernization Act (Section 721), the Centers for Medicare and Medicaid Services (CMS) awarded eight Medicare Health Support pilots to provide health support services to Fee for Service Medicare beneficiaries who live with **congestive heart failure** and/or **diabetes** among their conditions. CMS awarded one of the eight contracts to Humana Inc. to operate the Medicare Health Support (MHS) program in Florida. Green Ribbon Health, a 50/50 limited liability corporation, was established by Humana and Pfizer Health Solutions to provide MHS services under Humana's Cooperative Agreement with CMS. If this MHS program is shown to be successful, the Secretary of Health and Human Services has the authority to expand the program following the pilot period. Green Ribbon Health staff work with physicians to help coordinate care and support MHS participants, as well as their families and caregivers, as they manage their health and deal with progressive diseases. Green Ribbon Health staff members are trained to work with participants to help them maintain their dignity and independence, preserve their access to care, and work with them to make choices that are aligned with their personal values and preferences.

Amigos en Salud

In partnership with local healthcare providers, Pfizer designed and implemented this **diabetes education** and peer support program to augment healthcare services provided in six low-income Hispanic communities around the US. The program developed culturally appropriate educational materials—delivered individually and in groups—in conjunction with the community. Peer health educators—local community health workers trained to provide services in a culturally competent fashion—work in concert with physicians and nurses. We are currently working to make elements of the Amigos en Salud program available in the public domain.

Florida: A Healthy State

From 2001 through September 2005, this partnership between the State of Florida and Pfizer reduced healthcare costs by improving the health of **chronically ill beneficiaries** of **Medicaid**, state-sponsored healthcare assistance. Through a network of community hospitals, physicians, civic organizations and patient groups, Florida's Agency for Health Care Administration (AHCA) and Pfizer designed a program that provided care management, new health benefits, and healthcare support. In its fourth year, Florida: A Healthy State saved the State of Florida $34.8 million in medical cost reductions. This is in addition to $7.4 million in investments that Pfizer made to support program operations across the state. From program inception through September 2005, Florida: A Healthy State generated $139.5 million in savings and program investments and provided access to previously unavailable healthcare resources to over 180,000 Medicaid beneficiaries with chronic conditions. The State of Florida managed the Florida: A Healthy State program for an additional 15 months (October 2005 through December 2006), during which time Pfizer provided technical and program support.

Balance It Out: Arkansas

Being **overweight or obese** is one of the most critical public health threats, according to the US Surgeon General, and a risk factor for many costly and debilitating chronic diseases. Balance It Out: Arkansas, a public health initiative launched in November 2006, is designed to improve the lives of children and their families, through their communities and schools, by addressing risk factors for developing chronic disease, diet and sedentary lifestyle. The prevention-based program is being implemented by Pfizer Health Solutions in three school districts in Arkansas. The program includes screenings, behavior assessments, and one-on-one coaching on nutrition, healthy cooking, eating, and food shopping.

Improving Access to Medicines

TYPE OF PROGRAM & ACTIVITY	PARTNERS	IMPACT ON SOCIETY
Pfizer Helpful Answers™ 2004 A family of patient prescription assistance programs that helps patients without prescription drug coverage save on many Pfizer medicines, no matter their age or income. Patients with limited income (generally less than two-times the Federal Poverty Level, adjusted for family size) may qualify for free Pfizer medicines. Programs that provide free Pfizer medicines include: Connection to Care™, Sharing the Care™, and the Pfizer Hospital Partnership Program.	A Pfizer initiative.	In 2006, Pfizer Helpful Answers helped over 1,500,000 patients receive over 9 million Pfizer prescriptions and saved patients over $800 million.* *Based on wholesale acquisition cost for free medicine programs and actual savings received by patients for savings programs.
Sharing the Care 1993 Provides Pfizer medicines for free to eligible patients through more than 430 participating federally qualified community health centers across the US.	National Governors Association, National Association of Community Health Centers.	In 2006, Pfizer helped more than 600,000 patients receive more than 2 million Pfizer prescriptions for free through the Sharing the Care program.
Connection to Care 2002 Provides Pfizer medicines for free to qualified patients through their doctors' offices.	More than 100,000 physicians currently have patients participating in the program.	In 2006, Pfizer helped nearly 650,000 patients receive more than 6 million Pfizer prescriptions for free through the Connection to Care program.
Hospital Partnership Program 2003 Provides Pfizer medicines for free through disproportionate share hospitals across the US.	More than 40 large urban hospitals.	In 2006, Pfizer helped more than 142,000 patients receive 500,000 Pfizer prescriptions for free through the Pfizer Hospital Partnership Program.
Partnership for Prescription Assistance 2005 A single point of access to help connect patients in the US to more than 475 public and private patient assistance programs, including Pfizer Helpful Answers.	A national effort sponsored by America's pharmaceutical research companies, in partnership with more than 60 national organizations, including the American Academy of Family Physicians, Easter Seals, National Alliance for Hispanic Health, National Urban League, United Way of America, and NAACP.	In 2006, the Partnership for Prescription Assistance matched more than 2 million patients to prescription assistance programs.
Infectious Diseases Institute 2004 Regional treatment and training facility in Uganda that strengthens local capacity in HIV/AIDS, malaria and tuberculosis.	Makerere University, the Academic Alliance Foundation, Mulago Hospital, San Francisco AIDS Foundation/Pangaea Global AIDS Foundation, Infectious Diseases Society of America, The AIDS Support Organization (TASO).	Since 2004, IDI has trained more than 1,400 healthcare providers from 26 African countries. The center currently provides care to approximately 10,000 patients.

TYPE OF PROGRAM & ACTIVITY	PARTNERS	IMPACT ON SOCIETY
Diflucan Partnership Program 2001 Partner with governments and NGOs in developing countries to donate Diflucan for opportunistic infections associated with HIV/AIDS and train healthcare providers in HIV/AIDS care.	Governments, healthcare professionals and clinics.	To date*, over $570 million in medicine provided to help people in 59 countries in Africa, Asia and the Caribbean, and more than 20,000 healthcare workers trained.
Global Health Fellows 2003 Pfizer sends 30 to 40 employees a year for up to six months to work with NGOs fighting infectious disease in Africa, Asia, Latin America and Eastern Europe.	NGOs including Health Volunteers Overseas, Project HOPE, International Rescue Committee, Family Health International, and PEPFAR.	To date*, 128 Fellows have been selected to serve as physicians, epidemiologists, nurses, educators, and business consultants in 31 countries with 26 nongovernmental organizations.
International Trachoma Initiative 1998 Program to eliminate trachoma, the world's leading cause of preventable blindness, through an integrated public health strategy of training healthcare professionals and medicine donations.	Founded by Pfizer and Edna McConnell Clark Foundation; now includes governments, donors, NGOs, companies, and UN agencies.	To date*, ITI has given 54 million treatments of Zithromax® to patients in 13 countries and trained thousands of healthcare workers, who, in turn have completed more than 277,000 surgeries to treat advanced cases of trachoma. In 2006, after six years of work, Morocco became the first country to complete the campaign for trachoma control and is working towards WHO certification that trachoma has been eliminated.

* Spring 2007

AWARDS AND RECOGNITIONS

Pfizer was voted the top corporate giver by *The Chronicle of Philanthropy* in 2006.

Pfizer Hong Kong received the Gold Award from the Hong Kong Social Welfare Department in recognition of its commitment to volunteerism.

Pfizer Global Health Fellows received the first annual Corporate Citizenship award from *Global HR News* in May 2007.

strengthening

PATIENT SAFETY

Patient safety is our top commitment.

To make sure our medicines are safe and effective, we have a rigorous evaluation process that starts at the earliest stages of drug discovery and continues long after our medicines are on the market. We continue to take new actions to improve our transparency and communications about safety.

2006/2007 KEY ACTIONS

Established a new medical governance process that strengthens internal coordination and accountability throughout product lifecycles.

Launched a website to disclose safety studies on our medicines after they are on the market.

Introduced new packaging and shipping technology to support anti-counterfeiting efforts.

Identifying, Analyzing and Reporting Safety Data

We employ about 2,000 professionals—including physicians, nurses, pharmacists, medical research scientists, and statisticians—who are dedicated to patient safety. Their sole responsibility is to identify, analyze and report potential safety issues at every point in the life of a medicine—from a compound's early discovery phase, through clinical trials and regulatory approval, and for as long as it is prescribed by physicians.

Pfizer scientists use information reported by physicians, patients and caregivers, as well as peer-reviewed journals and medical literature, to detect health risks as early in a medicine's lifecycle as scientifically possible. In partnership with outside experts and health authorities, we thoroughly evaluate all reported potential safety concerns and communicate risks to physicians and patients in the most timely way possible.

Strengthening Pfizer Medical Governance

In response to new challenges and stakeholder concerns about the safety of medicines, we have established a new medical governance process that strengthens coordination and accountability among the medical and safety organizations responsible for the benefit/risk profiles of our investigational and approved medicines.

These procedures reflect Pfizer's increased scale, the critical importance of reaching clear medical decisions on a timely basis, and the need for transparency in Pfizer's medical decision-making process, both internally and externally.

This new process is comprised of a three-tiered Medical Review Committee structure:

The Executive Medical Review Committee is chaired by the Chief Medical Officer and senior management. This committee provides oversight, direction and resolution of conflicts arising from the legitimate diversity of medical opinion that can often exist.

The Therapeutic Area Medical Review Committees are composed of senior therapeutic area medical, safety, regulatory and legal management. These committees provide primary oversight and support of the Product Medical Review Committees, as needed.

The Product Medical Review Committees are composed of our product teams, as well as medical, safety, regulatory and legal representatives. These committees oversee the development and maintenance of the benefit/risk profile of specific compounds.

Communicating About Safety to Key Stakeholders

In addition to assuring best practices internally, Pfizer is taking steps to broaden safety awareness and continuously improve safety communications. These include:

- Making information on our medicines' labeling easier to understand
- Developing and continually updating brochures for doctors and patients that explain the appropriate use of our medicines
- Producing safety training materials for physicians who conduct clinical trials
- Providing clearer safety information on our product websites to help patients understand the safety issues involved with the medicines they are taking.

Working with Regulators

We want to make sure the medicines we develop and produce are approved and monitored by strong, effective and rigorous regulatory agencies. We support a drug regulatory framework that is well funded and effectively managed, both pre- and post-approval. We are committed to working with regulatory agencies, governments and other stakeholders to address concerns about drug safety.

Regulatory guidelines provide a checks and balances system for safety reporting. We must notify the FDA in the US, for example, of adverse findings within seven days of becoming aware of an unexpected life-threatening safety issue and within 15 days for a serious unexpected health risk. Non-serious events are aggregated and reported periodically.

Meanwhile, in the US, we support proposals that will strengthen the FDA's ability to conduct regular surveillance, identify new safety signals and hypotheses, and communicate risks to patients and health professionals. We also believe the FDA should have access to safety data from large study populations so that risks and benefits can be evaluated with the most rigorous statistical methods. And we strongly support proposals that require mandatory risk management plans, which we already include in our drug application submissions.

Conducting Post-Marketing Studies

Our safety research and assessment continues throughout the life of a drug because additional risks or benefits can become apparent after a medicine is approved for marketing and reaches a broader and larger patient population. In this post-marketing effort, Pfizer spends millions of dollars and employs a staff of medical professionals around the world who work with outside experts to evaluate potential concerns, using the best scientific methods at our disposal, including techniques that look at real-world, post-approval patient experiences with our medicines. We employ new technologies to gather patient experiences with our medicines as quickly and accurately as possible.

Increasingly, regulators are requiring a plan to monitor patient safety post-approval. As part of our commitment to patients and regulators, Pfizer proactively proposes comprehensive medicine safety plans before they become a requirement. Working with regulators, we develop long-term studies of large patient populations in real-world clinical practice environments to help further ensure patient safety once a medicine is available. For example:

- Our clinical program for Exubera®, inhaled insulin, includes studies evaluating its long-term safety. The studies are run by an independent governance structure and are designed to further evaluate the effects of long-term exposure to Exubera® on the lungs. Independent physician investigators will continue to study the effects of the medicine in thousands of patients in several countries, in real-world settings, over the long term.
- Our medicine for arthritis pain, Celebrex®, is being reviewed in an independent study conducted by the Cleveland Clinic. We have invested $300 million in the study, which is overseen by an Independent Data Monitoring Board, and compares cardiovascular effects of Celebrex® against ibuprofen and naproxen in a double-blinded, randomized program that will involve more than 20,000 patients.

Pfizer's Post-Marketing Transparency

We understand concerns from some stakeholders about the need for more transparency and information on the safety of medicines once they reach the marketplace. To address this, we took an important step in leading public accountability—the launch in May 2007 of our online post-marketing transparency initiative.

Through this initiative, we created a website to provide up-to-date, user-friendly information on the status of our US post-marketing commitments. Post-marketing commitments (PMCs) are studies conducted after a medicine receives regulatory approval, often as a requirement for approval or continued marketing of some medicines. The studies are designed to provide additional information about the medicine's safety, efficacy or optimal use. This initiative is the first of its kind for a pharmaceutical company.

The website provides study descriptions and status of US FDA post-marketing commitments, current due dates, total listed Pfizer PMCs, and general information about the PMC process. It is available at www.pfizer.com/pmc.

"From a medical compound's discovery, through its development, and for as long as it is prescribed, each of our medicines undergoes thorough safety and efficacy monitoring and evaluation in collaboration with health authorities around the world," said Pfizer's Chief Medical Officer, Dr. Joseph Feczko. "This kind of transparency helps encourage patients to ask their physicians about treatment options. When these conversations happen, they often help patients better understand the risks and benefits of different treatment options."

The FDA first posted a database of all the industry's post-marketing commitments on its public website in 2003. The new Pfizer site expands the information available, presented with easy search functions, a glossary of terms, and frequently asked questions about PMCs. Users can view our regulatory commitments for prescription medications by product name, approval date and study status, among other criteria. We will update the site weekly.

"This kind of transparency helps encourage patients to ask their physicians about treatment options. When these conversations happen, they often help patients better understand the risks and benefits of different treatment options."

— JOE FECZKO, M.D.
CHIEF MEDICAL OFFICER, PFIZER

Deterring Medicine Counterfeiting to Protect Patient Safety

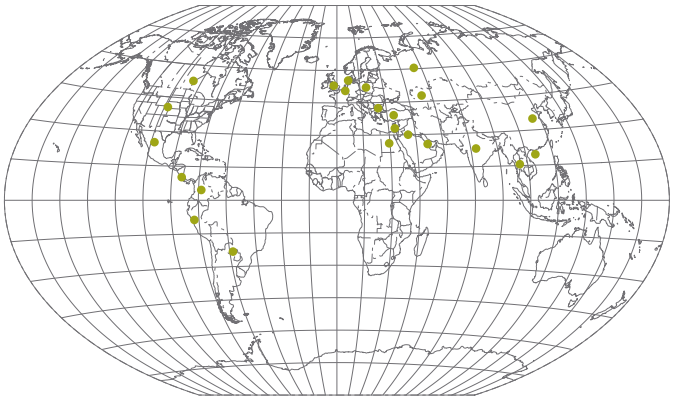
Pharmaceutical counterfeiting is on the rise around the globe, potentially putting at risk millions of patients who take for granted that the prescription medicines they buy are safe and effective. Counterfeit drugs are dangerous by their very nature—they are not produced under safe manufacturing practices and they are not inspected by the regulatory authorities. Many are produced by criminals with sophisticated equipment capable of duplicating near-perfect copies of the medicines and their packaging.

Because counterfeiters are frequently more concerned with the appearance than the efficacy of their counterfeits, it is impossible for patients to know what ingredients these fake medicines actually contain. Some may contain none of the active pharmaceutical ingredient, depriving patients of the therapeutic benefit they expected from the product. Others may contain lethal ingredients, including heavy metal, arsenic, boric acid, leaded paint and floor polish.

To address this issue, Pfizer launched a focused anti-counterfeiting program in 1998 to detect and disrupt major counterfeiting operations, in response to the detection of counterfeit Viagra®. Since then, counterfeit Pfizer medicines have been found in at least 73 countries, with more than 25 million counterfeit tablets seized by authorities in the past three years alone. In response to this growing problem, the staff devoted to combating counterfeiting has increased to 17 full-time colleagues, most of whom have prior law enforcement experience.

