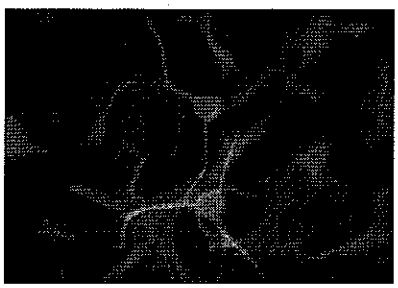
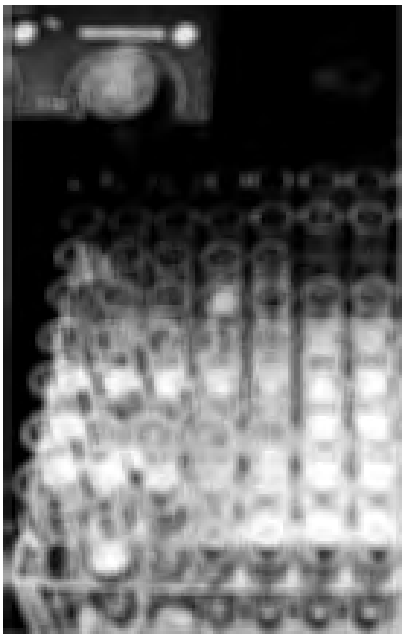
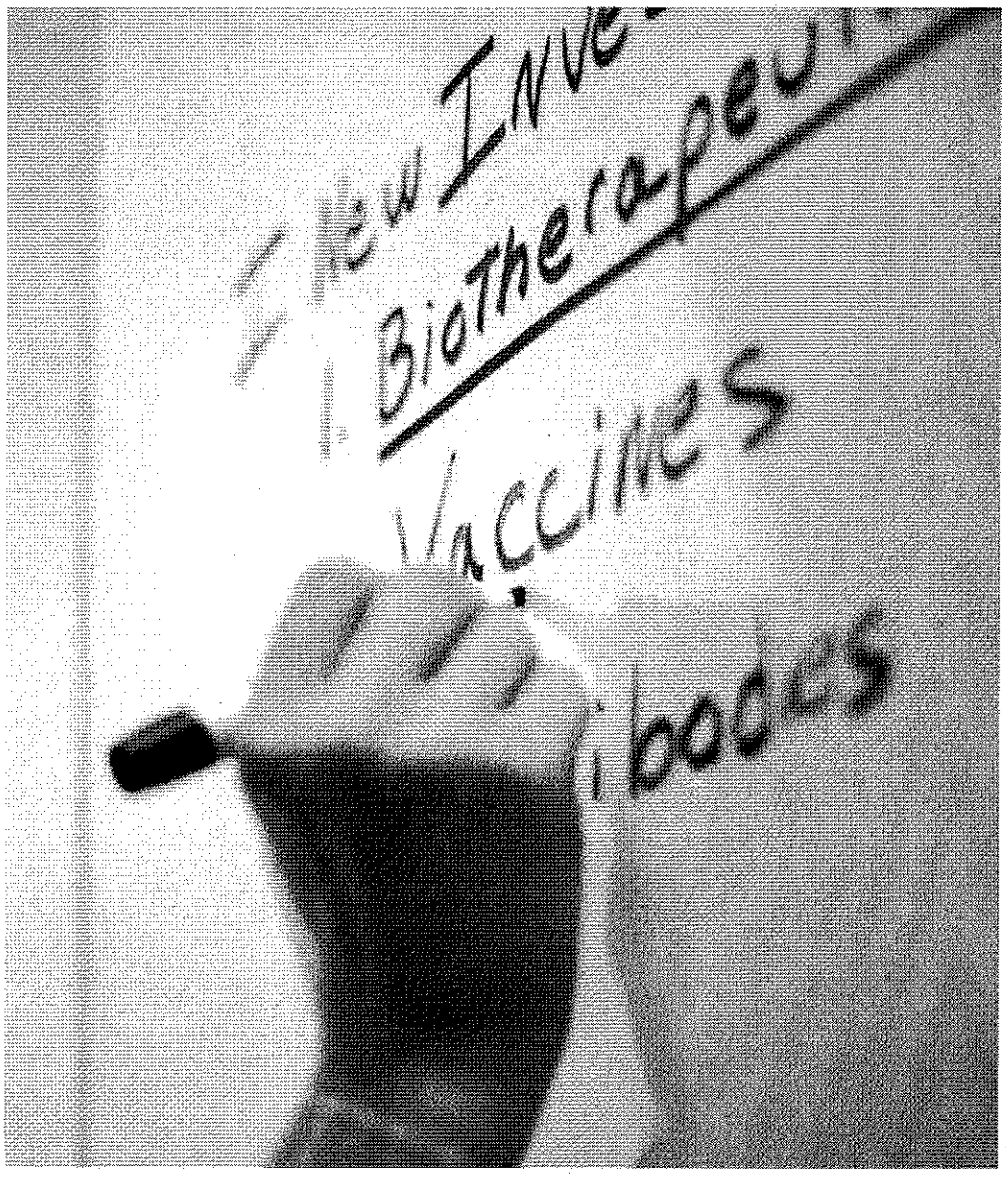