We have partnered with law enforcement around the world, developing leads, providing those leads to law enforcement and regulatory agencies, and then assisting in those investigations as requested. We have also invested in state-of-the-art forensic facilities to support these efforts. Supporting these agencies includes the testing of suspected counterfeit products to determine their authenticity, and entering results in a database, which has helped to trace the flow of counterfeit products. In addition, Pfizer has provided 40 training programs for enforcement and regulatory authorities in 17 countries.

Our partnerships with those agencies have contributed to the dismantling of counterfeiting operations in more than 20 countries, including Belgium, Bulgaria, Canada, China, Colombia, Costa Rica, Egypt, India, Israel, Jordan, Mexico, the Netherlands, Paraguay, Peru, Poland, Qatar, Russia, Taiwan, Thailand, Turkey, Ukraine, the United Kingdom and the United States.



Pfizer partners with law enforcement agencies around the world and has invested in state-of-the-art forensic facilities and training programs. These partnerships have helped to dismantle counterfeiting operations in more than 20 countries.

Using New Tools and Techniques

In addition to investigating and prosecuting counterfeiters, we also review the integrity of the supply chain and have consequently introduced new high-security measures to differentiate between genuine and counterfeit products. In high-risk markets, such as the UK, we have changed the way our medicines are distributed, opting to move away from the less-secure wholesaling model to supply directly to pharmacies. On many of our products, we have introduced color-shifting ink logos and tamper-evident packaging as authentication tools for pharmacists, doctors and patients.

Using Radio Frequency ID to Combat Counterfeiting

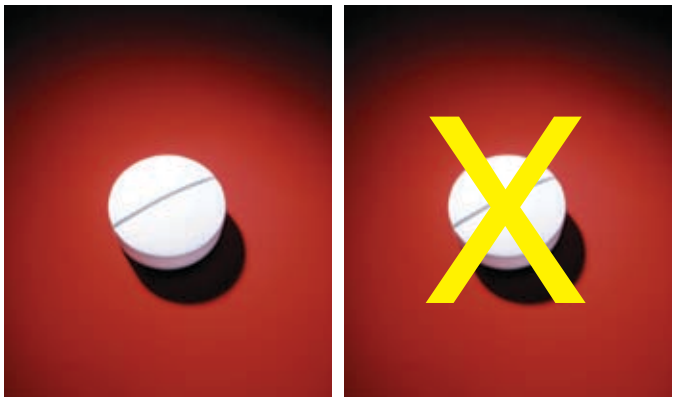
In our latest initiative to combat pharmaceutical counterfeiting, we have begun a pilot program to ship a medicine containing radio frequency identification (RFID) tags to customers in the United States.

RFID technology is being added to all Viagra® tablets sold in the US so pharmacies and wholesalers can verify the unique electronic product code, or EPC, on Viagra® packaging. We are the first pharmaceutical company to put in place a program of this type, focused on EPC authentication as a means of deterring counterfeiting.

Pfizer has invested several million dollars to date in the technology, which discourages counterfeiting because it is both difficult and expensive to duplicate. Pharmacists and wholesalers use specially-designed electronic scanners that communicate the code over the Internet to a secure Pfizer website.

The company's application of RFID is not yet capable of "tracking and tracing" medicines through the distribution system. "Track and trace" requires that all parts of the supply chain invest in compatible technology and agree to capture and share information about product movement. Pfizer will continue to explore the uses of this technology—including "track and trace" in 2007 and beyond.

Pfizer's application of RFID does not allow for the collection of any patient information. We are also working cooperatively with standards-setting bodies, state governments, the FDA, industry groups and customers to establish policies for the widespread application of RFID in the future.



How do you know if you've purchased a counterfeit medicine? In some cases, patients later identified counterfeits as having a different taste, odor, consistency or appearance. Patients may also have a different reaction to the counterfeit drug.

Improving Safety in the Drug Distribution Chain

Every year Americans fill more than three billion prescriptions through reputable pharmacies. The vast majority of these medicines are distributed through top-quality wholesalers. But in the last few years, counterfeit drugs have entered the nation's supply chain.

This problem is exacerbated by the split jurisdiction of drug safety. While the US FDA oversees the approval and manufacture of drugs, each of the 50 states is in charge of licensing and inspecting the wholesalers who distribute and dispense them. And now the Internet complicates matters even more.

To help prevent counterfeit medicines from entering the pharmaceutical distribution system, Pfizer has helped shape model legislation that imposes criminal background checks and criminal penalties for counterfeiting. It also establishes licensing requirements for secondary wholesalers, and requires "change of ownership" documentation if medicines leave the traditional distribution chain.

Working with law enforcement agencies and many other stakeholders since 2004, anti-counterfeiting legislation has passed in 25 states, with the remaining 25 states either considering or introducing similar laws. Stakeholders working with Pfizer on this legislation include the Healthcare Distribution Management Association (HDMA), the National Association of Chain Drug Stores (NACDS) and the National Association of Boards of Pharmacy (NABP).

One change spurred by the legislation is a significant reduction in the number of transactions (the number of times a medicine changes hands) in the distribution process, from 15 to 20 transactions to three or four. And when a medicine leaves the normal distribution chain, it would require a "pedigree"—a document or electronic file that would include defined data elements that established the medicine's change of ownership. By 2010, Pfizer expects to implement "e-pedigrees" for all our medicines, and those most susceptible to counterfeiting may also carry a unique serial number.

AWARDS AND RECOGNITION

Pfizer received, in 2007, an International Association of Business Communicator's Gold Quill Award for communication materials developed for the Coalition Against Fake Medicines.

Pfizer was chosen by *CIO* (Chief Information Officer) magazine to receive its CIO 100 award in 2007, for using information technology effectively to create value.

Food & Drug Packaging magazine named Pfizer's Amboise, France, manufacturing facility a 2006 Plant of the Year for its RFID pilot program used for Viagra® packaging.

Improving Our Business Practices

What we do at Pfizer contributes to society's overall health.

How we do it is equally important to the well-being of people and the planet.

Working with our stakeholders, we welcome mutual accountability as society's expectations continue to evolve.

ENVIRONMENT, HEALTH AND SAFETY

Advancing good health occurs not only through the discovery, development and distribution of medicines, but also by preserving and creating a healthy environment. Pfizer is dedicated to addressing environment, health and safety (EHS) issues relevant to our industry and our stakeholders through innovative policies and programs.

2006/2007 KEY ACTIONS

Endorsed the UN Global Compact's "Caring for Climate: The Business Leadership Platform" in May 2007 to advance climate change solutions.

Reduced greenhouse gas (GHG) emissions in 2006 by about 179,400 tCO_2eq from the previous year; on track to achieve long-term goal of reducing carbon dioxide (CO_2) emissions per million dollars of sales by 35 percent in 2008.

Met Volatile Organic Compounds (VOC) emission reduction goal two years in advance of our 2008 target.

Implemented more than 400 energy conservation measures in 2006 resulting in an improvement in energy efficiency and reduction of 69,000 metric tons of CO_2 emissions.

Decreased water usage in 2006 by over 21 million cubic meters.

Achieved ISO 14001 certification for 34 facilities, OHSAS 18001 certification for 21 facilities, and OSHA VPP status for three facilities.

Participated in the US EPA National Environmental Performance Track at eight facilities.

Partnered with the Alliance to Conserve the Maya Forest to promote sustainable growth and conservation in the second largest rainforest in the Americas.

Completed our second year using 30 percent post-consumer content recycled paper as the preferred paper for all US-based operations.

TO DATE WE HAVE ESTABLISHED FIVE COMPANYWIDE GOALS:

- **Climate Change** To reduce carbon dioxide emissions by 35 percent per million dollars of sales by 2007 from our baseline year 2000.
- **Clean Energy** To meet 35 percent of our global electricity needs by 2010 through "clean" energy sources
- **Ozone Depleting Compounds (ODCs)** To phase out the use of Class 1 ODCs in large heating, ventilation and air conditioning (HVAC) and industrial process equipment
- **Ozone Depletion Potential (ODP)** To reduce our ODP from ODC releases by the end of 2007 by 80 percent from our 2002 baseline
- **Volatile Organic Compounds (VOCs)** To reduce our releases of VOCs by 40 percent on an absolute basis from the baseline year of 2002 by the end of 2008

Climate Change: Reducing Greenhouse Gases and Using Energy Wisely

The weight of scientific evidence indicates that global climate change is primarily caused by emissions related to burning fossil fuels—commonly referred to as greenhouse gases (GHG). Because this significant global environmental problem will have potential impact on the health of millions of people, Pfizer is not waiting for mandatory programs and has been proactive in reducing its emissions.

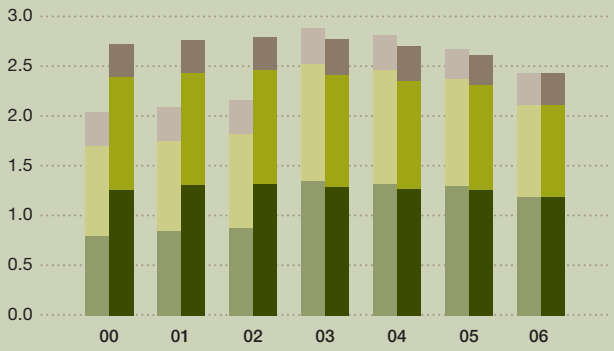
Pfizer's Climate Change and Energy Program seeks to minimize the cost and operational restrictions arising from a carbon-constrained environment, reduce Pfizer's contribution to GHG emissions, and assess the risk presented to Pfizer's operations from the potential physical changes resulting from a warming global climate.

Pfizer has had a company standard requiring the conservation of energy and the reduction of GHG since 1996. In 2002, we became a charter member of the US EPA Climate Leaders Program, a government-industry partnership that works with companies to develop long-term, comprehensive climate change strategies.

As a Climate Leader, we established a companywide goal of reducing carbon dioxide (CO_2) emissions by 35 percent per million dollars of sales by the end of 2007 from the baseline year of 2000. In 2003, we expanded our goal to include a commitment to meet 35 percent of our electricity needs by 2010 through the use of clean energy technologies such as wind power, solar power, and cogeneration.

In addition to reducing GHG emissions from our facilities, Pfizer is working to better understand the impact of our nearly 38,000 vehicles worldwide. In this regard, we are conducting a pilot program in 2007 to field-test hybrid vehicles to help increase fuel economy and reduce potential GHG emissions. We are also entering into a partnership with fuel providers to support clean energy projects that would offset the carbon emissions from our fleet.

Absolute GHG Emissions (million metric tons)



Fleet Actual Adjusted

Direct Actual Adjusted

Indirect Actual Adjusted

From baseline 2000 to 2006, Pfizer reduced GHG emissions by 32.7 percent per million dollars of sales. During the same time period, our absolute CO_2 emissions decreased approximately 11 percent. The company is on track to meet our goal of reducing CO_2 emissions 35 percent per million dollars of sales by the end of 2007 from the baseline year 2000.

Pfizer Progress Towards Goal: GHG Emissions Relative to Sales (metric tons per million $ sales)

Fleet Direct Indirect

Data Scope

a Pfizer calculations of GHG emissions were completed referencing the WRI GHG Protocol, using the Operational Control Organizational Boundary method and a materiality threshold of 5 percent.
b The data is based on facility-specific utility invoices for purchased quantities of electricity, fuel oil, natural gas, and steam.
c Direct CO_2 emissions—emissions resulting from the combustion of fossil fuels at our facilities to provide steam for manufacturing processes, heating and cooling.
d Indirect CO_2 emissions—emissions resulting primarily from the combustion of fossil fuels for purchased electricity and steam.
e Fleet emissions—emissions resulting from the operation of our global sales fleet.

Environmental performance data included in this report has been developed using practices that align with the World Resources Institute (WRI) protocol for GHG emissions. Principally, data has been standardized and baseline adjusted to more accurately account for changes in our environmental footprint due to site closures, divestitures, and acquisitions. The double bar graphs included for the environmental performance data represent the original data set reported and subsequent baseline adjustments. Safety performance data in this report, which is rate-based, is the actual data set at the time of collection.

Planning for Change

Effectively managing the financial implications and opportunities associated with reducing climate impact is another important component of our program. We are piloting projects to secure and preserve carbon credits (e.g., Energy Efficiency Credits, Renewable Energy Credits) in preparation for emissions trading programs. In 2006, we were one of the first companies to successfully trade energy efficiency credits generated in the State of Connecticut.

In the longer term, we are striving to identify operating risks and business opportunities presented by a changing global climate, such as planning for severe storms and restricted water availability, and evaluating our response as a leader in healthcare to changing disease patterns. We will report on these risks and opportunities in more detail in future years.

Pfizer's Green Building Program

Pfizer owns or operates over 70 million square feet of facility space worldwide—and with it comes a significant environmental responsibility.

We have made a commitment to develop environmentally responsible facilities through a program called "Green Buildings: Local Action, Global Results." The goal is to promote the best alternatives to standard building materials and office interiors that support healthier, more eco-friendly business environments in addition to conserving natural resources and reducing energy consumption.

Our Green Buildings Team is also showcasing best practices across Pfizer to help colleagues make informed green and lifecycle cost decisions.

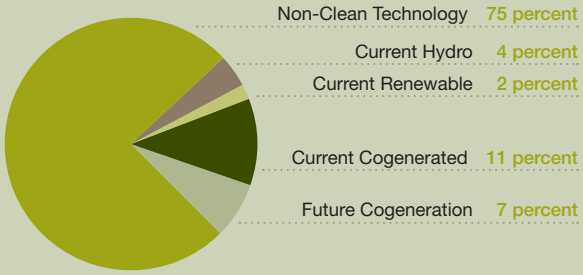
The team has:

- Developed lifecycle cost analysis tools
- Created a Green Buildings evaluation process
- Publicized case studies
- Introduced a recognition program.

Significant energy activities at some of our sites include:

- A major capital improvement project at our Groton, Connecticut R&D and manufacturing site will add a 10 megawatt cogeneration system, which will contribute substantially toward our 35 percent clean energy technology goal.
- Conversion of an oil-burning boiler used for heating at our Thane, India manufacturing facility to burn a renewable sugarcane waste product.
- At our Singapore manufacturing site, construction of a new high-efficiency "trigeneration" energy plant will provide electricity, heating and cooling using technology that should reduce CO_2 emissions by an estimated 15 percent.
- Photovoltaic solar panels have been installed on buildings at our La Jolla, California research facility and our manufacturing plant in Freiburg, Germany.

Clean Energy Use in 2006



At the end of 2006, Pfizer obtained 17 percent of its energy needs from clean energy sources, with an estimated 7 percent contribution from future cogeneration. The company is on track to meet its goal of 35 percent of its energy consumption from clean energy sources by 2010 but continues to be challenged by facility closures, energy purchase considerations, capital investment decisions, and the operating costs and technical limitations associated with running cogeneration units.

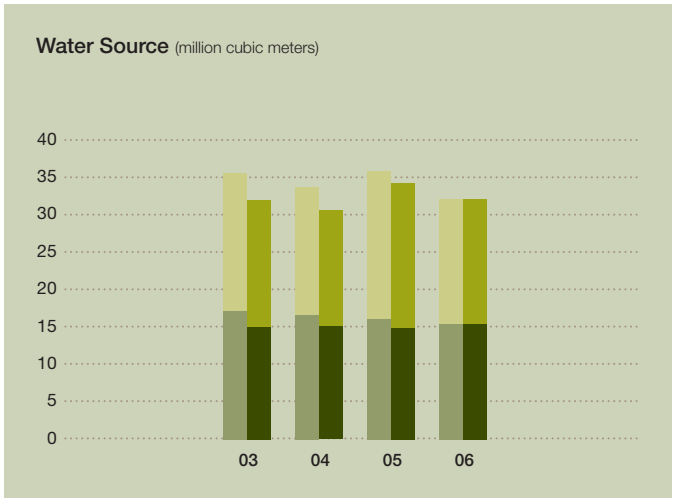
Conserving Water

The availability of clean potable water is one of the most important health issues of our time—and one that may be further exacerbated in coming years by climate change. Our commitment is not only to advance good health through our medicines, but also to advance good health in the communities in which we operate by conserving water and protecting water quality.

While Pfizer's use of water in its research and manufacturing facilities is relatively small compared to some other industries, our responsible management of water is an important element of our global EHS program. Our EHS Guideline on Water Conservation requires facilities worldwide to:

- Review and quantify their water use
- Identify and prioritize water conservation measures
- Develop, implement and report on water conservation action plans and targets
- Support community efforts during drought conditions.