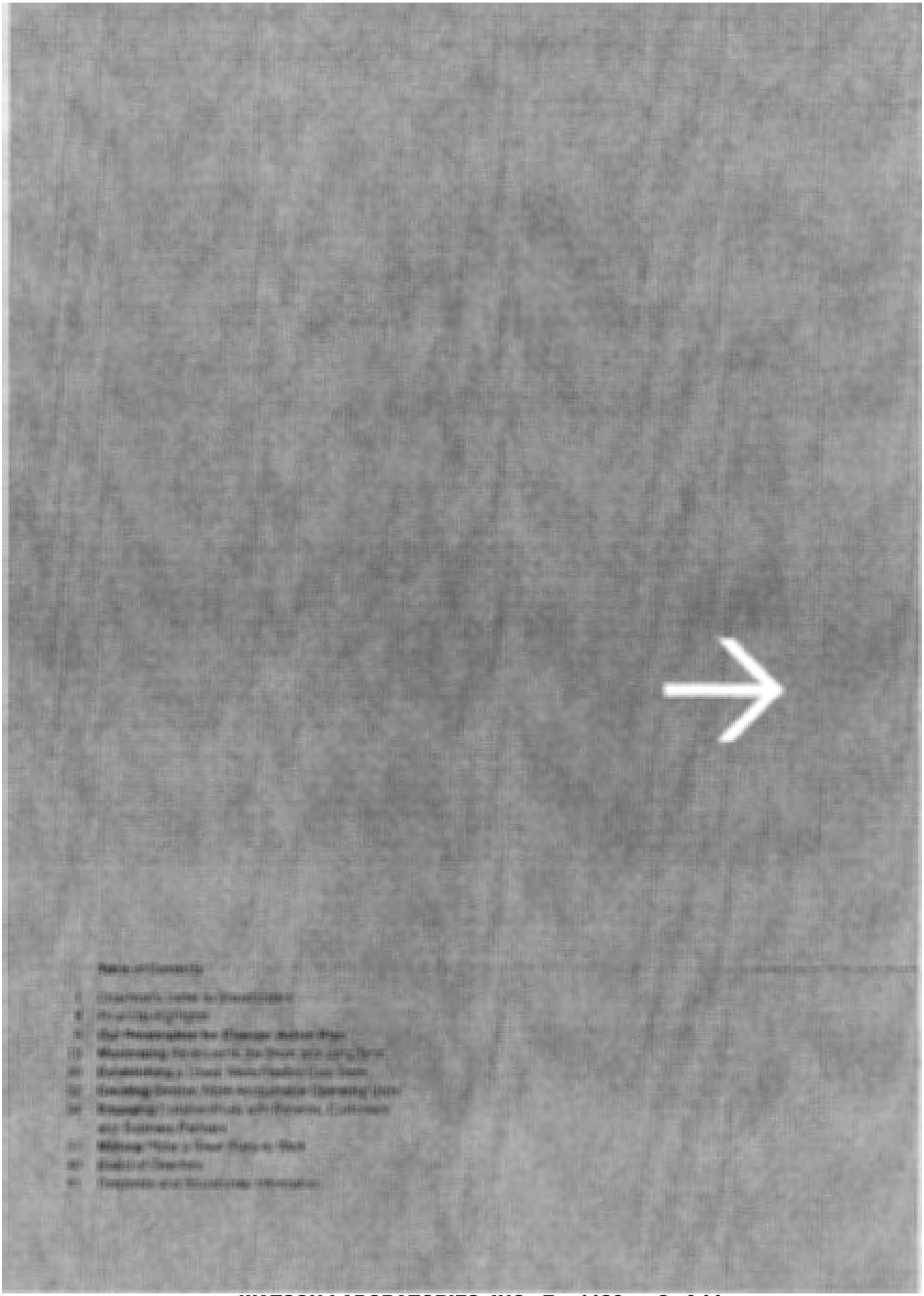



2006 ANNUAL REVIEW

Pfizer

# Strong Medicine

*Our Prescription for Change*



To Our Owners,

I am writing to you at a time of rapid change—for Pfizer and for the global pharmaceutical industry. Since I became Chief Executive Officer last July and formed our new management team, all of our energies have been focused on improving the performance and prospects of the company—and therefore on creating value for you.

*Pfizer has considerable strengths*—talented, experienced and dedicated people, outstanding medicines, a promising pipeline, strong financial resources, and unmatched scale. We have a powerful foundation and legacy on which to build our future.

At the same time, both our operating environment and our industry are changing rapidly in ways that present significant new challenges to meet, as well as exciting new opportunities to seize. And, despite strong performances from many of our in-line products and a promising pipeline, recent and future losses of exclusivity on some of the most successful medicines in history will temper our revenue growth.

We are in the early stages of making the changes we must make to succeed in light of our changing business environment. We are realistic. We are determined. And we are moving with a sense of urgency. We are also committed to being open and transparent in communicating our progress to everyone with a stake in our future.

Pfizer is exceptionally well-positioned to capitalize on what may be this century's most compelling opportunity. The world's population is aging, but incomes are growing and the expectations for improved healthcare are increasing accordingly, in both the developed and the developing world. The demand for what we do—and what we can and will do in the future—will continue to grow. Despite the enormous progress society has made in preventing and treating disease, there is still a long list of unmet medical needs that lead to premature illness, disability and death.

Innovative medicines and related products and services are the world's best hope for meeting those needs in a cost-effective manner.

The good news is that, while demand for better healthcare grows, scientists are gaining more and more knowledge about how the body works, and what it needs to stay healthy. At Pfizer, we have more product candidates, more clinical trials and more research programs than at any time in our history. We have a broad set of promising new therapies in oncology, cardiovascular disease, obesity, schizophrenia, rheumatoid arthritis, HIV infection and Alzheimer's disease, among others.

All told, we have more than 175 new compounds in development, and the resources to develop them and find more. We are very optimistic that, in the years ahead, you will see Pfizer associated with the kind of medical breakthroughs that we've introduced throughout our history. Our ultimate goal is to have a larger, more diversified portfolio of uniquely valuable medicines, complemented by value-added products and services.

At the same time, we understand that our perception of what's innovative only matters if our customers share it. Governments, managed care organizations and physicians have enormous influence over patients' ability to obtain and afford our medicines and we need to work in close partnership with them, so that our innovations reach as many patients as possible.

We must also become more open to new people and innovative ideas, wherever we can find them. And it is essential that we become a more streamlined company—one that listens to its employees and customers, moves quickly, and gives its people more opportunities for growth while holding them accountable for performance.

Making these kinds of changes will take time and commitment. But we have already taken several important steps.

We appointed a new executive leadership team and we are continuing to develop the leadership we need going forward. We cut back on layers of

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management and streamlined decision making. To become more efficient and effective in serving our customers in our largest market, the United States, we reduced our sales force by 20 percent while maintaining a strong share of voice on all our key products. And we responded to investor calls for greater transparency of our pipeline.

These actions are *all* aimed at improving shareholder return going forward. We also continue to maintain our focus on current results. We met our financial targets for the year: our revenues grew 2 percent, to more than $48 billion, despite the loss of exclusivity in the U.S. on Zithromax and Zoloft, and we delivered earnings per share in line with our forecast to the financial community. And, further reflecting our commitment to enhance shareholder returns, we bought back $7 billion in stock in 2006 and raised our first quarter 2007 dividend by 21 percent.

But, as I have noted, we are in the early stages of what we must do to transform the company. To provide a disciplined framework for this process, we have established five immediate priorities. We believe that successful execution of each of these priorities will enable us to increase total shareholder return as our owners expect—and *deserve*.

**OUR FIRST PRIORITY**—maximizing revenues—has to start with Lipitor, the lipid-lowering medicine that is the world's most prescribed branded pharmaceutical. Lipitor faces a challenging environment marked by increased competition from both generics and other branded products. We believe this extraordinary medicine—which has more than 133 million years of patient experience—offers an exceptional value in terms of safety and efficacy in reducing the risk of heart attacks and stroke. Lipitor's advantages are supported by more than 100 clinical studies, and we will underscore its unique package of benefits to physicians and patients throughout this year.

In addition, we are focusing special efforts on key new additions to our portfolio, including Lyrica for neuropathic pain, Chantix for smoking cessation, and Sutent for cancer. In 2006 we launched Exubera, the first-ever inhalable insulin delivery system, and Eraxis, a highly valuable antifungal. Other medicines in our portfolio, such as Geodon for schizophrenia and bipolar disorder, Caduet for cardiovascular risk factors, and Celebrex for arthritis pain, are all important contributors to our results. Overall, nine Pfizer medicines each exceeded $1 billion in revenues in 2006.

We are also making new investments in highly promising areas, such as oncology and biotherapeutics. These investments will help us generate more new products from our newly reorganized and more efficient R&D organization. Our goal is to triple our Phase III pipeline by the end of 2009, and then to launch four new,

internally developed products each year starting in 2011. We discuss a number of new products in development in this report.

Our external business development activities complement our internal new-product pipeline and will secure both new medicines, as well as related products and services that enhance the value of our medicines. Here, too, we have an aggressive goal: to launch two new externally sourced products each year, beginning in 2010. Vice Chairman David Shedlarz offers a detailed review of our new business development strategy later in this report.

With regard to **OUR SECOND PRIORITY**—creating a lower and more flexible cost base—we have announced our intention to reduce our absolute costs by up to $2 billion by the end of next year. We continue to consolidate our worldwide manufacturing operations, announcing plans to close two additional manufacturing sites and the sale of a third. We have announced cuts in our European sales force, subject to local laws and consultations with works councils as appropriate. In R&D, we have announced that we expect to close five research facilities, also subject to local laws and consultations with works councils as appropriate, and to locate our scientists into fewer but better utilized sites. Overall, we will eliminate about 10,000 positions (or about 10 percent) of Pfizer's total workforce by the end of next year.

Decisions to close sites and eliminate positions are difficult ones that we made only after very careful consideration of the alternatives. We are working to mitigate the effects of these decisions on our colleagues, their families and their communities. But we're taking these actions now to make sure that Pfizer becomes a stronger, more efficient company as well as one that is fully able to fund the many opportunities in our early- and mid-stage pipeline and in externally sourced products.