Although Pfizer's overall water use continues to decrease, the consumption (net use) has remained fairly constant over the past four years, annually at approximately 30 million cubic meters. We see this as an area to improve and are working to better understand our global water use—needs, demand, potential impact—and will subsequently focus appropriate water conservation measures in these areas.

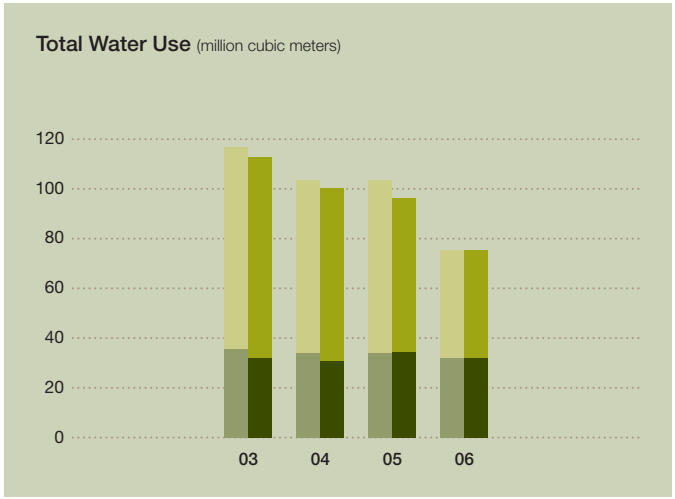


Onsite Wells
Actual Adjusted

Offsite Water
Actual Adjusted

Onsite Surface Water Not Visible on Chart

On average, Pfizer obtains its water equally from offsite and onsite resources. Wells are the primary source onsite with only a few thousand gallons taken from onsite surface water. With plant considerations and production changes, total water use should continue to decline, resulting in a relative change to source.



Noncontact Cooling Water
Actual Adjusted

Consumption (net use)
Actual Adjusted

Pfizer's total water use continues to decline, showing an overall reduction of 33 percent from 2003 to 2006. Of the total water used in 2006, approximately 57 percent was returned to its original source subsequent to its use as one-pass, noncontact cooling water. In general, noncontact cooling water impacts water resource availability minimally, saves energy and reduces CO_2 emissions.

Continuing to Reduce our Footprint: Reducing Air and Waste Emissions

Pfizer's commitment to reduce the environmental impact of our operations includes reducing our emissions to the air, minimizing the waste we produce and maximizing our use of recycled materials. We are also committed to effectively managing any waste we generate to eliminate its potential impact on human health and the environment.

Eliminating Ozone Depleting Compounds (ODCs) and Volatile Organic Compounds (VOCs)

To help protect the Earth's ozone layer, we are committed to eliminating ODC releases from Pfizer operations worldwide. Once released into the atmosphere, ODCs rise into the stratosphere where they promote reactions that destroy the Earth's protective ozone layer, allowing more harmful solar radiation (primarily ultraviolet radiation) to reach the Earth's surface. Class I ODCs are known to be more harmful to the ozone layer than Class II compounds.

Pfizer's use of Class I ODCs is somewhat limited—principally found in chillers and refrigeration units (CFCs) and in fire-suppression systems (Halons).

We met our 2005 goal to phase out the use of Class I ODCs in large HVAC and industrial process equipment for specific facilities with the exception of those sites pending closure or those with major production changes, which would trigger taking Class I equipment out of service. Pfizer is working to meet its 2007 goal in which we pledged to phase out the remaining use of Class I ODC equipment.

Pfizer is not only committed to the phase-out of ODCs, the company set a public goal to reduce the ozone depletion potential (ODP) by 80 percent at the end of 2007 from baseline year 2002. We are pleased to report that through various measures which include ODC substitution and an aggressive maintenance and repair program, Pfizer has met the ODP goal a year in advance and is poised to retain its target.

Pfizer uses VOCs primarily as solvents in our manufacturing processes. We have a long-standing strategy for reducing losses of VOCs to the environment through process improvements, in-line controls, and end-of-line devices. To realize further reductions, Pfizer set a public goal to further control VOC emissions by committing to reduce our releases by 40 percent on an absolute basis from the baseline year of 2002 by the end of 2008. We are pleased to report the company has met its absolute goal of a 40 percent VOC emission reduction, two years in advance of its target date 2008. Efforts attributed to this achievement include an aggressive solvent reduction program, production changes and installation of additional thermal oxidizer units.

Reducing our Waste

We classify our waste as either special waste or non-special waste. Special waste is defined as waste that could adversely impact public health or the environment if mismanaged, and includes such waste streams as biomedical waste, solvent and hazardous chemical wastes, returned pharmaceutical products and heavy metals. Non-special waste includes paper, cafeteria waste, and recyclables such as glass, metal and plastic.

Although there is a trend toward decreasing our total waste footprint (a 24 precent reduction from 2003 to 2006), our recycling rates remain consistent at 26 percent. Compared with others in our industry, there is opportunity to improve.

To help drive improvement in our waste and recycling performance, we continue to critically examine our global program and performance data associated with waste generation, as well as our onsite and offsite recycling programs. For example, Pfizer teams are focused on reducing solvent waste and promoting solvent recovery and recycling. At the site level, many facilities have found smart ways to reduce total waste generated, reuse material and recycle on- and offsite.

Pfizer Progress Towards Goal:
Total Ozone Depleting Potential (kilograms R-11 equivalents)

From Production	HCFC Loss	Primary ODC Loss
Actual Adjusted	Actual Adjusted	Actual Adjusted

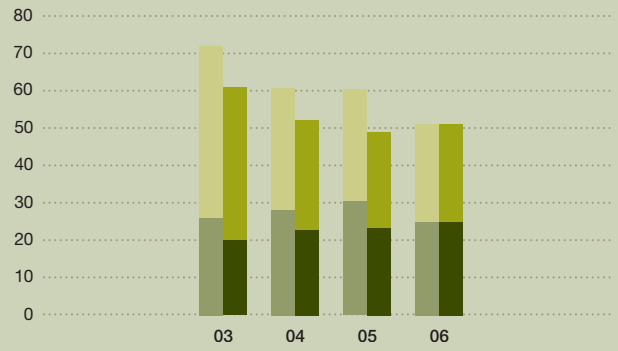
At the end of 2006, we reduced our ODP from releases of ODCs by 82 percent against our baseline year of 2002, meeting our public goal one year in advance. A 57 percent reduction was achieved from 2005 to 2006, as a result of ODC substitution, an aggressive maintenance and repair program, and plant considerations.

Pfizer Progress Towards Goal:
VOC Releases to Air and Water (thousand kilograms)

Water	Air
Actual Adjusted	Actual Adjusted

Pfizer achieved the VOC public goal two years in advance of its target—our worldwide releases (to air and water) were reduced by 43 percent from our baseline year 2002 to 2006.

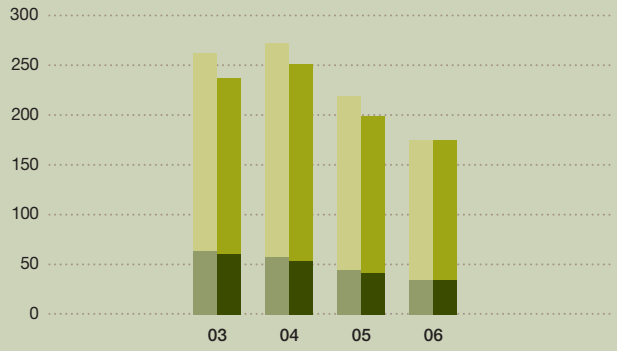
Non-special Waste Generated
(million kilograms)



Recycled Offsite	Disposed
Actual Adjusted	Actual Adjusted

Pfizer reduced the generation of non-special waste by approximately 16 percent from 2003 to 2006, with a slight increase of 4 percent from 2005 to 2006—attributed to a more comprehensive data scope (i.e., data collected from more offices). Offsite recycling rates increased 49 percent in 2006 from 33 percent in 2003.

Special Waste Generated
(million kilograms)



Recycled Offsite	Disposed
Actual Adjusted	Actual Adjusted

Pfizer reduced the generation of special waste by approximately 27 percent from 2003 to 2006 and 12 percent from 2005 to 2006. The offsite recycling rate, however, remains consistent over the past four years at an average of 22 percent. Since our onsite recycling efforts are significant, there is a focus on refining data collection of this metric to advance the solvent recovery and recycling program further.

Understanding the Impact of Pharmaceuticals in the Environment

Pharmaceuticals and their by-products have found their way into the environment by way of patient use for as long as medicines have been used to treat disease. However, our awareness of this issue has increased with the development of new analytical technologies that detect minute traces of pharmaceuticals and other organic chemicals in the environment.

Patient use of prescription and over-the-counter medications is the most significant pathway by which trace amounts of pharmaceuticals enter the environment. Because people excrete medicines that are not fully metabolized or absorbed by the body, and because sewage treatment plants are generally not equipped to remove these constituents, trace amounts of medicines are present in rivers, streams and other surface waters. A small quantity of pharmaceuticals may be introduced into the environment when patients dispose of unused prescription and OTC medications in landfills and sewage systems, but disposal is not believed to be a major pathway.

Several studies to date indicate that the presence of trace concentrations of pharmaceuticals in surface water and drinking water present no appreciable risk to human health, but scientific knowledge on the cumulative or long-term impact of these trace levels on both human health and aquatic ecosystems is in the earliest stages of development.

Because Pfizer is committed to adhering to principles of responsible environmental stewardship, we are working in close cooperation with the scientific community, regulatory agencies, patient groups and NGOs to develop and advance the body of knowledge related to pharmaceuticals in the environment and their potential impacts. For instance, Pfizer was an active participant in the pharmaceutical industry's development of the P*h*ATE model, a scientific tool that can be used to more realistically estimate the concentration and distribution of active pharmaceutical ingredients discharged into US surface waters.

Pfizer also participates in product take-back programs in countries that have initiated them. We are committed to minimizing the disposal of pharmaceuticals from patients and to investigating unused medicine disposal alternatives.

Realizing the Promise of Green Chemistry

Pfizer has been at the forefront of developing and manufacturing drugs using environmentally-friendly Green Chemistry (GC) practices. By applying GC principles, Pfizer has improved the way it produces many products, substantially reducing waste, saving money, and winning recognition for its environmental efforts.

For example, Lyrica®, which treats neuropathic pain associated with diabetes or shingles, is being manufactured using a third-generation synthesis of the product that eliminates five million gallons of waste per year. Similarly, a green chemistry modification for the manufacture of Vfend®, an antifungal medication, 15 years in the making, led to a reduction of 25,000 tons of waste per year.

In order to share knowledge within our organization, colleagues meet monthly to produce common education materials for chemists and engineers. The first of these materials—a guide in the selection of environmentally-friendly solvents—has been rolled out to chemists throughout Pfizer's R&D organization and is subsequently used by chemists and engineers in the manufacturing organization. Similarly, a reagents guide has been developed and is expected to be distributed over the next few months.

Pfizer teams also actively collaborate to promote the principles of Green Chemistry through a number of community outreach activities, including workshops, conferences and curricula for middle school, high school and universities.

Recognized as a Green Chemistry Leader

In 2002, Pfizer received the US Environmental Protection Agency Presidential Green Chemistry Award for applying Green Chemistry to the manufacturing of Zoloft®. Pfizer doubled the product yield and significantly reduced EHS impact in the process.

Pfizer's efforts to enhance the EHS profile of Viagra® were honored in 2003 with the receipt of the UK Institute of Chemical Engineers (IChemE) "Crystal Faraday Award for Green Chemical Technology." Pfizer reduced the amount of organic process wastes generated from 4,300 tons per year to only 300 tons per year.

In October 2006, IChemE once again recognized Pfizer for Green Chemistry practices for Lyrica® and Vfend®. Lyrica® won the top European Green Chemistry award—the Excellence in Green Chemistry and Engineering Award—and Vfend® was a finalist for the Faraday Award.

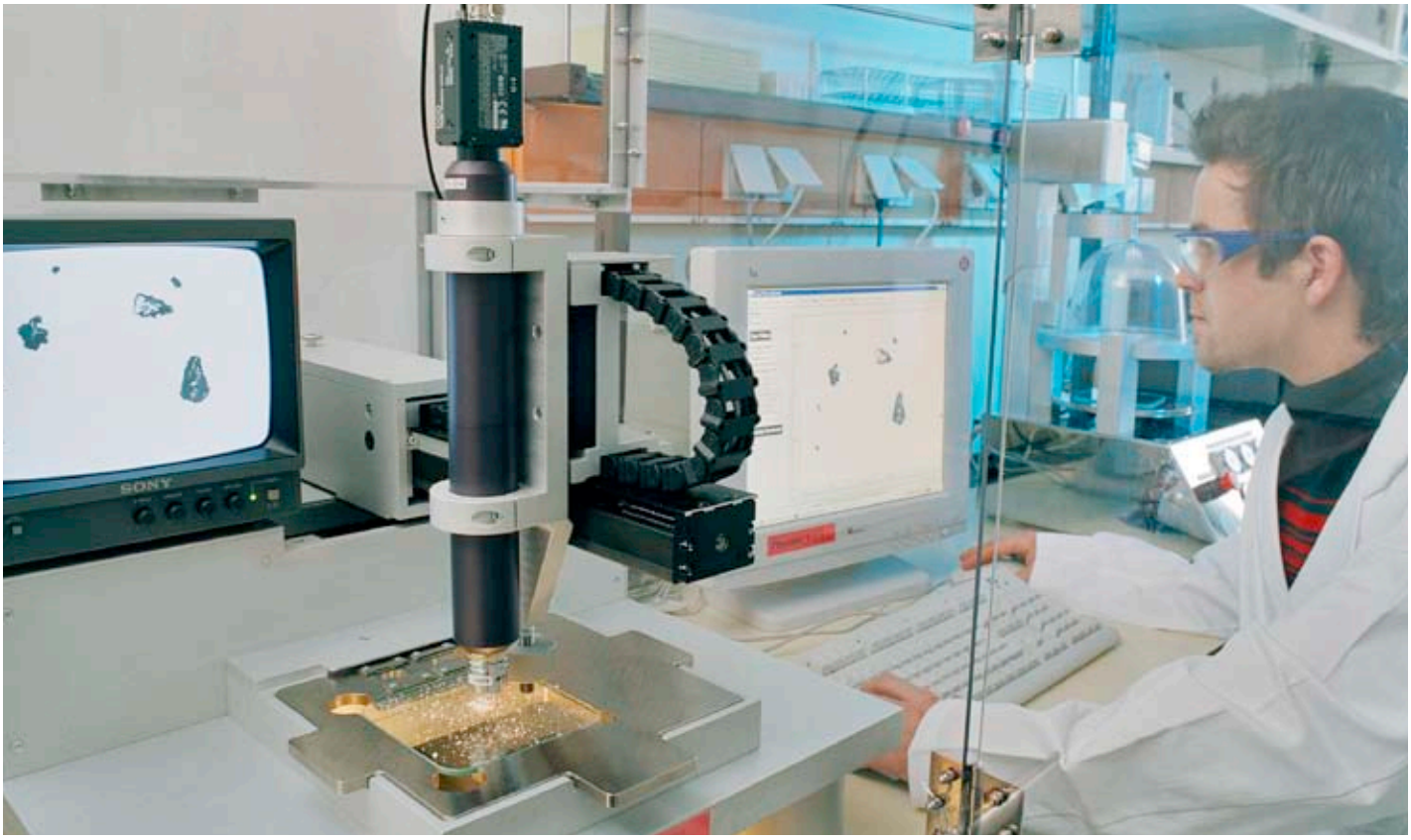
Workplace Safety: Enhancing Strong Safety Performance Across the Business

Attaining workplace safety across a business as diverse as Pfizer's is a challenge. With offices, laboratories, manufacturing facilities, warehouses, and other working environments, ensuring safety excellence requires the focus and attention of the entire business.

"Workplace safety" includes:

- Providing a workplace where chemical and physical hazards are appropriately managed
- Establishing a culture where all colleagues prioritize safety and constantly demonstrate care and safe behavior
- Ensuring the medical well-being of our colleagues in the workplace
- Making certain that our operations are not at risk of an accidental chemical release, fire, explosion or any other unexpected process upset
- Safeguarding those in the workplace from adverse exposure to chemical hazards and
- Protecting the safety of our drivers and those who share the roads with our drivers.