**OUR THIRD PRIORITY** is to foster clearer accountability, faster decision-making, and increased agility in our organization. To that end, we have restructured our U.S. commercial operations into four Therapeutic Area units, and a fifth unit focused on customer support and shared services. Similarly, we have dramatically simplified the R&D organization to improve productivity and give our discovery and development teams more focus, increased flexibility, and clearer goals in their work advancing biomedical science.

The leaders of these smaller business units, in both our commercial operations and in R&D, are experts in their areas of responsibility. We are encouraging them to build strong relationships with important collaborators and influential opinion leaders in their areas.

**OUR FOURTH PRIORITY** is to open new channels of communication with patients, doctors, government and commercial payers, and other key stakeholders. We will listen better

to these crucial constituencies and will work harder to meet their needs. In many parts of the world, the government is virtually the only purchaser of healthcare, and customers like these need a clear case for the value of our medicines.

For example, we will invite payers to look at our medicines earlier in their development, so they can help us design clinical programs which demonstrate their value. We are also stepping up our collaborations with academic and other research institutions. Our recently announced alliance with Scripps, described later in this report, is one example of this kind of collaboration. We will be a constructive voice in engaging all stakeholders on healthcare policy and the regulation of our medicines, and we will actively participate in the debate over how to improve the quality of healthcare on behalf of patients.

Finally, I deeply believe that our strongest competitive advantage is our people—experienced, skilled and committed to our success and to the well-being of patients. **OUR FIFTH PRIORITY** is to make Pfizer a great place to work. By eliminating bureaucracy, reducing layers of management, and giving colleagues both more freedom to make decisions, as well as clearer accountability, we can create an environment that encourages ideas, welcomes a diversity of views, recognizes outstanding effort and rewards exceptional accomplishments.

We are also building a more performance-based culture. We are reviewing our compensation programs to ensure that, at all levels of our organization, there is a strong link between how we pay people and how their achievements contribute to building total shareholder return.

I believe that effective execution of these five immediate priorities will position Pfizer successfully to meet our challenges and seize our opportunities—and, as a result, to increase shareholder value.

And your management, starting with me, will be measured, compensated and held accountable for doing so.

Pfizer is 158 years old in 2007. We have succeeded through the contributions of many, and I want to acknowledge two long-time leaders whose service to our company is ending with their retirements, as well as two Directors who are leaving our Board after many years of service.

Hank McKinnell, formerly Chairman and CEO, retired from the Board of Directors in February. During his 36-year Pfizer career in a series of senior leadership positions, Hank, first in partnership with his predecessor, Bill Steere, and then as CEO, was instrumental in taking the company to first place in the industry, forging two landmark acquisitions and bringing a wide range of new medicines to patients. Hank also pioneered a number of

public-private partnerships that have been highly effective in treating and preventing infectious diseases.

Karen Katen, formerly Vice Chairman and President of Pfizer Human Health, will retire from the company in March. She, too, spent her entire career with Pfizer and played a critical role in the growth of our pharmaceuticals business, now the world's largest. She has been a tireless voice for patients, and all of us deeply appreciate her many contributions to Pfizer's growth and success over more than three decades.

Stan Ikenberry will retire in March from Pfizer's Board of Directors. Stan joined the Board in 1982, and for the next 25 years he served our company with distinction, always providing wise counsel with the highest degree of integrity and an abiding commitment to the best interests of Pfizer. In 2005, his fellow directors recognized his leadership by asking him to serve as the Board's first Lead Independent Director, a role he executed with enthusiasm and excellence. Stan retires from Pfizer's Board with our gratitude and respect, and with our best wishes for the future.

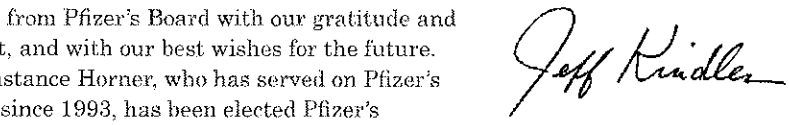
Constance Horner, who has served on Pfizer's Board since 1993, has been elected Pfizer's new Lead Independent Director and will do an outstanding job in that important role.

I also want to thank Ruth Simmons, who has been on our Board since 1997. Ruth has informed us that she will not stand for re-election to the Board, so that she can devote more time to her work as President of Brown University. Ruth has served on a number of Board Committees, including the Governance Committee, and we deeply appreciate her dedicated service.

We look to the future with confidence and optimism. I am honored to have the opportunity to lead Pfizer during this critical time, and I appreciate the support I have received from our shareholders, colleagues and business partners.

What excites and motivates me and so many others at our company, is the prospect of transforming Pfizer into a company that consistently delivers on its promise to provide the value our customers need, the working environment our colleagues want, and the results that you—our owners—deserve.

Sincerely,



Jeff Kindler
Chairman of the Board
and Chief Executive Officer

February 22, 2007

## Three-Year Summary

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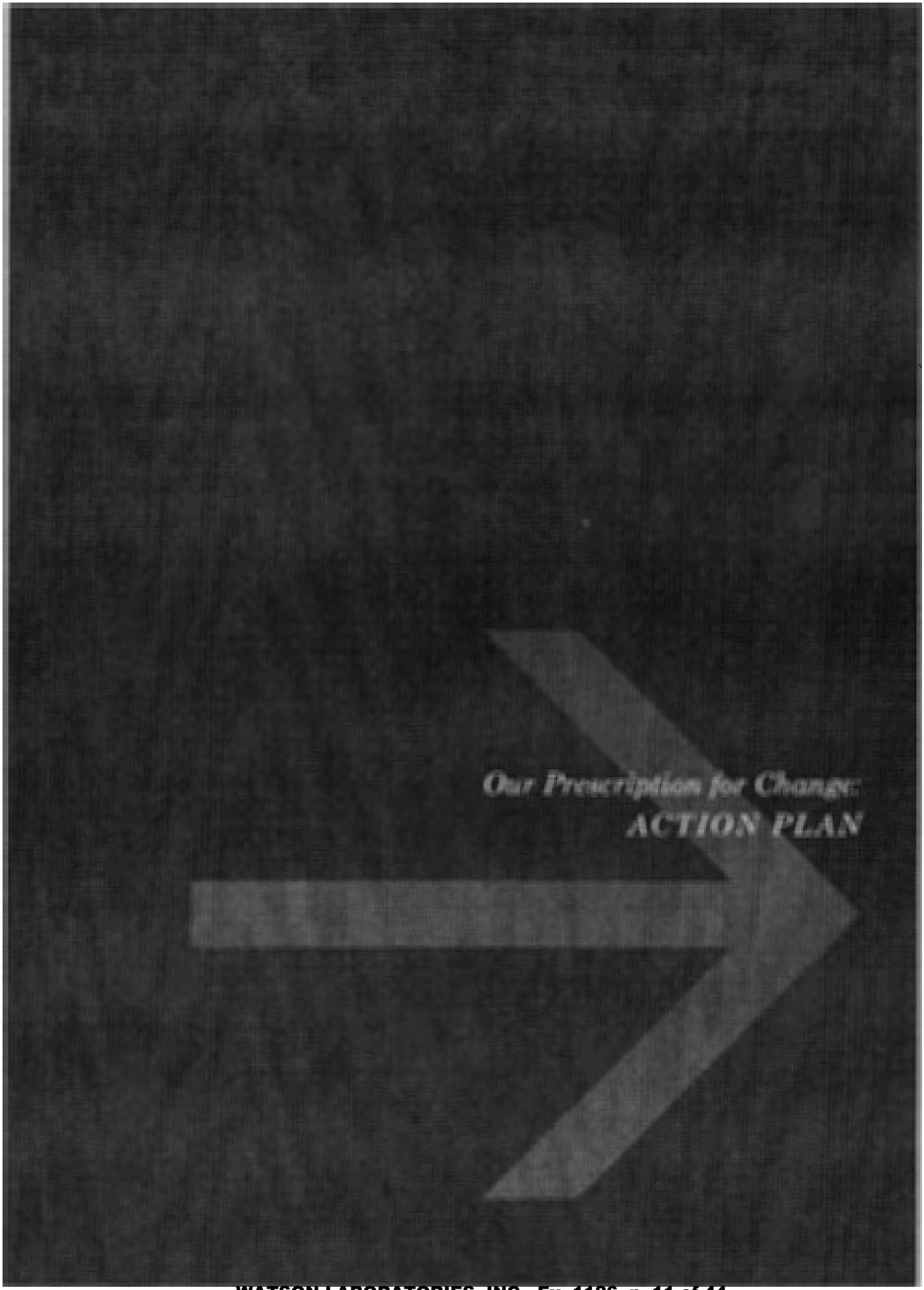

Our Prescription for Change:
ACTION PLAN

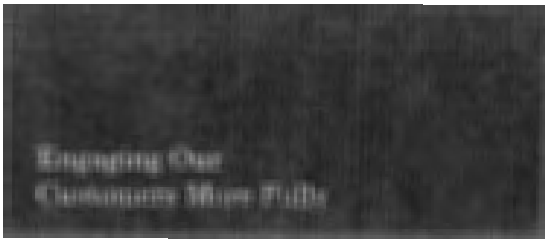
# *maximizing*

REVENUES IN THE SHORT
AND LONG TERM

To maximize revenues from our current and planned products, we are reorganizing and refocusing our R&D and commercial operations to provide a common view for all the medicines aimed at a major area of medical need. Our R&D pipeline, the largest in Pfizer's history, includes promising new therapies for Alzheimer's disease, cancer, diabetes, HIV, obesity and other unmet medical needs.

Pfizer today offers a broad portfolio of products, including Lipitor, the world's best-selling medicine. But our approach to discovering, developing and marketing these medicines is changing just as fast as our external environment. Today, the market for even a highly-successful medicine with significant remaining patent life can change dramatically, even overnight. New competitive entries join the field, generic firms mount patent challenges, payers change the rules for reimbursement, or the results of a study offer expanded opportunity — the effects of these and many other events in a medicine's life cycle demand both a larger view of strategy and the ability to change tactics at a moment's notice.

We're meeting this challenge through the Therapeutic Area Model, which provides a single, shared view of the current and future environment for all the medicines aimed at a family of patient needs. Both Pfizer's commercial operations and our R&D groups are now aligned around nine Therapeutic Areas, all representing large areas of unmet medical need. The leaders in each Therapeutic Area have the resources needed to plan for, develop, launch and manage medicines that patients want, physicians will prescribe, and payers will pay for. Through our Therapeutic Area teams, we now have a seamless continuum of focused product management that starts with the earliest stages of discovery and extends through the late stages of a medicine's commercial life. Besides providing a new level of discipline to our investment decisions, the Therapeutic Area approach helps us allocate resources across the entire range of our present and potential product offerings, coaxing the maximum amount of revenue growth out of each dollar invested.



MARIE-CAROLINE SAINPY
Senior Vice President,
Customer Business Unit and
Commercial Operations

Nearly all of Pfizer's interactions with our most important customers—the patients who take our medicines—are mediated by other customers. Doctors prescribe medicines, pharmacists fill prescriptions and advise patients, and, increasingly, governments and managed care organizations decide the terms of access to medicines. Insurers, corporations and governmental bodies are transforming how medicines are prescribed and reimbursed. Pfizer is aggressively searching for better ways to serve these customers.

Today, we are working on new ways to collaborate with large payers to stave off the worst effects of emerging epidemics: diabetes, smoking-related illnesses, liver disease and Alzheimer's disease, among others. One goal is to engage large-scale payers earlier in the development process for a new medicine, and to give them more insight into its value. We are actively looking for new ways to collaborate with payers to avoid needless suffering and the bills for the most expensive portions of healthcare—surgery, hospitalizations and long-term custodial care. We are also looking for new ways to collaborate to improve the quality of life of the patients we serve.

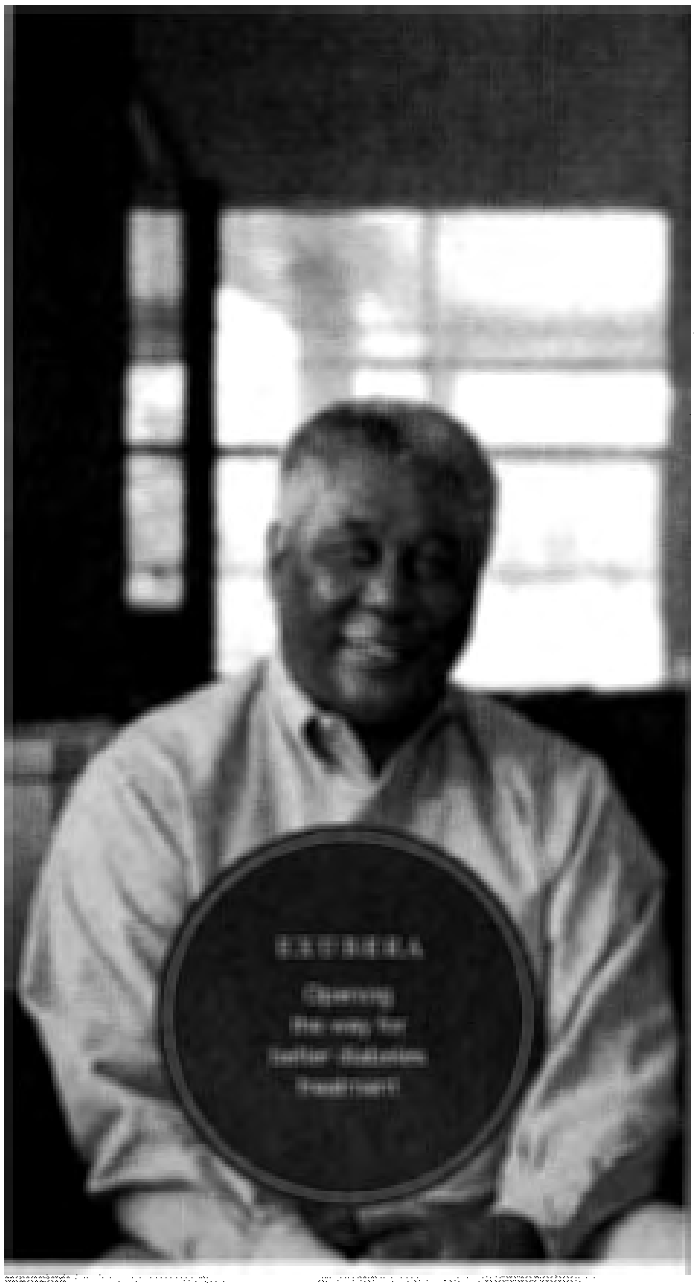
Chantix, for example, our new smoking cessation medicine, is opening a new stream of dialogue with major payers who are seeing rising rates of tobacco use among younger people. One member of a managed care program quitting smoking today might not only save that person's life, it might also save thousands of dollars in future medical costs.