Pfizer is committed to ensuring the safety of its colleagues and others and promoting a safety culture in all our areas of operations.



Reducing Injuries and Promoting a Culture of Safety

Every person who works at or visits a Pfizer site expects to leave the work environment unharmed by their activities. This simple tenet is the goal of Pfizer's colleague safety program, and underlying this goal are two primary objectives—to continuously improve our safety performance and to maintain a strong safety culture throughout the company.

To further improve our safety performance, Pfizer has developed and implemented a comprehensive set of safety guidelines that establish baseline performance criteria. For example, each Pfizer facility is required to establish and implement a safety management system that includes workplace risk identification and control, management and colleague safety committees, safety training, incident reporting and investigation systems, safety procedure implementation and documentation, management system review, and performance expectations.

Illnesses and Injuries
(lost time injury rate)

One of our primary injury and illness measures is the Lost Time Injury and Illness rate (LTIR), the number of injuries and illnesses (incidents per 100 colleagues) that result in one or more lost work days per 100,000 hours worked. From 2003 to 2006, we reduced our lost time injury and illness rate by 21 percent. However, from 2005 to 2006 there was an approximate decrease of only 5 percent. We recognize our LTIR is above the 2006 pharmaceutical industry average of 0.47. We continue to evaluate the reasons behind the rate and in parallel, have implemented several programs in 2007 to advance our safety culture.

Illnesses and Injuries
(total injury rate)

Another one of our key metrics to help determine the adequacy of our safety programs is the Total Injury Rate (TIR), commonly referred to as the OSHA recordable rate. It is expressed as the number of recordable injuries that occur per 100 employees per year. We track this information in addition to the LTIR because it captures more information on injuries, enabling us to better identify and focus on areas in need of improvement. Pfizer successfully reduced its TIR by 43 percent from 2003 to 2006, and 20 percent from 2005 to 2006, although we still remain above the 2006 pharmaceutical industry average of 1.04. As with the LTIR, there are significant efforts underway to bring this rate lower, decreasing the OSHA recordables.

Process Safety

The production of Pfizer's medicines requires the use of complex R&D and manufacturing processes and techniques that have certain inherent risks. To address these risks and ensure the safety of our communities, colleagues and others, Pfizer has a mature and sophisticated process safety program designed to maintain safe and environmentally sound operations worldwide. This means taking the necessary steps to prevent the risk of an accidental chemical release, fire, explosion or any other unexpected process upset.

In addition to full compliance with all laws and regulations, we use the EHS Guideline on Process Safety to make sure R&D and manufacturing facilities worldwide implement programs to protect our colleagues and communities from the threat of an accident. Those operations must develop and maintain a management system that, at a minimum, addresses process and equipment operating practices and controls together with site and community emergency preparedness and response.

Fleet Safety

As one of the world's leaders devoted to healthcare, our sales force fleet is among the largest in the world. With an estimated fleet of 38,000 vehicles worldwide and and estimated 910 million miles traveled last year, driving is recognized as a significant risk, and safety continues to be a focus for the organization.

Pfizer's accident rate (accidents per million miles) is close to—but above—the pharmaceutical industry average. This is not where we would like it to be and we are committed to doing better. Performance improvement initiatives include efforts to standardize practices, increase driver safety awareness, conduct mandatory motor vehicle record reviews, and improve driver training. Safeguarding our drivers and those who share the roads with them is paramount to our program.

"Greening Pfizer's Fleet"—The US fleet is piloting the 2007 Toyota Camry Hybrid this year, a vehicle alternative that meets our safety selection criteria and considers environmental and economic benefits.

AWARDS AND RECOGNITION

Received our third successive Missouri Water Environmental Association "Gold Star Certificate" for pretreatment achievements by our St. Louis R&D facility.

Honored with the National Award from the Irish National Safety Organization to our Ireland-based manufacturing sites.

Achieved program recertification for the Kalamazoo, Michigan site from the Wildlife Habitat Council.

Recognized by the "Labs for the 21st Century," a collaborative partnership between the US EPA and US DOE, the Ann Arbor B520 Renovation Project was first in its class for Pfizer.

Earning the first Silver-rated award in Leadership in Energy and Environmental Design in Connecticut, our Clinical Research Unit located in New Haven was also the first industry project to receive three (out of four) Green Globe certifications.

For more information about Pfizer's Environment, Health and Safety Program, please visit www.pfizer.com/responsibility.

GOVERNANCE AND COMPLIANCE

Over the last few years, the business community has been revamping its corporate governance procedures in response to shareholder demands for increased transparency. In 1992 we became the first major company to form a department devoted exclusively to corporate governance. We have worked steadily to build a solid foundation of leadership in Board effectiveness and accountability to shareholders and all stakeholders. This year, we took new actions to build on that legacy.

2006/2007 KEY ACTIONS

Elected Jeff Kindler as Chairman and CEO.

Elected Constance J. Horner as Lead Independent Director.

Strengthened the link between executive compensation and Pfizer's financial performance through several actions by the Board of Directors.

Initiated face-to-face meetings between institutional investors and the Board.

Adopted a new international procedure to improve our implementation of the US Foreign Corrupt Practices Act and local anti-bribery laws.

The Impact of Culture and Values

Improvements in corporate governance alone will not generate trust or restore investor confidence. Good corporate governance must be rooted in the culture and values of the organization and the way we do business every day. Our colleagues understand that these values apply to everyone, everywhere around the globe.

Our ability to be viewed as a trusted member of society begins with the Pfizer Policies on Business Conduct. In addition, Pfizer Directors are required to comply with a Code of Business Conduct and Ethics designed specifically to cover all areas of professional conduct relating to service on our Board. These policies and code, as well as others mentioned in this section, can be found at www.pfizer.com/corpgov.

Ensuring Board Independence

The Board is comprised of a majority of independent directors, and has elected a nonmanagement director to serve in a lead capacity. The current Lead Independent Director, Constance J. Horner, presides at executive sessions, functions as principal liaison on Board-wide issues between the independent directors and the Chairman, assures an appropriate agenda and flow of information to the Board, and recommends the retention of outside advisors and consultants who report directly to the Board. If requested by shareholders, the Lead Independent Director will be available, as appropriate, for consultation and direct communication.

The Board of Directors adopted a formal set of Director Qualification Standards, which outline guidelines for director independence that either meet or exceed the independence requirements of the New York Stock Exchange. Strict guidelines for Directors and their immediate families must be followed with respect to past employment or affiliation with Pfizer or its independent registered public accounting firm. All of our Directors are independent, with the exception of our Chairman, Jeff Kindler and our Chairman Emeritus, William C. Steere, Jr.

The Board follows a defined set of Corporate Governance Principles and conducts an annual evaluation to assure that the guidelines are timely, effective, and best represent the Board's oversight and accountability on behalf of shareholders. Each Board committee has a charter outlining its responsibilities, and a checklist of oversight responsibilities to be covered throughout the year.

As part of the annual nomination process for directors, the Corporate Governance Committee reviews the qualifications of each director, evaluating skills and talents to assure a balance of expertise in various disciplines and perspectives.

Encouraging Shareholder and Stakeholder Participation

Pfizer's Corporate Governance Committee Charter requires directors to "maintain an informed status on Company issues related to corporate social responsibility and the Company's participation and visibility as a global corporate citizen." To assure effective communication, Pfizer was among the first companies to expand communication via the Internet, so shareholders and all stakeholders can contact members of the Board directly.

Relevant communications are distributed to the Board or individual directors, and the Board receives a quarterly summary of all shareholder and stakeholder communications. This practice serves as an early warning system, so the Board can identify and respond to shareholder and stakeholder concerns.

Instituting Greater Accountability in Executive Compensation

Executive compensation was a key issue for shareholders and other stakeholders and it underwent comprehensive changes in 2006 during a time of CEO transition. The Board elected Jeff Kindler to the position of Chief Executive Officer in July 2006 and structured a compensation plan that provides a tight link between his future pay and near- and long-term value creation for Pfizer shareholders. A significant portion of his total compensation is tied directly to Pfizer's shareholder returns. He does not have an employment contract, and his retirement benefits are based on the same formula as other salaried Pfizer employees. In addition to strengthening the link among the CEO's annual incentive pay, financial performance and shareholder value, the Board refocused 2006 performance-share grants so that rewards are determined solely on the basis of relative total shareholder return, as compared to other major pharmaceutical companies. Pfizer is also now using a higher-performing pharmaceutical peer group, as well as a Fortune 100 peer group, to compare competitive compensation and performance criteria.

Meeting Face-to-Face

Pfizer is the first company to initiate a regular meeting between its Board and institutional investors on governance. The Board will invite representatives who evaluate governance practices and who vote the proxies of the company's largest institutional investors. These representatives will have an opportunity to provide comments and perspective on Pfizer's governance policies and practices including executive compensation. They own in aggregate approximately 35 percent of Pfizer's shares. The initial meeting is planned for the fall of 2007.

Pfizer has been in the forefront of corporate governance for over two decades. It has taken the lead in the elimination of its poison pill; the declassification of the Board, so that all directors are elected at each annual meeting; the adoption of majority voting policy; and expanded disclosures on executive compensation well ahead of new SEC regulations. The company was also among the first to use SEC "Plain English" rules to make disclosures more understandable to investors.

Complying with All Laws, Committed to the Highest Ethical Standards

Pfizer's Board of Directors established our Corporate Compliance Program to support the company's unyielding commitment to high standards of legal and ethical conduct. Our corporate ethics and compliance officer and staff provide oversight and guidance to ensure compliance with applicable laws, regulations and company policies, and foster a positive, ethical work environment for all employees.

Colleagues worldwide also receive the Summary of Pfizer Policies on Business Conduct, or the "Blue Book" as it is known, and must sign a statement acknowledging that they have read it and will abide by it. The Blue Book has been translated into 45 languages.

Our commitment to operate with integrity is supported by comprehensive and coordinated processes, policies, communications and training, which enable colleagues to act lawfully, meet internal expectations and promote transparency. Our compliance program cascades from our Chief Compliance Officer to Deputy Compliance Officers and a network of compliance liaisons at each site worldwide, with 24-hour toll-free hotlines. For a detailed overview of Pfizer's corporate governance policies, procedures, management structure and staff, please visit www.pfizer.com/corpgov.

Advancing Colleague Understanding: Pfizer Compliance Education Center

The legal environment is becoming more complicated with each passing year, so we addressed the need for additional colleague education by creating the Pfizer Compliance Education Center. The Center offers a series of interactive programs, delivered through the web and other available means, which are customized to meet individual needs in the areas of greater risk. For example, sales representatives throughout the United States receive annual training in the various healthcare laws and Pfizer policies which affect their interactions with healthcare professionals. These programs cover topics of corporate compliance, as well as ethical and legal responsibility, primarily complementing the many programs already in place within the organization. The goal is to give colleagues access to compliance information at all times and to make sure, to the extent possible, that they are appropriately grounded in the key compliance issues that affect service to patients and customers

Every year we ask Pfizer colleagues, including the company's senior leadership, to take the Pfizer Integrity Pledge and certify that they understand and are abiding by the standards described in the "Blue Book". Online guidance and 24-hour support are available to any colleagues with questions or concerns in their area of the business.

Preventing Bribery and Corruption

The Foreign Corrupt Practices Act (FCPA), which became US law in 1977, contains three key provisions that pertain to our business:

- An anti-bribery provision, which makes it unlawful to bribe foreign government officials directly or indirectly to obtain or retain business
- The books and records provision, which imposes requirements on public companies to maintain accurate books and records, and to implement stringent accounting and financial controls and
- The system of internal controls provision, which imposes requirements on public companies to implement stringent accounting and financial controls.

To continually improve on our ability to adhere to all provisions of the FCPA, we implemented, in April 2007, the International Anti-Bribery and Anti-Corruption Corporate Procedure. This procedure establishes anti-bribery standards and processes designed to support compliance with the FCPA, as well as local anti-bribery laws.

Pfizer also developed an implementation platform to help local teams train colleagues and adopt local procedures. This platform is divided into 12 separate sections, which covers such things as third-party transactions and consultancy agreements to gifts, hospitality, international meeting support and site visits, to educational grants, investigator-initiated research grants, charitable contributions and political contributions.

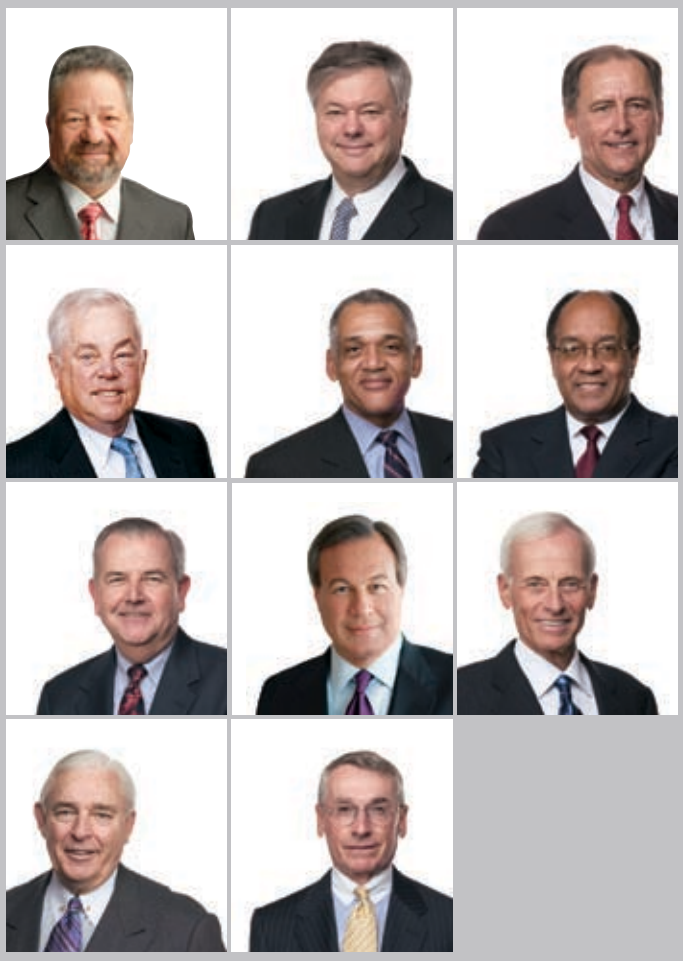
To support compliance even further, the company has also established the following tools and systems:

- A compliance hotline in 70 countries
- Global compliance liaisons in all markets
- Training for all colleagues, with materials available in 45 languages
- Auditing procedures for all sales and marketing programs.

Evaluating Corporate Regulatory Compliance

To maintain and enhance the value of our internal audit activities—and to make sure the company is able to identify and evaluate any potential gaps in the overall status of Pfizer's compliance systems—the Legal Division brought four Regulatory Compliance Audit functions together under a single umbrella and redesigned the audit process. The new organization, called Corporate Regulatory Compliance, identifies audit targets and deploys audit resources based on risk analysis, and assesses systems that support compliance.

The functional audit groups that comprise Corporate Regulatory Compliance are Environment, Health and Safety Compliance Assurance, Corporate Quality Assurance, Research and Development Oversight, and Research Quality Assurance.



"To understand the call for thoughtfulness on the subject of corporate governance, we need only recognize that, although the basic function of the Board—overseeing the company and mediating between investors and management—remains unchanged over recent decades, there has been a climate change in thinking in the environment of the boardroom, and a heightened awareness of the importance of accountability."

CONSTANCE J. HORNER
LEAD INDEPENDENT DIRECTOR

FROM LEFT TO RIGHT:

FIRST ROW

Dennis A. Ausiello, M.D.
Physician-in-Chief
Massachusetts General Hospital

Michael S. Brown, M.D.
Distinguished Chair, Biomedical Sciences,
Regental Professor, University of Texas
Southwestern Medical Center

M. Anthony Burns
Chairman Emeritus,
Ryder System, Inc.

SECOND ROW

Robert N. Burt
Retired Chairman and CEO,
FMC Corporation

W. Don Cornwell
Chairman and CEO,
Granite Broadcasting Corporation

William H. Gray III
Chairman,
Amani Group

THIRD ROW

William R. Howell
Chairman Emeritus,
J.C. Penney Company, Inc.