As Pfizer continues to develop new therapies for Alzheimer's disease, obesity, liver disease, bone healing, cancer and other huge medical needs, we will step up our dialogue with customers to explore how we can create a winning situation for all—where our medicines are used as intended, where payers feel they are getting very good value, and where patients benefit by enjoying longer, more active and healthier lives.


Jeff "Lapland" Levesque, with his wife Michelle
Goshen, Ohio

*"When my cancer returned, the doctor said 'that was that, game over.'
But I got into the Eufexy trial, and I'm still here."*

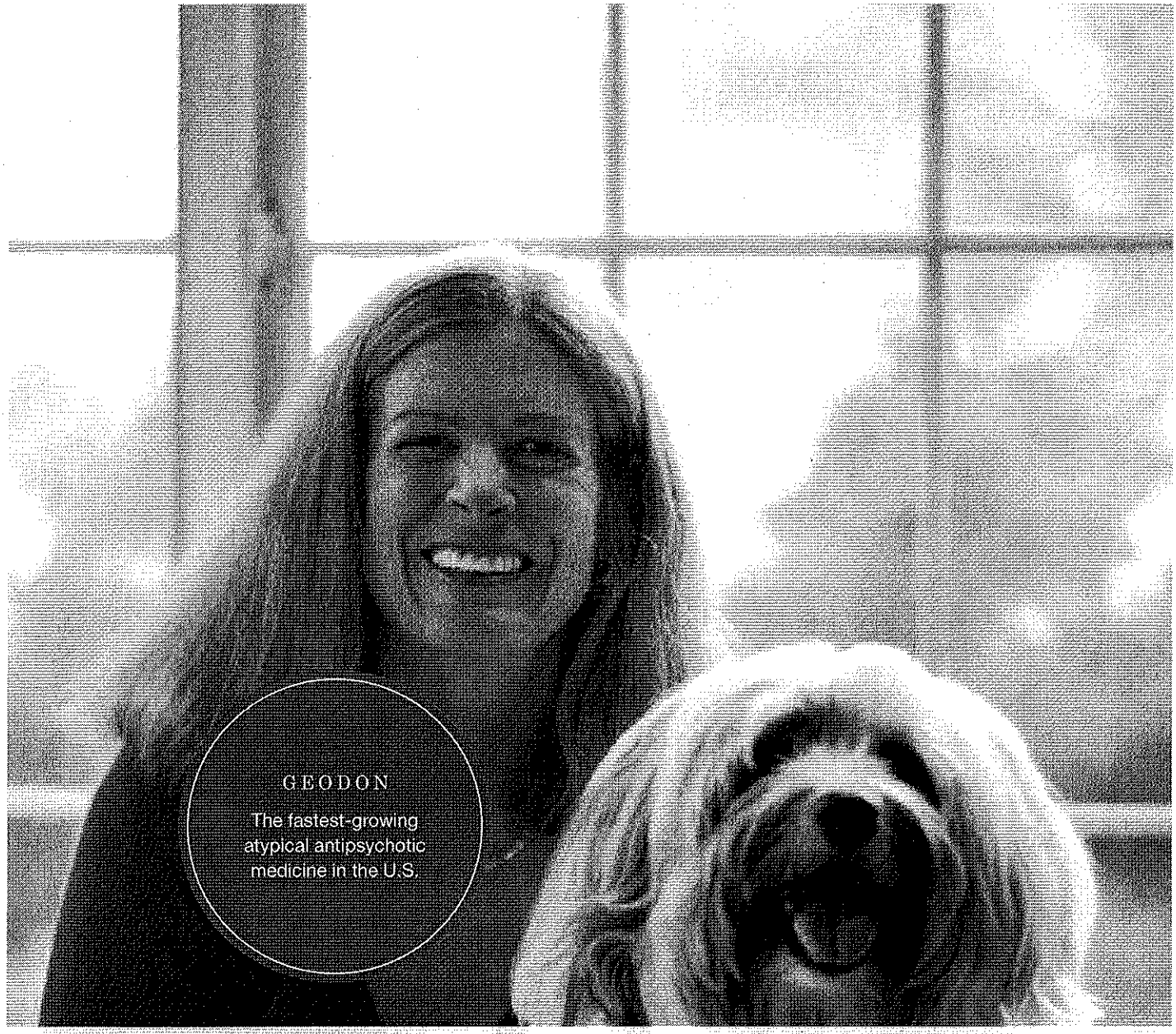
one of the most deadly hospital-acquired bloodstream infections. Patients with weakened immune systems are at risk of candidemia, a fungal infection most commonly seen in transplant recipients, patients recently undergoing surgery, patients with catheters, patients in intensive care, surgical patients, and patients on prolonged antibiotic therapy. Physicians treating these seriously ill candidemia patients now have an important new weapon: Eraxis.



Kenny Miles, San Antonio, Texas

*"Before I began using Exubera, something as normal as a seating delay in a restaurant could be a major problem. Now, I can manage the unexpected and enjoy my everyday life."*

Launched in 2006 in collaboration with Nektar Therapeutics, Exubera is a breakthrough delivery system designed to let patients inhale insulin rather than inject it. Exubera meets the important need of earlier initiation of insulin therapy, since people with adult-onset diabetes often delay treatment of injectable insulin. These delays—often up to eight years—compromise eyesight and mobility. With Exubera, patients can now improve control of their blood sugar without injections.




Meghan Caughey, Alpine, Oregon

*"Schizophrenia had me hospitalized so many times. Geodon helped me find my freedom and express my 'True Nature.'"*

Since no medication works unless patients take it, psychiatrists are now focusing not only on how well antipsychotics treat mental illness, but also on how these medications affect their patients' metabolic health. Geodon helps doctors treat mental illness with the body in mind. Geodon is proven to show improvements in key metabolic parameters adversely impacted by competitive antipsychotics, including weight gain, triglycerides and total cholesterol. Combined with its established efficacy and safety, Geodon's superior metabolic profile has helped make it one of the fastest-growing medicines in Pfizer's portfolio.