Jeffrey B. Kindler
Chairman of the Board and
Chief Executive Officer, Pfizer Inc

George A. Lorch
Chairman Emeritus,
Armstrong Holdings, Inc.

FOURTH ROW

Dana G. Mead, Ph.D.
Chairman,
MIT Corporation

William C. Steere, Jr.
Chairman of the Board Emeritus,
Pfizer Inc

AWARDS AND RECOGNITION

Rated the top company in our peer group by Governance Metrics International, a New York-based research firm that provides corporate governance ratings for almost 4,000 public companies worldwide (April 2007).

SALES AND MARKETING

Pfizer is committed to responsible Sales and Marketing practices that address physician and patient needs by providing full and accurate information about our medicines. Sales and Marketing practices were at the forefront of the change process at Pfizer in 2006 and 2007. Changes that were implemented include endorsing and implementing guidelines for prescription medicine advertising, committing to and rolling out a global code of conduct on interactions with healthcare professionals, and reducing staff to better align with physician need. We reinforce our commitment with ongoing training, monitoring and compliance with all healthcare ethics, law and regulation.

2006/2007 KEY ACTIONS

Ranked Number One overall in the US industry in 2007 by physicians and customers for an unprecedented 12th consecutive year.

Rolled out a code of conduct on interactions with healthcare professionals in 45 languages in more than 100 countries.

Implemented guidelines for more beneficial prescription medicine advertising.

Launched PfizerPro website, a one-stop resource information site for healthcare professionals on Pfizer's products ranging from pipeline to post-marketing studies.

Ranking Number One for 12 Consecutive Years

For an unprecedented 12th consecutive year, physicians and customers in 2007 ranked Pfizer's US sales force Number One overall in the industry, according to an annual survey conducted by Verispan, a pharmaceutical research firm.

Pfizer's US sales force was named the best by 10 specialties and by nurse-practitioners and physician's assistants. Categories included quality, familiarity and physician specialty. Specialties giving top scores to Pfizer's field force included Urology, Internal Medicine, General Practitioners, Cardiology and Orthopedic Surgery. The company was among the top three in 15 specialties—the best in the industry.

This recognition reflects Pfizer's commitment to its customers and healthcare providers, and to consistently deliver against our goal to provide disease and product knowledge and support the value of our current medicines and newly available therapies.

Advancing a Track Record in Training

Our ability to consistently rank Number One is rooted in our long track record in professional development throughout each sales colleague's career. We focus our training on product knowledge, different diseases, healthcare ethics and law, and field leader coaching. A primary objective of our sales force is to provide physicians with accurate medical and product information, including all available data on benefits and risks, so physicians can make more informed treatment decisions. All members of the sales force are expected to know the medical foundation of diseases and treatments as well as the latest research findings on Pfizer and competitors' products.

Self-study, instructor-led, classroom style and on-the-job courses are offered. Specific healthcare law compliance, including effective documentation, is a major part of the training for every sales colleague and sales manager around the world at Pfizer. Colleagues are required to take an online training course and pass a test on ethics and compliance every year.

Looking for new ways to interact with US healthcare professionals, Pfizer set out to totally revamp its web-based approach for healthcare providers. Pfizer for Professionals (PfizerPro), Pfizer's new one-stop shop for healthcare professionals, is an innovative online resource that not only communicates to providers about inline products and patient education but also about the company's pipeline, post-marketing studies and more.

www.pfizerpro.com/content/home.jsp

Implementing a Global Marketing Code of Conduct

In 2006 we rolled out the Pfizer Global Policy on Interactions with Healthcare Professionals throughout Pfizer. This policy incorporates common legal and ethical standards from many of Pfizer's major markets, including the US and Europe, and applies them to every country in which we operate. The policy, written in 45 languages, provides specific guidelines on appropriate behavior for Pfizer colleagues who have direct contact with physicians and other healthcare professionals. It covers such topics as the guidelines for Pfizer-hosted educational or promotional meetings, medical communications, marketing activities, confidentiality of patient data, and use of giveaway items.

Sales professionals, in particular, are required to complete and pass a self-study course on the policy. In Sales, the policy was rolled out through a process coordinated by the Sales Leadership and Compliance Senior Sales Management which was responsible for completion of the training and monitoring.

Restructuring the Sales Force

In 2006, we reduced the size of our sales force in the US by 20 percent, and management by up to 30 percent, with similar cuts in Europe and other parts of the world. The restructuring was undertaken to better align Pfizer with physician needs and other changes in the marketplace—changing products and services, and changing stakeholder expectations—to become a better partner with healthcare professionals.

The sales force was reorganized into four operating units focused on products, with a fifth focused on customers. The sales force became more entrepreneurial, increased its speed of decision-making in the field, and coordinated better with the Pfizer leadership team. As a result, physicians said they felt they had been heard and that their patients could be better served. In addition, we improved our internal efficiencies.

UNITED STATES

Delivering Beneficial Prescription Medicine Advertising

We believe that responsible consumer advertising educates patients and is a critical conversation starter that results in life-changing diagnosis and treatment decisions. Data supports that consumers value the information provided by advertising that alerts them about potential health conditions and available treatment options. Not all advertising is relevant to all people, but it is of critical interest to those who suffer or are at risk for an advertised condition. Importantly, advertising motivates patients to seek additional information and to talk to their doctors, and it is only through consultation with a physician that a treatment can be evaluated and prescribed.

We recognize that this type of communication reaches a broad audience and thus requires a responsible approach. To continuously improve the usefulness of this form of communication, we embarked on a series of changes over the past two years to make sure our prescription medicine advertising encourages patients to have appropriate conversations with their doctors, helps consumers understand the risks and benefits of prescription medicines, and motivates people to overcome significant barriers to better health.

Implementing New Prescription Medicine Consumer Advertising Guidelines

In 2006 we committed to change some of our consumer advertising practices in the US by:

- Educating physicians about our new medicines for a minimum of at least six months prior to beginning consumer television and print advertising
- Submitting all new television ads to the FDA for comment in advance of airing
- Increasing advertising efforts behind disease awareness and Pfizer Helpful Answers to provide more information on access to medicine (see pages 39, 48).

In 2007 we made the following changes:

- Lipitor® advertising now reinforces the role of alternative treatments for high cholesterol, such as exercise and diet, and advises patients that physicians may recommend other treatment options
- Print campaigns for Lyrica®, Lipitor®, Zyrtec® and others include easy-to-read facts about risks, and all print ads include Pfizer Helpful Answers information
- Our advertising now promotes disease awareness, including awareness of heart health, overactive bladder and chronic obstructive pulmonary disease (COPD)
- Our newest Celebrex® commercial, previewed by the FDA, provides a broad context of the risk-benefit profiles of various prescription pain medications.

EUROPE

Aligning Customer Excellence

The ACE (Aligning Customer Excellence) Program in Europe, is a Pfizer initiative designed to align Pfizer Europe to stakeholder needs and interests in the European healthcare marketplace. It is based on a simple premise: it is no longer sufficient to discover, develop and deliver great medicines. We must also help to improve standards of care, support knowledgeable consumerism, rebuild physician autonomy to facilitate better health outcomes, focus pricing and access on transparency and quality, and protect patient rights, among other endeavors. In practice, this means:

- Moving from treating people when they're sick to helping keep people well
- Re-empowering physicians and patients so costs are not the only factor in determining health decisions
- Working with stakeholders to find efficient and effective ways to spend scarce resources more wisely
- Validating the value of innovative medicines to society by changing the focus from the cost of medicine to reducing the burden of disease.

Through ACE, we have reallocated resources in Europe so we can interact more flexibly with a range of stakeholders who provide direct feedback that helps us address their concerns and interests. Patient groups, the public at large, payers, government and health officials, and physicians' and nurses' groups are all increasingly organized to advise us in this capacity.

PUBLIC POLICY

We believe that effective public policies can help create an environment in which innovative medicines are more effectively brought to market, and patients are able to receive the medicines they need. For this reason, we believe it's our responsibility to engage in public policy discussions. This includes issues that affect regulatory guidelines, medicine safety, and a range of business practices around the world. We engage in ways that are transparent and consistent with our values.

2006/2007 KEY ACTIONS

Worked with the Health Coverage Coalition for the Uninsured to develop recommendations to address the uninsured in the US healthcare system.

Worked around the world to strengthen healthcare policies, increase patient access to care and protect against counterfeit medicines.

Requested US trade associations to disclose any portion of our dues used for political purposes.

Expanded the Pfizer Europe Advisory Council, which includes a range of stakeholders who advise Pfizer on healthcare issues.

Supported proposed legislation with the Campaign for Smokefree Air to help make Michigan the 30th US state to protect citizens from exposure to secondhand smoke.

Supported increased access to medicines and safety monitoring in the US through policy advocacy.

Contributing to the Political Debate

Public policies—on such issues as access to medicine, the future of Medicare, illegal importation and intellectual property protections—have enormous impact on our ability to meet patient needs and create shareholder value. For this reason we actively participate in public policy discussions, sharing our knowledge about healthcare, global public health, disease prevention and health education, and contributing ideas about improving efficiency and effectiveness.

We strongly believe in contributing to public policy activities in ways that are appropriate, ethical and transparent. This approach is applied globally, wherever we engage with governments, private or public institutions.

Public Policy in the United States

Different parts of the world face different public policy issues based on their healthcare systems, markets and economic strengths.

In the US, for example, we participate in one of the most heavily regulated industries, and comply with all federal and state lobbying registration and disclosure laws. We demonstrate transparency by publicly disclosing on our website our corporate political contributions and employee Political Action Committee contributions. In addition, we have agreed to disclose any portion of our trade association dues that are used for political purposes.

To access Pfizer's Political Action Report, visit www.pfizer.com/responsibility/lobbying_and_political_contributions.jsp.

Supporting Health Reform

Pfizer is part of a larger healthcare system in the US. We are working along with other companies to help make policy reforms that strengthen the current system, improve quality and stabilize escalating healthcare costs. Here are some primary examples:

FDA Revitalization Act (FDARA)

This legislation is an expansion of the reauthorization of the Prescription Drug User Fee Act (PDUFA), a law requiring the industry to pay fees to the FDA in return for predictable regulatory review times and processes. With this special funding, the FDA has been able to double its review staff and bring median review times for new drug applications down by about half—to allow for a 10-month review cycle (six months for priority applications). User fees were first established in 1992, then re-enacted every five years.

User fees make up 42.5 percent of the FDA's Center for Drug Evaluation and Research budget—with Congress appropriating $298 million and the FDA collecting $220 million from industry. The user fee system has been criticized for two reasons: the potential or perceived impact of user fees on the FDA's impartiality, and the fact that the fees are earmarked for new drug application reviews rather than for general activities or post-marketing safety work. FDARA, however, also includes provisions for drug safety legislation and pediatrics, specifically the Best Pharmaceuticals for Children Act and the Pediatric Research Improvement Act.

Based on recent negotiations with the pharmaceutical industry, Congress will increase user fees for new drug applications, to keep drug review targets at 10 months. The FDA can use a substantial part of the fees for post-marketing drug safety and pharmacovigilance efforts, as well as research on new drug safety tools. This is the most comprehensive reform of the FDA in the past decade and Pfizer is actively supportive of this important legislation.

Medicare

In December 2003, the US Congress passed, and President George W. Bush signed into law, the Medicare Modernization Act (MMA) which, for the first time, provided prescription drug coverage for American seniors and people with disabilities, called Medicare Part D. Pfizer applauds the Federal government for recognizing that a healthier society is achievable by addressing disease and sickness prevention.

Medicare Part D is a significant step towards ensuring that the country's senior and disabled patient populations have affordable access to the medicines they need to live longer healthy rather than live longer sick. Without medicine, they pay more for hospitalizations and end-stage disease treatment.

There is considerable evidence that the program is working even better than initially expected, by giving Medicare recipients access to innovative medications at reasonable prices. Recent estimates show that beneficiaries will save an average of $1,200 a year, while millions of low-income and seriously ill patients will each save thousands more. One of the reasons for this success is competition. The different plans offered by different insurance companies compete on premiums and on access to the best, most-commonly-used medicines.

With this successful implementation, Pfizer continues to support the roll-out of the Part D benefit. Over 90 percent of America's senior citizens and younger people with disabilities now have prescription drug coverage due to the new Medicare prescription drug program. We partner with both government and community groups to provide education and assistance and help improve access to medicines for seniors.

Drug Importation

Prescription drug importation occurs when foreign pharmacies and traders ship medicines, which may or may not be approved for use in other countries, into the US for sale to American consumers. Over the past several years, there have been a number of legislative proposals to amend current health and safety laws so distributors can import prescription medicines from other countries into the US, or allow individuals to purchase medications directly from pharmacies in other countries. Although importation may sound appealing, it presents real risks to patients and there is no guarantee that the imported pharmaceuticals would be safe. Federal law on prescription drug imports reflects well-documented concerns about the safety of imported medicines, and the risk that many of these drugs will be unapproved, adulterated, contaminated, or counterfeit (see page 56 for more on counterfeit medicines). Many drugs that consumers believe are coming from Canadian pharmacies actually come from other countries, where the supply chain may not be secure. If the US government were to allow large-scale, systematic importation, several federal agencies believe that safety problems would only get worse.

Importation not only creates safety risks, it does so without any guarantee of meaningful off-setting cost savings. It also threatens innovation and the future development of new medicines. Because foreign governments mandate discounted drug prices, the US market bears more of the costs of biomedical research. If markets are unwilling to pay for innovation, the flow of new, innovative medicines will be affected. To help solve this problem, Pfizer is working hard to find long-term, sustainable solutions to improve the affordability of medicines in the US without requiring patients to incur safety risks from importation.

Supporting Legislation for Smokefree Air

Pfizer supports legislation to eliminate the hazards of secondhand smoke from the workplace, and other public places. We joined the Campaign for Smokefree Air (CSA), a grassroots coalition, to advance this cause for prevention and wellness.

Our partnership with the CSA aims to help make Michigan the 30th state to protect its workers from deadly exposure to secondhand smoke. As a member of the CSA's Steering Committee, we are also the first and only pharmaceutical company actively participating in this effort.

Secondhand smoke causes severe health repercussions. Michigan absorbs approximately $3.4 billion a year in related productivity losses and spends, through Medicaid, $1.04 billion to cover health costs associated with smoking. These are some of the reasons why 63 percent of Michigan's registered voters support a new state law to ensure smokefree workplaces, restaurants and bars. With such support, CSA is aggressively pushing for the passage of Senate Bills 109 and 110 and House Bill 4163 to secure these smokefree environments.

Partners in the 60-member CSA, along with Pfizer, include the American Cancer Society, the American Heart Association, the American Lung Association of Michigan, the Michigan State Medical Society, the Michigan Health and Hospital Association, among other medical provider organizations and health advocacy groups.

Working to Expand Health Insurance Coverage

The problem of the uninsured plagues the American healthcare system, with approximately 47 million Americans lacking health coverage. Progress on the issue, however, has been stymied by the vastly different approaches of various stakeholders. But now there is a change.

For the past two years, Pfizer has participated in a diverse coalition of 16 groups including healthcare providers, trade associations and activist groups determined to rethink the issue and lay out a path for progress. Together the groups developed consensus recommendations for covering a significant number of the uninsured and formed the Health Coverage Coalition for the Uninsured (HCCU) to move these recommendations forward. On January 18, 2007, the Coalition released an agreement which all the parties endorsed.

The HCCU agreed to certain key principles:

1. Making coverage available to those who could least afford it
2. Relying upon incentives and voluntary approaches
3. Building on the employer-based system and not weakening incentives for employers to provide coverage
4. Using a combination of public and private approaches to expand coverage
5. Recognizing the budget challenge facing most states and
6. Recognizing the importance of consumer outreach and education on health coverage options.

The HCCU's recommendations advocate coverage expansion for the uninsured occurring in two phases. In Phase I, the focus would be on children. In Phase II, the key recommendations are to eliminate family status as an eligibility requirement, and to give states an option to expand coverage to all adults with incomes under the federal poverty level. In both phases, the recommendations represent a balance of public- and private-sector options.

We are also working with the Coalition to Advance Health Reform.

Strengthening Intellectual Property Protection

We believe that appropriate incentives for biomedical innovation fuel the discovery and development of new cures and treatments. That's what the track record shows.

The research-based pharmaceutical industry depends on patent rights because they provide needed incentives to make expensive, high-risk investments in biomedical discovery and development. This is where new medicines come from. It costs on average about $800 million to discover, develop and manufacture one approved medicine before it enters the market, with no guarantee of success. Patents guarantee a limited period of exclusive marketing rights for approved medicines in order to earn a fair return on such a large investment. In short, patent protection is the only proven system of bringing new medicines to society in a timely manner.

This is why we are helping emerging markets strengthen their regulatory systems, including intellectual property rights protection. We believe that strong patent laws, when balanced with reasonable times of exclusive marketing rights, lead to more medicines and, ultimately, less disease.

There is a view that patent rights limit access to medicines because they prohibit the unauthorized manufacture and sale of a patented medicine. We disagree that patents are a primary cause of limited access to medicines. The fact is, 90 percent of the World Health Organization's List of Essential Medicines are no longer patented and still do not reach the people who need them. Further, these medicines were originally discovered and developed by private industry. As noted in this report, we're working actively to form public-private partnerships to improve access to medicines around the world.

Right to Privacy for Patient Information and Physicians

The right to privacy is fundamental, but it's being challenged as our society becomes more reliant on electronic forms of communication and information technology.

That's why electronic prescribing, when physicians use electronic methods to send prescriptions to pharmacies and hospitals, is being scrutinized so carefully. We believe that electronic prescribing, done with proper safeguards, is an increasingly valuable and important tool for protecting patient safety, enhancing patient treatment and improving overall efficiency. We believe the following guidelines should apply:

- Patient and physician needs should drive the design of e-prescribing tools that will be used at the point of care. A market-driven approach will best assure the adoption of systems aligned with the provision of quality care.
- E-prescribing should be provided through a neutral and open platform and conform to prevailing quality and technical standards. It should not be designed to advance the commercial interest of any particular participant to the potential detriment of patient care.
- Patient privacy must be protected.
- All messages transmitted to physicians and their staffs through e-prescribing systems must be sourced, accurate, and fact-based.
- E-prescribing technologies should support greater access to data for better clinical decision-making, including alerts to adverse events and access to formulary information. Such information should not be selectively or competitively pushed to the physician, and the distribution of such information must not diminish the patient's right to appeal.
- E-prescribing must not subvert the protections offered to patients in other areas of Medicare.

Public Policy in Europe

New Approaches to Healthcare
In Europe we are changing how we embed the needs of our stakeholders into the value Pfizer provides them—not only through medical and scientific value, but by also integrating social value.

In practical terms, we are achieving this by changing how we communicate and partner with our stakeholders, which, in turn, affects how we operate. We call this "customer facing." For a description of how we implement this in Sales and Marketing through ACE (Aligning Customer Excellence), please see page 84.

Our transformation is supported by hiring a far more diverse colleague base that comes from the array of social interests in healthcare: patients, pharmacists, payers, government decision-makers, policymakers, economists and NGOs. By allocating our resources to hiring people with these backgrounds, we are embedding the thinking, culture and needs of the groups from which they come. Below, and elsewhere in this report, are some results of our Stakeholder Model approach (see pages 10-11):

Pfizer Europe Advisory Council
Pfizer Europe expanded the Europe Advisory Council, which meets regularly with our management on commercial goals. To better serve patients, we included diverse social and economic interests, in addition to the medical and scientific interests, associated with particular medicines. For example, for Champix®, our smoking cessation medicine, we included diverse experts from international organizations, Ministries of Health, patients, trade unions and others, in addition to medical and scientific experts. Our understanding of how Champix® would serve patients better was enhanced, shifting us from an insular approach to a stakeholder-focused approach.

Healthy Ageing
Pfizer Europe has established a "Healthy Ageing" Platform to guide "partnering and communicating differently" that aligns with the public's acknowledged desire for staying well. Active work with the EU Commission on a Resolution of "Active and Healthy Ageing" resulted in a partnership toward Healthcare Systems Reform programs. For example:

- The Luxembourg Sustainable Health Financing Studies—The Cox Report (named for former President of the EU Parliament, Pat Cox)—have been received by the EU Health Commission
- The Alliance for Health and The Future works in the EU to facilitate reforms on Health as an Investment to keep people as productive members of society.

AWARDS AND RECOGNITION

A Pfizer Germany colleague was awarded the Patient Rights Award 2007 by PMI, publisher of several pharmaceutical periodicals, for outstanding work with patient groups to strengthen patient participation and patients' rights.

Public Policy Around the World

We are working hard to address public policy challenges and opportunities around the world. In partnering with governments, communities and many other stakeholders we're committed to working towards policies and programs that will help to bring more medicines to more patients more quickly.

KENYA

Fighting Counterfeits to Protect Patients

Pfizer has been working closely with the Kenya Association of the Pharmaceutical Industry (KAPI) to counter the illegal trade of pharmaceuticals, mostly counterfeit products, which were mainly hidden under the guise of parallel imports. Through our efforts, regulators have established strict regulations on the parallel importation of pharmaceuticals. This effort has had a positive impact on patients since the influx of counterfeits has been contained to some extent.

SOUTH AFRICA

Reducing Health Disparities Through Social Health Insurance

This program is a partnership between the South African government, the pharmaceutical industry and the medical scheme (insurance) industry to address the health disparities in the country. The goal of the program is to increase the number of people in private medical schemes, thereby giving them access to newer health technologies and products at lower prices. In addition, this program aims to significantly reduce the burden on the under-resourced public healthcare system.

The establishment of medical schemes for low-income beneficiaries is considered to be a significant step towards the achievement of Social Health Insurance in South Africa. Medical schemes will charge lower premiums and, in turn, the pharmaceutical industry will subsidize drug prices. The subsidy will be refunded to the medical scheme to allow the scheme to reimburse newer, better medicines for low-income patients.

A low-income medical scheme proposal has moved to Cabinet, as recommended by industry, but is not yet approved.

ISRAEL

Educating for Intellectual Property Rights

In recent years, knowledge-based industries, including the innovative pharmaceutical and biotechnology sectors, have grown in Israel. However, a relatively lax environment on enforcing intellectual property rights (IPR) has had a dampening effect on overseas investment in Israeli companies.

To raise awareness of this issue, the Business Ethics Center of Jerusalem and Pfizer Israel initiated the "Educating for Intellectual Property Rights" program, in partnership with the Government of Israel and the US Embassy in Tel Aviv.

In February 2004, the program was introduced into Israeli high schools, and now, over 1,000 teachers have received it. The program has been produced in Hebrew, Arabic and English, and several hundred lead teachers have undergone special teacher-training courses.

The IPR program includes a comprehensive teacher's guide covering the different forms of intellectual property, such as patent, copyright, design, reputation and trademarks; and also discusses cyberspace and intellectual property rights.

The guide also suggests activities to engage students, such as discussing ethical dilemmas relating to examples of common abuse of IPR, and reading passages about famous inventors that underscore the importance of patenting discoveries.

THAILAND

Protecting Patients from Counterfeit Medicines

Pfizer Thailand has been working with government departments, local enforcement agencies and other stakeholders to raise awareness and strengthen collaboration in actions against counterfeit medicines. A recent anti-counterfeiting workshop attracted strong attendance and media interest, and helped facilitate improved communication and commitments to address the dangers of counterfeit medicines. The protection of consumers from counterfeit medicines and the provision of access to quality medicines is critical and Pfizer Thailand is working hard with key stakeholders to enhance coordination and successful action on this important issue.

REPUBLIC OF KOREA

Partnering in Research and Development

We recently announced enhancements to our research and development activities in South Korea, in partnerships with the Korean Ministry of Health and Welfare and the Korean Research Institute of Bioscience and Biotechnology. The latest of many valuable Pfizer collaborations throughout Asia, these commitments include a range of initiatives with government, academic and biomedical institutions, and medical centers, in Korea, in the common pursuit of helping Koreans lead longer, healthier and happier lives. Our commitments mark the single largest foreign research and development investment attracted by Korea.

AUSTRALIA

Contributing and Consulting on PBS Reforms

The Australian government has recently introduced important reforms to its Pharmaceutical Benefits Scheme (PBS) which provides medicines to all Australians. The reforms were designed to give Australians continued access to new and innovative medicines while ensuring the PBS remains sustainable into the future. Pfizer Australia, through the industry body Medicines Australia, worked together with the government and other stakeholders in developing the reforms and in consulting with patients. The Health Minister noted this contribution in Parliament when he stated: “I would like to thank the industry for their constructive work with the Government through periods of consultation and negotiation.”

JAPAN

Supporting Positive Regulatory Reform

Pfizer is supporting Japan’s Pharmaceutical and Medical Devices Agency (PMDA) in its stated goal to address and improve the approval time for medicines in Japan. It is important that the PMDA be a world-class regulatory agency and Pfizer Japan, together with industry, is working with partners in government, providing technical support, raising awareness in connection with resourcing, and contributing to performance goal setting. These measures will help to bring more new medicines to Japanese patients more quickly.

EGYPT

Bringing Innovation to Patients Faster

Pfizer has been working closely with the newly appointed Health Minister of Egypt to support his regulatory reform efforts. Pfizer was a member of the Minister’s committee which was formed to provide recommendations to ensure the transparency of the regulatory system. As a result, he issued a Ministerial Decree in 2006 designed to facilitate fast registration of innovative medicines and bring new products to market more quickly. As a result of his appointment and other trends, healthcare reform has become a top government priority.

Pfizer's Approach to Sustainability: A Case Study in China

In our view, "sustainability" in the pharmaceutical sector goes beyond a full pipeline, good supply chain management and environmental renewal. At Pfizer, we ask: "How can we help meet the health needs of people today, without compromising our ability to meet the health needs of people tomorrow?"

We believe the most workable answer lies in our dual approach:

- Sustainable enterprise—investing in the business
- Sustainable development—investing in the community.

Sustainable enterprise includes establishing research partnership agreements, local manufacturing capabilities, and R&D centers to discover and develop new medicines. It also means supporting intellectual property rights so we and other innovators can help meet the health needs of people tomorrow.

Sustainable development includes working with local government to understand their health priorities and then forming partnerships to meet those needs by improving disease awareness, providing needed treatment and building healthcare capacity.

Pfizer China is a good example of how our approach to sustainability works. After entering the market in 1984, we now have a presence in more than 50 cities, with 2,100 employees. We have introduced over 40 medicines to China and have four state-of-the-art manufacturing facilities in Dalian, Suzhou and Wuxi. In 2005 we opened an R&D center in Shanghai, and today we have public health programs in six disease areas ranging from HIV/AIDS to hypertension. In 2006, Pfizer China was ranked by *Forbes* magazine as one of the most philanthropic multinational companies. Following are examples of how Pfizer China exemplifies sustainability.

"The close partnership between Pfizer and our city has truly blossomed in the past decade. Over this period, our partnership has contributed both to Shanghai's development and to the health of our citizens. Looking ahead, we see our association growing stronger and deeper."

— HAN ZHENG, MAYOR OF SHANGHAI

Sustainable Enterprise: Investing in the Business

Manufacturing Pfizer Suzhou, our animal health products facility, is expanding to become an advanced, large-scale, international manufacturing and distribution center. It employs advanced manufacturing equipment and testing technology to produce a variety of veterinary and agricultural antibiotic formulations. When complete, manufacturing capacity will increase from 800 to 7,000 tons, and products manufactured in Suzhou will be exported to 55 countries around the world.

Research & Development In 2005, Pfizer opened a state-of-the-art Research and Development Center in Shanghai. The Center provides drug development support capabilities and biometric expertise to China and the Asian region. The Center supports study design, data management and statistical analysis for global clinical trials, while also training local Pfizer colleagues in internationally-recognized Good Clinical Practice standards.

Supply Chain Responsibility Pfizer sources a number of raw materials and active pharmaceutical ingredients from suppliers in China, and this business is growing. To assure responsible practices with regard to safety and the environment, we have an active supplier review program. In 2006, reviews were done at 22 supplier facilities in China. Reviews involve onsite visits by Pfizer environmental and safety experts, typically for two days. In addition, Pfizer has provided training and coaching to key suppliers regarding environment and safety management. Efforts included a five-day training program, in November 2006, given to 30 managers and engineers from six suppliers on industrial hygiene and process safety.

Anti-Counterfeiting In March 2007, Pfizer launched a new anti-counterfeiting color-changing logo for Viagra® in China on Consumer Rights Protection Day, with plans to replace the current laser anti-counterfeiting label globally. This effort reflects Pfizer's commitment to patient safety through the application of new technologies.

Working with Government In October 2006, the Mayor of Shanghai, Han Zheng, reaffirmed the city's strong partnership with Pfizer during the first Pfizer Board of Directors meeting held in Shanghai. "The close partnership between Pfizer and our city has truly blossomed in the past decade," the Mayor said. "Over this period our partnership has contributed both to Shanghai's development and to the health of our citizens. Looking ahead, we see our association growing stronger and deeper."

Sustainable Development: Investing in the Community

HIV/AIDS Pfizer China has responded to the AIDS epidemic in China by committing itself to a slate of HIV/AIDS initiatives, from training healthcare professionals to promoting increased awareness and education about HIV/AIDS prevention and treatment programs. Pfizer also became the first multinational pharmaceutical company in China to issue an HIV/AIDS Workplace Policy that ensures a work environment free from harassment and discrimination for employees living with HIV/AIDS.

Hypertension In November 2006, Pfizer began working with Shanghai's Center for Disease Prevention and Control to help manage and reverse hypertension and related cardiovascular risk factors. Cardiovascular disease is the leading cause of death and disease burden in urban centers in China. The goal is to fully utilize the resources and infrastructure of local hospitals to improve diagnosis and disease management, as well as provide education and training to improve skills at selected hospitals.

Stress Management In March 2006, Pfizer China and Song Jiang University Town launched a joint effort called the Mental Health and Stress Management Training Project. The project is designed to raise awareness about mental disorders among university faculty, so they can help recognize and prevent such disorders among their students. The project also offers free psychological counseling to the tens of thousands of students at the eight colleges within the university.

Smoking Cessation China, with approximately 350 million smokers, produces and consumes more cigarettes than any other country in the world. Pfizer China hopes to challenge this trend by conducting a series of community awareness and education programs, including a three-year smoking cessation initiative at Peking University called "Staying Away from Tobacco for a Healthy Life."

Cataracts Cataracts are one of the leading causes of blindness in China. Pfizer provides support to Lifeline Express, a unique traveling eye hospital train that has provided more than 60,000 free operations to cataract patients in frontier and poverty-stricken areas. In 2003, Pfizer China donated nearly 1,100 artificial lenses to help more than 1,300 cataract patients regain their sight. Pfizer China also helped Lifeline Express host academic exchanges in rural China, to train local ophthalmologists and to bring local doctors to Hong Kong and Guangdong for formal training.

EMPLOYEES

Making Pfizer a great place to work is a key strategic priority in 2007. Engaged employees are essential to discovering and developing new medicines, and serving the needs of all our stakeholders. They are essential to our success. That's why we're developing a company culture that drives business performance and innovation through a broad diversity of talent and views—where colleagues build their careers, are empowered to make decisions, have an impact, and are rewarded for achieving business results.

2006/2007 KEY ACTIONS

Managed significant organizational changes with transparency and emphasis on affected colleagues.

Developed a strategic plan endorsed by the Board of Directors to expand Pfizer's global diversity and inclusion.

Expanded Pfizer's employee health-improvement program, which is based on prevention, early diagnosis and timely treatment.

Expanded CEO and senior management engagement with colleagues, including a global CEO-Colleague Advisory Committee to improve the flow of ideas.

Eliminated dozens of management committees to push decision-making down into the organization.

Developing Talent and Employee Engagement

Meaningful work, an inclusive environment and effective leadership—these are some of the primary drivers of "colleague engagement," the commitment of employees to give their best efforts, stay with Pfizer and say they are proud to do so.

We assessed colleague engagement within certain divisions in 2006 and identified a number of key challenges and opportunities.

These included the need for:

- Regular, clear and more direct communications during a time of change
- Support from managers through change
- Focus on retaining and developing committed employees
- Performance-based incentives and career development.

We addressed some of these challenges quickly with new solutions. Other challenges we addressed by building on established programs as described throughout this section. In late 2007, we will begin an annual all-colleague survey of colleague engagement using the Gallup® survey to assess our progress going forward.