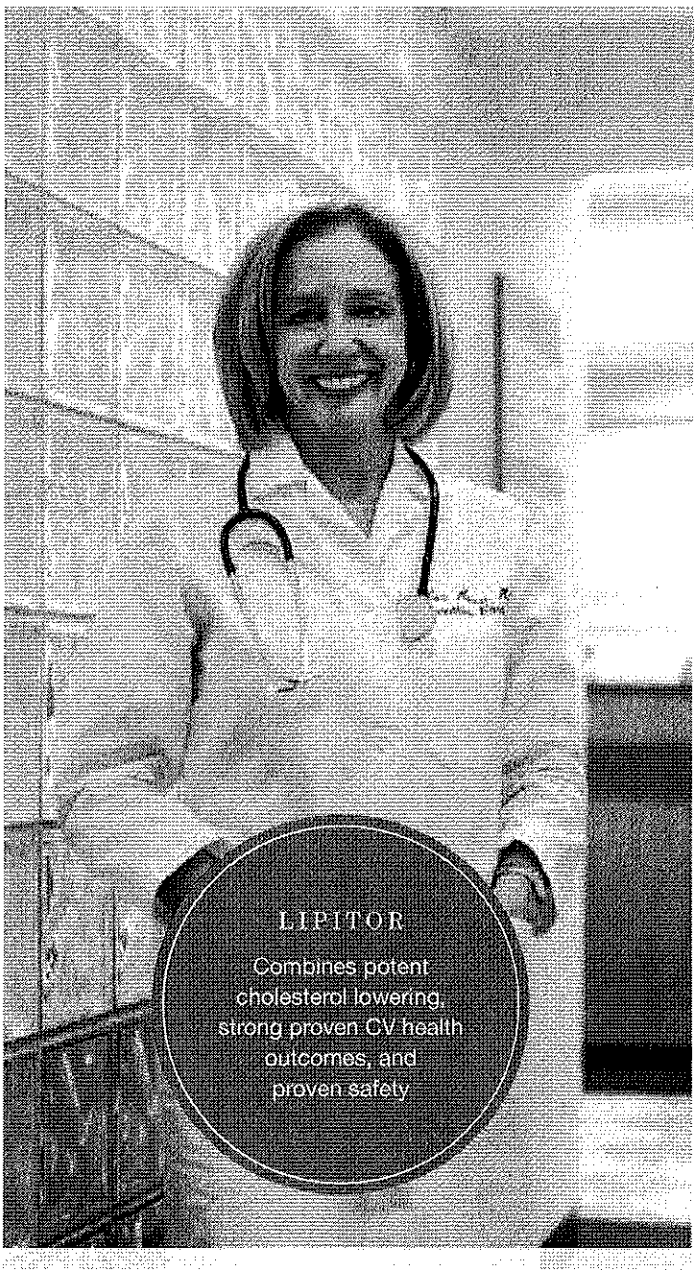

Coralie Raunig, Williamsburg, Virginia

*"The pain felt like touching a hot stove and not being able to pull away. Without Lyrica, I would just be at home crying. But now I'm back to skating two or three mornings a week."*

Lyrica leads in treating two of the most common forms of nerve pain, diabetic peripheral neuropathy and post-herpetic neuralgia. It is the latest Pfizer medicine to surpass $1 billion in sales worldwide. Just two years after launch, more than 4 million patients worldwide have benefited from Lyrica's powerful efficacy and favorable safety profile. Pfizer has custom-developed a number of screening and patient education tools to help doctors and patients identify the severity and symptoms of pain. Additionally, Pfizer is now seeking FDA approval for Lyrica to treat fibromyalgia, a misdiagnosed and poorly-understood condition, affecting an estimated 14 million people worldwide. This disease, which is often debilitating, produces constant pain, poor sleep quality, and fatigue. Currently, a widely-accepted treatment for fibromyalgia does not exist. Lyrica is expected to be the first FDA-approved medication to treat it.


*"When my daughter was diagnosed with asthma, I tried to quit, several times. I wanted to be an example for her. Now I can be. Since I used Chantix, I've been smoke-free."*

Most smokers want to quit, but going "cold turkey" is tough and often fails. Chantix, launched in 2006, can turn down smokers' urges for cigarettes and help them to quit. Chantix is also available with Pfizer's personalized support plan designed to help smokers break their smoking routine. Chantix is the first new prescription medicine for smoking cessation in nearly a decade — and it's changing the way people think about quitting.




Dr. Lori Mosca, Director, Preventive Cardiology, NewYork-Presbyterian Hospital, New York City

*"High cholesterol levels are associated with heart disease and stroke, both of which can be debilitating events for patients. Research shows that by lowering these levels, patients can reduce their risk for both these important conditions."*

Lipitor, along with diet, significantly lowers LDL cholesterol by 39 to 60 percent. It is also clinically proven to reduce the risk of serious cardiovascular events in patients with multiple risk factors for heart disease: nonfatal heart attacks by 45 percent, revascularization by 42 percent, and, in patients with type 2 diabetes, stroke by 48 percent. Lipitor's proven safety profile across the dose range completes its unique package of benefits.


Ronni Sauer, New York City

*"Nothing could be worse for a concert pianist than arthritis of both hands and wrists. Thankfully, my doctor introduced me to Celebrex. Now that I'm playing again, I have every reason to celebrate. Thanks to Celebrex."*

## Lipitor

Lipitor is the most prescribed treatment to reduce elevated LDL cholesterol and triglycerides. It is approved in the U.S., Europe and a number of other countries for prevention of cardiovascular disease, including reducing the risk of a heart attack, stroke, revascularizations and angina in patients with multiple risk factors for coronary heart disease. It remains the best-selling medicine of any kind in the world.

**$12.9 BILLION +6%**

## Norvasc

After 16 years in the marketplace helping patients who suffer from hypertension and angina, Norvasc remains the world's most prescribed branded medicine for treating these cardiovascular conditions.

**$4.9 BILLION +3%**

## Zoloft

Zoloft is approved for six mood and anxiety disorders, the broadest range of such disorders of any antidepressant. It is the only approved medicine for the long-term treatment of post-traumatic stress disorder and social anxiety disorder. Pfizer lost exclusivity in the U.S. for Zoloft in June 2006. Zoloft launched in Japan in July 2006 as J Zoloft.

**$2.1 BILLION –35%**

## Celebrex

With its December 2006 FDA approval for juvenile rheumatoid arthritis, Celebrex is now approved for seven different indications, including osteoarthritis, adult rheumatoid arthritis, acute pain, menstrual pain, familial adenomatous polyposis and ankylosing spondylitis. Celebrex is one of the most studied arthritis medicines on the market.

**$2.0 BILLION +18%**

## Viagra

One of the world's leading pharmaceutical brands, Viagra continues to lead the erectile dysfunction market around the world. Pfizer is supporting consumer education about this important condition with new branded and unbranded educational campaigns in the U.S.

**$1.7 BILLION +1%**

## Zyrtec

The most-prescribed antihistamine in the U.S., Zyrtec provides strong, rapid and long-lasting relief for seasonal and year-round allergies with once-daily dosing. Zyrtec is marketed in the U.S. in conjunction with its discoverer, UCB S.A.

**$1.6 BILLION +15%**

## Xalatan/Xalacom

Xalatan is the world's leading treatment for glaucoma, the second-leading cause of blindness in the world. Xalacom (a combination of Xalatan and the beta-blocker timolol) offers a single daily dose that provides incremental efficacy for patients with insufficient response to treatment with one agent.

**$1.5 BILLION +6%**

## Lyrica

A powerful new option for treating neuropathic pain and epilepsy, Lyrica is now approved in 77 countries and available in 59 markets. More than 4 million patients worldwide have been treated with Lyrica. It is the first and only medicine in the EU licensed for both peripheral and central neuropathic pain, two tough-to-treat pain conditions.

**$1.2 BILLION +297%**

## Detrol/Detrol LA

Detrol is the world's leading prescription medicine for overactive bladder, a condition that affects up to 100 million people around the world. Detrol LA, the once-daily, extended-release formulation, has become the standard of care for this condition, with 13 million patients treated worldwide.

**$1.1 BILLION +11%**

## Camptosar

Camptosar is a foundation treatment for metastatic colorectal cancer. The National Comprehensive Cancer Network, an alliance of 20 of the world's leading cancer centers, has issued guidelines recommending Camptosar as an option across all lines of treatment for advanced colorectal cancer.

**$903 MILLION COMPARABLE TO 2005**

## Genotropin

Genotropin is the world's leading human recombinant growth hormone, accounting for about one-third of the total market. Its leadership reflects two decades of scientific studies on product safety, investment in drug and delivery-device innovation, and attention to patient care.

**$795 MILLION –2%**

## Zyvox

Zyvox is the world's best-selling branded medicine for serious gram-positive infections in adults and children—which increasingly are caused by drug-resistant bacteria in hospitals and, more recently, in the community setting. Zyvox offers unmatched dosing flexibility with intravenous, tablet and oral-suspension formulations.

**$782 MILLION +27%**

## Geodon/Zeldox

Geodon is an atypical antipsychotic medicine that offers dosing flexibility, proven efficacy and a favorable metabolic profile. Also marketed under the trademark Zeldox, Geodon is available in more than 85 markets. It became the fastest growing atypical antipsychotic in the U.S. market in 2006.