Managing Pfizer's Transformation

Pfizer currently has 89,000 employees worldwide. In late 2006 and early 2007, the company committed to reducing its workforce by approximately 10 percent of Pfizer's worldwide employee base in line with evolving changes in the marketplace.

Planning for Pfizer's transformation began in early 2005 with teams of colleagues in each division analyzing issues and priorities. As the pace increased in 2006 the challenges of leading change were met through a robust set of strategies including senior-level communications, colleague focus groups, and providing managers and colleagues with useful tools to help them deal with the unprecedented pace of change across the company. During this period, we launched several initiatives focused on strengthening supervisors' skills in leading change, colleague retention and building colleague resilience.

Leadership Education and Development

Pfizer invests in the development of programs to educate and prepare those who supervise others, ensuring a pipeline of "ready now" leaders. The company provides core, common and critical leadership development resources for Pfizer leaders with a focus on behaviors such as sustaining performance, creating an inclusive environment, encouraging open discussion and debate, managing change, developing people, and aligning across Pfizer. Programs are based on a three-pronged development strategy that includes coaching, on-the-job experiences, and various learning opportunities. Between 2004 and 2006, 2,290 managers across the business graduated from these programs.

Divisional and Location Education and Training

Most of the education and training at Pfizer is conducted at the business level, where specific quality, technical and research skills are required. For example, our global R&D organization conducted more than 50,000 instructor-led training classes and nearly 200,000 self-study events during 2006.

Another example is Pfizer's partnership with the University of Michigan, where 160 high-potential R&D colleagues received executive leadership education in 2006. This program complemented a broad curriculum of personal, manager and leadership development offered at Pfizer R&D locations.

Right First Time Training

More than 14,000 colleagues have received basic training taught by 1,000 trained colleagues to support a range of activities associated with "Right First Time"(RFT)—a multi-faceted initiative based on the philosophy that "good enough is not good enough." Through RFT, tremendous value can be captured in improving work processes, primarily in manufacturing and supply chain, but also throughout the organization. RFT uses a number of tools, including the statistical techniques of Six Sigma methodology and Lean principles, which provide a systematic approach to identifying and eliminating waste through continuous improvement. Through these techniques we gain an in-depth understanding of how a process works, how and where it can be improved, and how to make necessary changes.

Striving for Enterprise-Wide Diversity and Inclusion

Diversity and Inclusion is another key pillar of colleague engagement. Over the past few years, we have made improved progress in attracting diverse talent to the company—particularly at entry levels across our divisions. In addition to attracting diverse colleagues, time and effort is being focused on their development and engagement so talented colleagues advance to senior levels. The "traditional Pfizer mindset" or success profile is being expanded as well. This means certain jobs don't have to be done by those who have always done them in the past. We are creating the type of environment in which all types of colleagues feel welcome and their ideas and contributions are valued.

In 2006, Pfizer's Board of Directors endorsed a comprehensive strategic plan to expand the company's culture of diversity and inclusion globally. This strategy is designed to attract, retain and develop the highest caliber talent in the world by creating and nurturing an environment that respects diversity and where all employees feel valued, respected and engaged. The plan revolves around the following platforms:

Leader Education and Accountability

We will produce informed and engaged Pfizer leaders around the world who actively drive Diversity & Inclusion (D&I) progress and plans in their organizations. These leaders will ultimately be responsible for delivering specific agreed-upon results.

Senior leader Engagement and Education is a key tenet of the Pfizer Diversity & Inclusion strategic framework. In 2006, the Worldwide D&I Office (WDIO) began development of a curriculum for Pfizer's top senior business leaders—focusing on the critical role they play in creating and supporting an inclusive environment that optimizes individual and team performance across the entire organization. These senior leaders will be expected to embrace new behaviors, shape attitudes, and communicate messages that will help transform Pfizer's organizational culture.

Pfizer business leaders are each committing the necessary resources to support and successfully implement their D&I plans. Each business unit has identified representatives on the D&I Worldwide Leadership Committee (WLC). This group meets regularly to provide executive level oversight, influence and governance for the company's D&I strategic framework; serves an advisory body to the Pfizer Executive Leadership Team and the Worldwide Diversity & Inclusion Office; and works in collaboration with the Pfizer Board as appropriate. Divisions are also each identifying D&I Business Leads—individuals charged with partnering with leaders and the WDIO to drive D&I plans throughout their organizations.

Human Resources Processes

We will review and examine select HR practices and processes to ensure that neither bias nor blocks to progress on inclusion exist and to create progress on inclusion and the creation of an environment which is perceived as fair, unbiased and welcoming.

We are in the process of analyzing, identifying and addressing high-impact areas of opportunity across Pfizer, such as performance management, talent planning, compensation, and other processes that can be enhanced to create and support an inclusive environment.

One process currently being evaluated for efficacy is our Open Door policy, which permits any colleague to present ideas, concerns, questions, problems, or suggestions directly to any level of leadership within the Company, without fear of retaliation.

Business Maximization and Growth

Pfizer's D&I Worldwide Leadership Committee will work with business leaders to identify and lead efforts that demonstrate the business value of creating a diverse and inclusive environment. We will seek to partner with key external organizations to share our D&I vision, enhance Pfizer's reputation and support our business goals.

Our success demands that our business units reflect the widest variety of perspectives to respond to the accelerated changes in the marketplace and the needs of the diverse customers and patients we serve. The D&I Worldwide Leadership Committee will work to utilize the D&I process to support Pfizer's business success.

Our external focus on D&I also applies to our suppliers, business partners, communities, and key external organizations to help drive our business results and share our commitment and progress in the D&I process.

Pfizer's senior leader D&I Engagement and Education process launched in 2007 with the introduction of a Leading Diversity and Inclusion (LDI) curriculum. To date, over 500 of Pfizer's top leaders have completed the first phase of this process with another 200 scheduled to participate in 2007. Feedback has been positive on those sessions already held in the US, Europe and Japan. The LDI process involves two separate LDI Education Days delivered two to three months apart. Leaders will use the interim time between these two sessions to apply what they have learned to develop D&I action plans for their own organizations.

Diversity and Inclusion Initiatives for Specific Groups or Communities

We have programs and initiatives for specific groups or communities who have been historically underrepresented in the US.

Some examples include:

Advancing the Goals of the Latino Community

In October 2006, 120 Latino leaders from the United States and Puerto Rico met for an all-day conference, at New York headquarters, to explore such topics as recruitment, retention and advancement of Latino colleagues, the challenges and opportunities of targeting Latinos as a market, and Pfizer's record of philanthropy in the Latino community.

Partnering with the GLBT Community

The Human Rights Campaign (HRC) has recognized Pfizer's internal and external efforts affecting the gay, lesbian, bisexual and transgender (GLBT) community. Pfizer scored a perfect 100 on HRC's Corporate Equality Index, an evaluation of how corporations treat their GLBT employees, consumers and investors. This marks the fourth consecutive year in which Pfizer has made the list, and the third consecutive year Pfizer attained a perfect score.

Promoting Women in Leadership

As part of its global women's strategy, Pfizer continues to sponsor leadership development events for women around the globe, such as the Simmons Leadership Conference in the US and the Global Summit of Women, held in Berlin in 2007. Hundreds of Pfizer's top women leaders participated in these sessions and Pfizer-specific events held in conjunction with the conferences. Plans are underway to bring together Pfizer's top women leaders for a Pfizer Women's Summit in 2008.

Establishing HIV/AIDS Workplace Policy

Pfizer is committed to its global policies on HIV/AIDS (established in November 2004) and the implementation of related programs. While specific programs may be site-based, to address local conditions, the overarching policy on HIV/AIDS applies to all employees of the company and its subsidiaries. The program covers non-discrimination, awareness, prevention, and health support programs.
For more details about Pfizer's HIV/AIDS policies, visit www.pfizer.com/responsibility/hiv_aids_workplace_policy.jsp.

Supporting Employees with Disabilities

Pfizer has been an active supporter of the rights of disabled people for decades, for both business and social reasons. We were recently honored by the National Business Disability Council for our 25 years of active service.

We believe the workplace is an important environment in which to both tap into the talents of people with disabilities as well as build their skills. In the US, we do much more than simply comply with the mandates of the Americans with Disabilities Act. For example:

- We rebuilt an entire lab to lower workstations, so scientists in wheelchairs are able to do the research they love without compromise.
- We have physical therapy centers at several of our facilities because muscular-skeletal problems are the most common workplace disability. We conduct ergonomic assessments, so workstations can be reconfigured to offset repetitive stress.
- In 2006 we created the Disability Networking Group, which promotes professional opportunities for Pfizer colleagues, and those interested in becoming Pfizer colleagues, who have physical, developmental, and/or other disabilities.

Improving Wellness

One way we are striving to live the health principles we promote as a company is through Healthy Pfizer, an integrated, comprehensive health-improvement program. Launched to our US colleagues and their families in June 2005 and in Puerto Rico in September 2006, the Healthy Pfizer program is designed to increase health awareness and support positive change based on the principles of prevention, early diagnosis and timely treatment.

Healthy Pfizer's personalized, easy-to-use tools, programming and services include a confidential, personalized web portal, onsite health screenings, a health risk assessment tool which includes a detailed report on individual risk factors and overall health, telephonic and onsite coaching programs designed to help participants reduce risk factors and manage chronic conditions, a 24/7 nurseline, and a physical activity program.

To date:

- 22,991 colleagues have completed health screenings conducted onsite at Pfizer facilities throughout the US and Puerto Rico
- 84 percent of colleagues and 52 percent of dependents have completed the health risk assessment tool, the Health Questionnaire
- 41 percent of eligible colleagues and 28 percent of eligible dependents are enrolled in coaching programs to reduce health risk factors and
- 20 percent of eligible colleagues and dependents are enrolled in programs to help them better manage chronic conditions.

The program seeks to set a new standard in employer-sponsored health programs that is best-in-class in usability, customer satisfaction and measurable health outcomes.

Communicating Openly

Open dialogue between colleagues and senior management builds trust and improves performance, especially during periods of change.

This is why our CEO and senior managers have launched a variety of ways to engage colleagues in interactive communication. In one program, called "On the Road," leaders have been visiting and touring various Pfizer sites, hosting town hall meetings and conducting informal lunches with colleagues. Leaders have "gotten out of the office" and are spending significant time with the sales force and meeting community and state leaders. As a follow-up to these events, "Reports from the Road" are posted on our Intranet site. These are webcam dispatches in which the CEO shares his informal views on his trips around the company.

Two-way communications between senior management and colleagues recently improved with the redesign of *PfizerWorld*, the company's Intranet-based magazine. The site now features The Exchange, a forum through which members of the Executive Leadership Team speak about critical issues affecting the company—from the cancellation of the torcetrapib clinical trials (see page 27) to Pfizer's reorganization.

The Exchange serves as a portal for Pfizer leaders and colleagues to communicate with one another. Colleagues can also submit ideas directly to Chairman and CEO Jeff Kindler. He has received thousands of recommendations, questions and feedback on a range of issues.

As another example of new ways of communicating, in 2007, Mr. Kindler created the first Pfizer Colleague Advisory Committee. This global panel of 15 employees, from all levels and divisions, will serve as a sounding board for the CEO and provide input and suggestions from our colleagues who interact directly with customers.

In September 2007, every Pfizer colleague in the world will participate in the Pfizer Colleague Engagement Survey and action planning. Pfizer utilizes the Gallup G2® survey that measures the most significant drivers of colleague engagement and inclusion, which directly relate to productivity, retention and shareholder value. This process includes a confidential survey with the results provided at the supervisor level which form the basis for specific action plans to improve the work environment. It will also drive colleague engagement and a greater sense of inclusion and merit-based career advancement and rewards.

Eliminating Bureaucracy

Making Pfizer a great place to work includes creating a more agile, flexible and empowered organization to speed decision-making. Colleagues like to get things done. To that end, we have begun efforts to unleash the talent and potential of our colleagues by:

- Eliminating bureaucracy and reducing management layers so that leaders are closer to their Pfizer teams and customers. We are in the midst of reducing the number of layers between the top and bottom of the organization from fourteen to eight. This reduction in layers is intended to not only bring leaders closer to customers and patients but will push decision-making down to increase speed and customer focus.
- Giving Pfizer colleagues more freedom to make decisions, be more creative, and have clearer accountability. As an example, we are in the process of extending the span of control of supervisors with the intent of empowering colleagues and allowing managers to focus on leading and developing their staffs.

We are also building a stronger performance-based culture by reviewing our compensation systems at all levels of the organization in 2007, so there is a more direct link between rewards, performance and total shareholder return. This will require improved performance planning and evaluation, as well as building talent at every level of the organization. Pfizer is building on its 2005 success of making compensation more transparent to colleagues by increasing the emphasis on business performance and increasing the differentiation of rewards relative to individual and team performance.

AWARDS AND RECOGNITION

Working Mother named Pfizer one of the 100 Best Companies of 2006—the eighth time Pfizer was so honored.

Pfizer is one of 30 companies named to the National Association of Female Executives (NAFE) Top Companies for Executive Women list for 2007.

Nikkei Woman in Japan ranked Pfizer as among the top 100 companies for women in 2006.

Pfizer earned a perfect score on the Human Rights Campaign Corporate Equity Index for the third year in a row.

Urban League's New York Chapter named Pfizer a 2007 "Champion of Diversity" for creating and sustaining an environment of inclusion.

MANUFACTURING / SUPPLY CHAIN

Pfizer is committed to assuring quality, safety and consistency in the manufacture of our human and animal health products, while making sure the actions of individuals and organizations within our supply chain are consistent with the highest standards of business and personal ethics.

2006/2007 KEY ACTIONS

Conducted more than 100 onsite reviews at the facilities of contract manufacturers and researchers, key suppliers, and outsourced logistic centers in 2006 to assure environment, health and safety (EHS) responsibility of our supply chain.

Continued to build a supplier base that reflects the changing demographics of the consumer marketplace through a comprehensive Supplier Diversity program.

Expanded our Responsible Contracting initiative across all Pfizer divisions in the US.

Systematically Improving Quality

Quality in everything we do is critical because our products help people lead healthier lives. Today, every major country or region has legal requirements that apply to Pfizer products, including sophisticated standards of Good Manufacturing Practices (GMP) against which regulatory agencies examine all pharmaceutical companies. These efforts are supported by a number of corporate functions within our Legal Division.

Our Corporate Regulatory Compliance (CRC) organization, with experts across the globe, verifies compliance through periodic audits of Pfizer and selected contractor sites, as well as through measures of quality performance. A risk-based analysis of each site, which considers products, activities, technology, and compliance history, determines the frequency and duration of audits. Quality performance measures include such things as number of recalls and compliance incidents and events.

These measures and audit results are reviewed by business unit management and may be shared with our Chief Compliance Officer or raised for discussion at our Corporate Compliance Committee meetings.

Our Right First Time strategy for manufacturing is making a significant contribution to quality assurance and risk mitigation, and reflects our commitment to quality in everything we do. Right First Time promotes the use of innovative technologies and a set of tools that will improve process understanding and reduce variability in manufacturing operations. Manufacturing and CRC colleagues around the world are extensively trained in the use of Right First Time technology and tools and have made significant improvement in the quality of our processes and products.

Another essential factor in maintaining GMP compliance is understanding and influencing ever-changing regulatory expectations. Our regulatory monitoring functions gather, evaluate and disseminate emerging regulations and guidance to the Pfizer community. We have also taken an industry-leading role in interacting with the US FDA and the European Medicines Agency (EMEA) to communicate the value of recasting GMP regulations based on scientific and risk management principles.

Reducing Costs

Pfizer has initiated a Technology and Innovation strategy for its manufacturing facilities to reduce costs by $5 billion over 10 years. As part of this strategy we are exploring manufacturing methods not traditionally found in the pharmaceutical industry, especially continuous manufacturing processes, and the development of new material options designed to reduce the cost of active pharmaceutical ingredients.

Improving EHS Performance of Contract Manufacturers and Key Suppliers

Our commitment to responsible environment, health and safety (EHS) management goes far beyond our facilities' boundaries. We use stringent environmental performance criteria in assessing and selecting contract manufacturers and key Active Pharmaceutical Ingredient (API) suppliers. We are also committed to helping our contract manufacturers and key suppliers in the developing world improve their EHS competency. By helping to elevate the EHS performance of these contract manufacturers and suppliers, their workers and communities benefit, and we protect ourselves against business interruption that could impact contractual obligations.