**$758 MILLION +29%**

## Vfend

Vfend is a broad-spectrum antifungal medicine for serious systemic fungal infections that are most common in leukemia and bone marrow transplant patients. It can be administered orally or intravenously.

**$515 MILLION +30%**

## Caduet

Caduet, a combination therapy of Lipitor and Norvasc, treats two of the most common risk factors for cardiovascular disease—high cholesterol and hypertension—with one pill, making it a powerful cardiovascular treatment option.

**$370 MILLION +99%**

## Aricept

The top-selling medicine in the Alzheimer's disease market, Aricept's success has been built on a large body of clinical evidence supporting its efficacy and tolerability. With its October 2006 FDA approval for severe Alzheimer's disease, Aricept is now the only medicine approved in the U.S. to treat all degrees of severity for this condition. Pfizer co-promotes Aricept with its discoverer and developer, Eisai Co., Ltd.

**$358 MILLION* +4%**

## Aromasin

Aromasin, an aromatase inhibitor, has been shown to reduce the risk of breast cancer recurrence by 31 percent for postmenopausal patients switching to it after two to three years of tamoxifen therapy versus continuing on tamoxifen.

**$320 MILLION +30%**

## Relpax

Clinical data for Relpax establishes its benefits for early and sustained relief from migraine pain and symptoms. It is marketed in more than 28 countries.

**$286 MILLION +23%**

## Sutent

Sutent is a breakthrough cancer treatment for two hard-to-treat types of cancer, metastatic renal cell carcinoma and imatinib-resistant or intolerant gastrointestinal stromal tumor. Sutent was approved in the U.S. in January 2006 and in the EU in July 2006 and has received earlier-than-anticipated approvals in several other countries in Asia and Latin America. In January 2007 the EU granted full marketing authorization and extension of indication to first-line treatment of advanced and/or metastatic renal cell carcinoma.

**$219 MILLION LAUNCHED IN 2006**

## Chantix/Champix

Chantix is a breakthrough smoking cessation therapy that was approved by the FDA in May 2006. It was approved by the European Medicines Agency in September 2006 and will be marketed outside the U.S. under the brand name Champix. Chantix is offered with a state-of-the-art patient support program that is personalized to help smokers quit.

**$101 MILLION LAUNCHED IN 2006**

## Revatio

Revatio treats pulmonary arterial hypertension, a rare but devastating disorder. Revatio was the first oral treatment to be approved by the FDA for patients with an early stage of this progressive disease.

**$95 MILLION**

## Zmax

Launched in 2005, Zmax (azithromycin extended release), the first single-dose oral antibiotic for adults, uses innovative microsphere technology to deliver a complete course of therapy in a single two-gram dose. A single-dose treatment for bacterial infections improves compliance and minimizes the threat of emerging antibiotic resistance.

**$15 MILLION**

## Exubera

Exubera, one of the most significant innovations in insulin delivery in more than 30 years, represents a medical advance that offers diabetic patients a novel method of introducing insulin into their systems—through the lungs. Long-term efficacy and safety data in both type 1 and type 2 diabetes support Exubera as a valuable new option that delivers effective blood-glucose control and potentially reduces the debilitating and costly complications associated with this disease.

**LAUNCHED IN 2006**

## Eraxis

Eraxis builds upon Pfizer's historical strength in the treatment of infectious diseases, particularly antifungal treatments, and offers a new treatment option for serious systemic candida infections. It was approved by the FDA in February 2006.

**LAUNCHED IN 2006**

## Rebif

Rebif is a biologic product (interferon beta-1a) used in the treatment of relapsing forms of multiple sclerosis. It offers patients proven efficacy to delay disability, with a well-established safety and tolerability profile. Pfizer co-promotes Rebif in the U.S. with its discoverer, EMD Serono, Inc., which reports its sales.

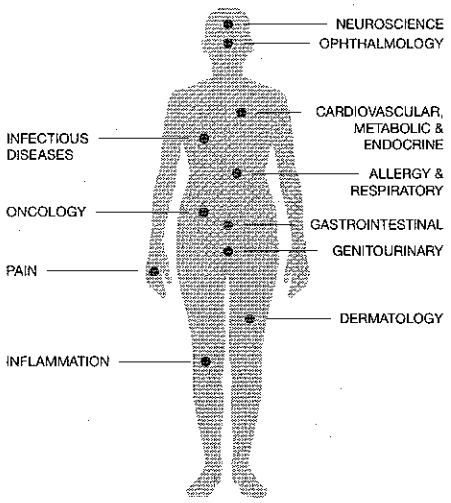
## Spiriva

Spiriva treats chronic obstructive pulmonary disease (COPD), a respiratory disorder that includes chronic bronchitis and emphysema. Available in more than 45 countries, Spiriva is now the most prescribed branded medication for COPD worldwide. Pfizer co-promotes Spiriva with Boehringer-Ingelheim, which discovered and developed the medicine and reports its sales.

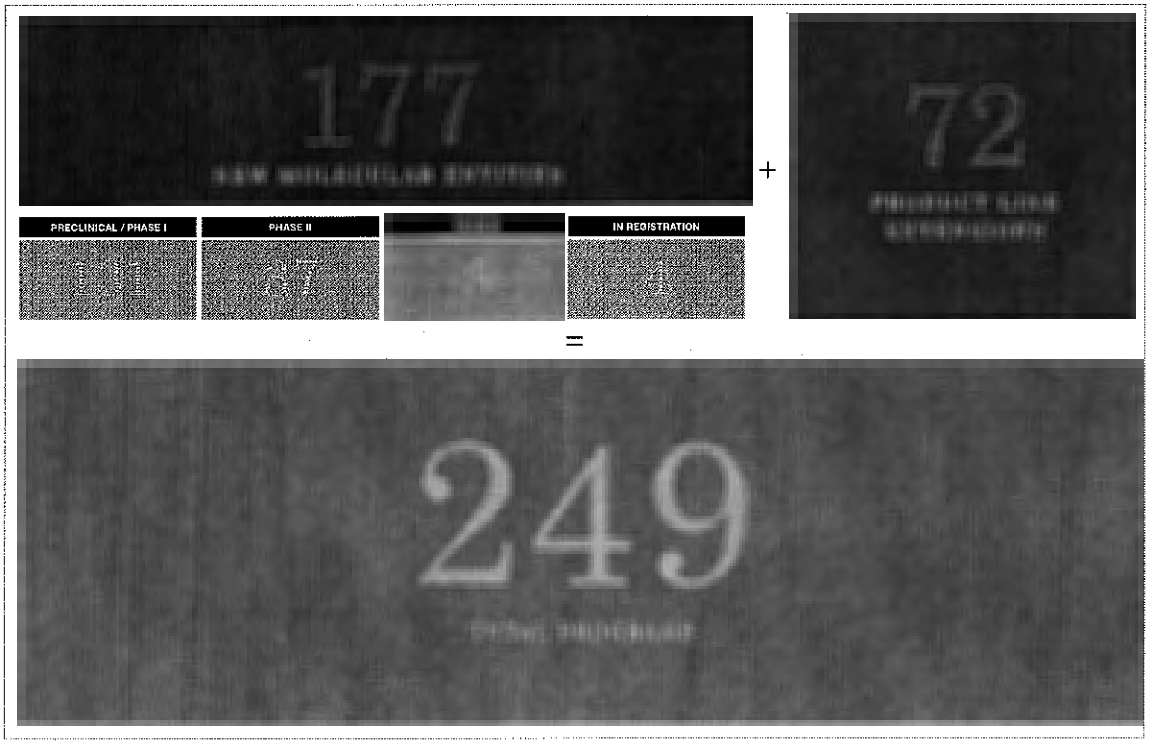
* Reflects direct sales under license agreement with Eisai Co., Ltd., only.