To assure EHS responsibility in our supply chain, our EHS professionals in 2006 conducted more than 100 onsite reviews at the facilities of contract manufacturers and researchers, key suppliers, and outsourced logistic centers. Reviews were done in all regions of the world, with a focus on China and India. The results are communicated to our procurement groups and considered in supplier decisions.

Our supplier EHS review program is a key part of our supplier selection criteria. We use a two-tier approach. The top tier includes contract manufacturers and researchers for APIs or finished drug products that contain potent compounds. It also includes key suppliers of drug products and chemicals that are critical to the supply chain, such as high-value, unique chemical entity or single source suppliers. The second tier includes contract manufacturers that do not use potent compounds, do not make APIs and are considered less critical.

If suppliers are rated as acceptable with qualifications, the qualifications are shared with the supplier and an action plan is requested to address the areas of concern. If a potential new supplier is found to be unacceptable, we will not do business with the entity until the concerns are addressed. If an existing supplier is rated as not acceptable, we typically work with the supplier to improve performance, or we may also end the relationship.

Pfizer also actively supports EHS management improvement at many suppliers. In November 2006, for example, we sponsored a one-week intensive EHS training course in Shanghai, China, focusing on occupational hygiene and process safety. The training was conducted by internationally recognized consultants, with Pfizer facilitating discussions. Sixty participants representing six key suppliers attended the course.

Integrating EHS Criteria in the Purchase of Goods and Services

Integrating EHS criteria into our purchasing decisions for goods and services can reduce our cost, improve the quality of the product or service, reduce risks to our business, and reduce environmental degradation. For these reasons we have been examining categories of goods and services, identifying opportunities and risks in these purchases, working to develop EHS specifications and defining the methods by which we can measure the benefits of such purchases.

One example of how such "green purchasing" benefits Pfizer and the environment is in the use of office paper. Sixty-eight percent of the printer and copier paper we purchased in the US in 2005 was recycled paper. The foresting practices used to produce the raw material for the paper we bought were certified as sustainable under the Sustainable Forestry Initiative. In making this choice we helped save 8,068 trees, 1,645,887 kilowatt hours of energy (enough to power 61 homes for one year), and 321 metric tons of related carbon dioxide (CO_2) and other atmospheric greenhouse gas emissions (equal to the amount of CO_2 from the operation of 64 cars per year). We are currently purchasing printer and copier paper with 30 percent post-consumer waste recycled content.

Increasing Supplier Diversity

The objective of our Supplier Diversity program is to build a supplier base that reflects the changing demographics of the consumer marketplace while helping Pfizer increase market share and shareholder value. In order to do this, we have implemented a three-part strategy:

- Create opportunities through our sourcing process to increase our spending with minority and women-owned businesses. Over the last several years, we have increased such spending by 10 percent a year, well above the pharmaceutical industry average. Small businesses, service-disabled veterans and veterans are included in our Supplier Diversity Program.
- Provide executive educational programs for our diversity suppliers and diversity education training and development for internal colleagues. For example, over the past three years, we have provided scholarships for minority and women-owned businesses to attend the Tuck School of Business Minority Executive Education Program at Dartmouth College. This program helps entrepreneurs with such issues as building strategic alliances, marketing and organizational development. Internally, we focus on goal setting and techniques to identify minority and women suppliers.
- Align with advocacy organizations, such as the National Minority Supplier Development Council (NMSDC) and the Women's Business Enterprise National Council (WBENC). These leading advocacy and certification organizations provide certification and business development opportunities for minority and women-owned businesses. We support these organizations through local and national board memberships and sponsorships of conferences and workshops.

Responsible Contracting

Two years ago, we implemented a Responsible Contracting initiative in the US for use on all major capital projects, site services and service contracts. Pfizer was the first pharmaceutical company to do so. Under the initiative, contractors and service providers may bid to Pfizer provided they comply with "responsible contracting" prequalification criteria that include paying appropriate wages, providing family health insurance and job training, complying with employment laws, and not using independent contractors. The company receives services from a broad spectrum of contractors with both union and non-union affiliations. Over the past decade, more than $1.2 billion, or approximately 85 percent, of our construction dollars have gone to union contractors. Responsible Contracting has helped to expand and diversify Pfizer's service provider list, attracting new contractors to our sites and new workers to our communities.

AWARDS AND RECOGNITION

The Women's Business Enterprise National Council (WBENC) has recognized Pfizer as one of the 2006 Top Corporations for Women's Business Enterprises. This marks the third consecutive year Pfizer has received this honor.

For the fourth consecutive year, Pfizer has been recognized as the Best Corporation for Multicultural Business Opportunities by DiversityBusiness.com. The online survey of minority and women business enterprises considered such factors as external outreach, mentoring, and senior management commitment to diversity.

Pfizer's Thane, India manufacturing facility won the Safety, Health & Environment Award from the Confederation of Indian Industries for its education and awareness initiatives.

Looking Ahead

We are looking for sustainable ways to meet healthcare needs around the world, today and tomorrow. We help people get needed treatments and services, while fostering a climate of innovation that ensures steady progress in biomedical science.

Certainly, our work in research and development, prevention and wellness, and healthcare reform helps empower people in their own healthcare. But given the complexities of global healthcare issues, we cannot solve problems alone.

So, we will listen, learn and change, and work hard with responsible business practices, in partnership with our stakeholders, to help create a healthier, wealthier world.

That is our commitment.

Global Reporting Initiative (GRI) Index

The GRI Sustainability Reporting Guidelines provide a framework for organizations to report on their social, environmental and economic performance. For more information, please see www.globalreporting.org.

Section 1	Strategy and Analysis	
1.1	Executive Management Statement	CEO Letter
1.2	Description of key impacts, risks and opportunities	Addressing Key Issues Finding Cures and Treatments Investing in Health Strengthening Patient Safety Environment, Health and Safety Public Policy
Section 2	**Organization Profile**	
2.1	Name of organization	Pfizer Inc
2.2	Primary brands, products, and/or services	Who We Are
2.3	Operational structure of the organization	Who We Are
2.4	Location of organization's headquarters	New York, New York
2.5	Number of countries where the organization operates	Who We Are
2.6	Nature of ownership and legal form	Public company listed on NYSE under the symbol PFE
2.7	Markets served	Revenues Revenues Major Pharmaceutical Products
2.8	Scale of reporting organization	Who We Are
2.9	Significant changes during the reporting period regarding size, structure or ownership	About the Report
2.10	Awards received in the reporting period	Accolades
Section 3	**Report Parameters**	
3.1	Reporting period	About the Report
3.2	Date of most recent previous report	2005 Corporate Citizenship Report
3.3	Reporting cycle	About the Report
3.4	Contact point for questions regarding the report or its contents	Who We Are
3.5	Process for defining report content	Materiality
3.6	Boundary of the report	Scope of Report
3.7	State any specific limitations on the scope or boundary of the report	Scope of Report
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities	Scope of Report
3.9	Data measurement techniques and the bases of calculations	Environment, Health and Safety

3.10	Explanation of the effects of any restatement of information provided in earlier reports	Environment, Health and Safety
3.11	Significant changes from previous reporting periods	Scope of Report
3.12	Table identifying the location of the Standard Disclosures in the report	GRI Index
3.13	Policy and current practice with regard to seeking external assurance for the report	About the Report
Section 4	Governance	
4.1	Governance structure of the organization	Corporate Responsibility and the Board of Directors
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	Governance and Compliance
4.3	Members of the highest governance body that are independent and/or non-executive members	Ensuring Board Independence
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Corporate Responsibility and the Board of Directors Encouraging Shareholder and Stakeholder Participation
4.5	Linkage between compensation and the organization's performance	Instituting Greater Accountability in Executive Compensation
4.6	Processes in place for the highest governance body to ensure conflicts of interest are resolved	Complying with All Laws, Committed to the Highest Ethical Standards
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental and social performance	Ensuring Board Independence
4.8	Internally developed statement of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	Complying with All Laws, Committed to the Highest Ethical Standards
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental and social performance	Corporate Responsibility and the Board of Directors Complying with All Laws, Committed to the Highest Ethical Standards
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance	Ensuring Board Independence
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	Understanding the Impact of Pharmaceuticals in the Environment Realizing the Promise of Green Chemistry
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	Our Collective Actions Our Corporate Responsibility Standards and Evaluation Partners Increasing Scientific Collaborations and Partnerships Investing in Health Environment, Health and Safety Sales and Marketing

4.13	Significant membership in organizations	Our Corporate Responsibility Standards and Evaluation Partners Operating with a New Stakeholder Model Our Collective Action Expanding Scientific Collaborations and Partnerships
4.14	List of stakeholder groups engaged by the organization	Operating with a New Stakeholder Model
4.15	Basis for identification and selection of stakeholders with whom organization engages	Operating with a New Stakeholder Model
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Operating with a New Stakeholder Model
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	Changing How We Integrate Stakeholder Needs

Disclosures on Management Approach (Economy)		Investing in Health Public Policy Manufacturing/Supply Chain
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payment to capital providers and governments	Revenues Costs and Expenses Notes to Consolidated Financial Statements
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Planning for Change
EC3	Coverage of the organization's defined benefit plan obligations	Pension and Postretirement Benefit Plans and Defined Contribution Plans
EC6 (Partially Covered)	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operations	Increasing Supplier Diversity
EC7 (Partially Covered)	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	Striving for Enterprise-Wide Diversity and Inclusion
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	Investing in Health
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	Reversing the Impact of Chronic Disease

Disclosures on Management Approach (Environment)		Environment, Health and Safety
EN1	Materials used by weight or volume	Continuing to Reduce our Footprint: Reducing Air and Waste Emissions
EN2	Percentage of materials used that are recycled input materials	Continuing to Reduce our Footprint: Reducing Air and Waste Emissions
EN3 (Partially Covered)	Direct energy consumption by primary energy source	Planning for Change
EN4	Indirect energy consumption by primary source	Planning for Change
EN5	Energy saved due to conservation and efficiency improvements	Planning for Change
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	Carbon Disclosure
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Planning for Change
EN8	Total water withdrawal by source	Conserving Water
EN9	Water sources significantly affected by withdrawal of water	Water Use and Conservation
EN10	Percentage and total volume of water recycled and reused	Conserving Water
EN16	Total direct and indirect greenhouse gas emissions by weight	Climate Change: Reducing Greenhouse Gases and Using Energy Wisely
EN17	Other relevant indirect greenhouse gas emissions by weight	Climate Change: Reducing Greenhouse Gases and Using Energy Wisely
EN19	Emissions of ozone-depleting substances by weight	Continuing to Reduce our Footprint: Reducing Air and Waste Emissions
EN20	NO, SO, and other significant air emissions by type and weight	Continuing to Reduce our Footprint: Reducing Air and Waste Emissions
EN21	Total water discharge by quality and destination	Conserving Water
EN22	Total weight of waste by type and disposal method	Continuing to Reduce our Footprint: Reducing Air and Waste Emissions
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Understanding the Impact of Pharmaceuticals in the Environment
EN27 (Partially Covered)	Percentage of products sold and their packaging materials that are reclaimed by category	Understanding the Impact of Pharmaceuticals in the Environment
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	EHS Compliance
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	Climate Change: Reducing Greenhouse Gases and Using Energy Wisely

Disclosure on Management Approach (Labor Practices and Decent Work)		Employees
LA5	Minimum notice period regarding operational changes, including whether it is specified in collective agreements	Managing Pfizer's Transformation
LA7	Rates of injury, occupational disease, lost days, and absenteeism, and number of work-related fatalities by region	Reducing Injuries and Promoting a Culture of Safety
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	Investing in Health Establishing HIV/AIDS Workplace Policy Improving Wellness
LA10	Average hours of training per year per employee category	Advancing a Track Record in Training Developing Talent and Employee Engagement
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Developing Talent and Employee Engagement

Disclosure on Management Approach (Human Rights)		United Nations Global Compact United Nations Global Compact Communication on Progress
HR4	Total number of incidents of discrimination and actions taken	United Nations Global Compact Communication on Progress
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be a significant risk, and actions taken to support these rights	United Nations Global Compact Communication on Progress Summary of Pfizer Policies on Business Conduct
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	United Nations Global Compact Communication on Progress Summary of Pfizer Policies on Business Conduct
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	United Nations Global Compact Communication on Progress Summary of Pfizer Policies on Business Conduct

Disclosure on Management Approach (Society)		Governance and Compliance Public Policy
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	Complying with All Laws, Committed to the Highest Ethical Standards
SO5	Public policy positions and participation in public policy development and lobbying	Public Policy
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	Public Policy in the United States
Disclosure on Management Approach (Product Responsibility)		Finding Cures and Treatments; Investing in Health Strengthening Patient Safety Sales and Marketing
PR1	Lifecycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedure	Strengthening Patient Safety Workplace Safety: Enhancing Strong Safety Performance Across the Business
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	Finding Cures and Treatments Sales and Marketing
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	Implementing a Global Marketing Code of Conduct Delivering Beneficial Prescription Medicine Advertising

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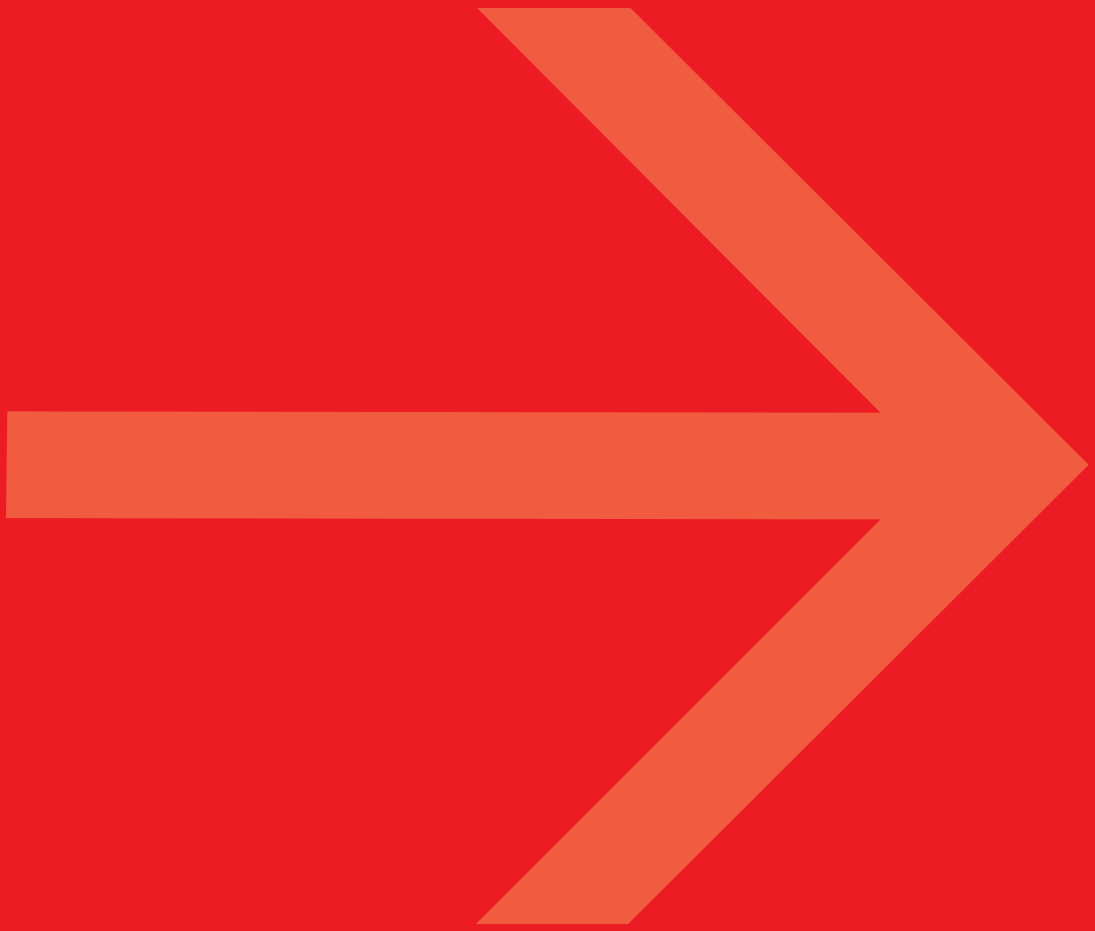

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