# Resurgence in R&D

Pfizer is changing how we work in biomedical R&D to streamline and improve productivity. Our R&D pipeline is now the largest in Pfizer's history and is primed to deliver four new medicines a year, starting in 2011. Longer term, Pfizer's world-class science makes us the preeminent leader in a number of new scientific platforms, such as tyrosine kinase inhibition and DNA-based vaccines that hold tremendous promise in changing the way diseases are treated—and prevented.




Pfizer focuses its discovery, development and alliance efforts on Therapeutic Areas representing huge unmet medical needs, with annual markets estimated in excess of $300 billion.




As of January 2007

For more details about Pfizer's pipeline, go to www.pfizer.com/pipeline.

## More medicines, more quickly

This is a time of significant opportunity for Pfizer. We have a growing pipeline that is particularly strong in Phases I and II. We are advancing in biologicals and vaccines. There is tremendous potential in forging new collaborations with scientists around the world. To fund these opportunities and deliver on our goal of four new medicines a year from internal R&D by 2011, we are transforming how we discover, develop and commercialize our products, as well as how we form new alliances and find products and services to license. We're creating smaller, more agile research units, funding the growth of our pipeline with no increase in our 2006 expense of $7.6 billion, and driving to have more new products emerge from a more productive R&D organization.

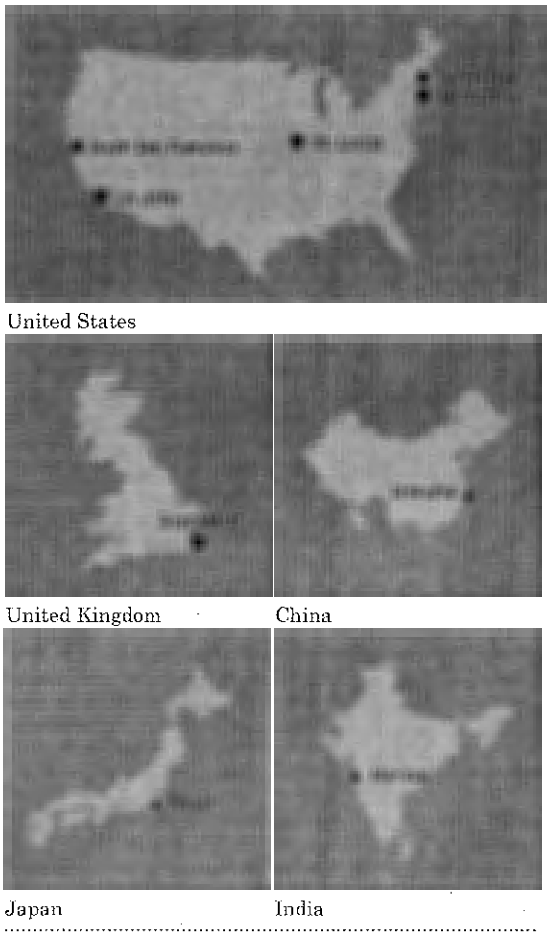
We have begun to vastly simplify our R&D organization, both to use our network of laboratories more effectively and to create more opportunities for scientists to collaborate. Until recently, we had R&D facilities in 10 countries, and some Therapeutic Areas were spread out over four sites. In January 2007 we announced our intention to consolidate major research programs at four sites, to focus discovery efforts on nine Therapeutic Areas, and to focus all development, alliance and licensing efforts on these Therapeutic Areas plus two others of long-standing interest—dermatology and gastrointestinal disease.

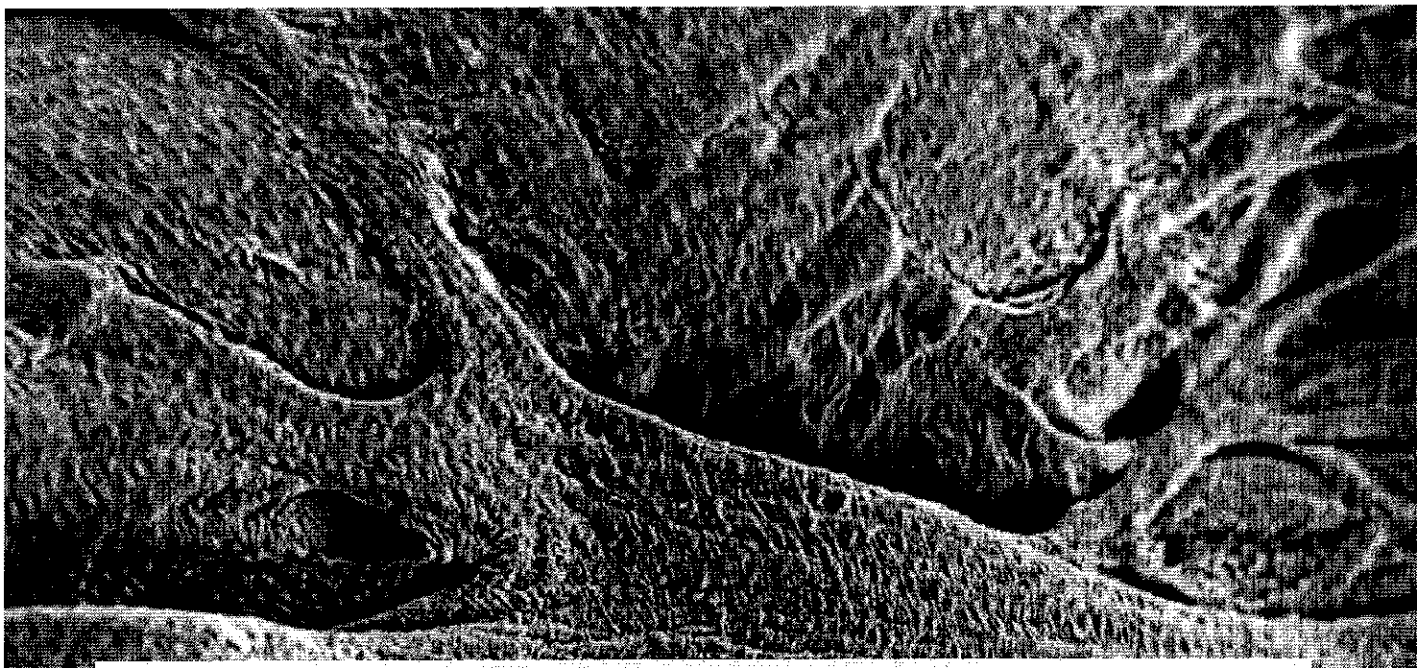
The watchword is focus. We're investing our people and our owners' money in our highest value opportunities. We're encouraging more communication and more collaboration by putting all the scientists for a single Therapeutic Area under one roof. We're also leveraging how we use the magnificent but expensive technology—such as ultrahigh-throughput screening systems—that we have acquired and often custom-modified. The development side of R&D is also being reorganized, giving project team leaders more authority and resource oversight, allowing them to reallocate people and money to meet clinical testing goals, and putting development scientists close to their colleagues in marketing, as well as to their customers.

In addition, we have a fresh commitment to finding the best science outside our walls and to focusing more intensely on commercializing the prospects we gain through alliances, licensing and acquisitions. By transforming ourselves inside Pfizer, and opening ourselves more to the possibilities of biomedical achievement everywhere, we believe we can generate more medicines, with higher value, and drive Pfizer's growth over the long term.

DISCOVERY & DEVELOPMENT AREAS

STREAMLINED GLOBAL OPERATIONS





# 1 Cardiovascular, Metabolic & Endocrine

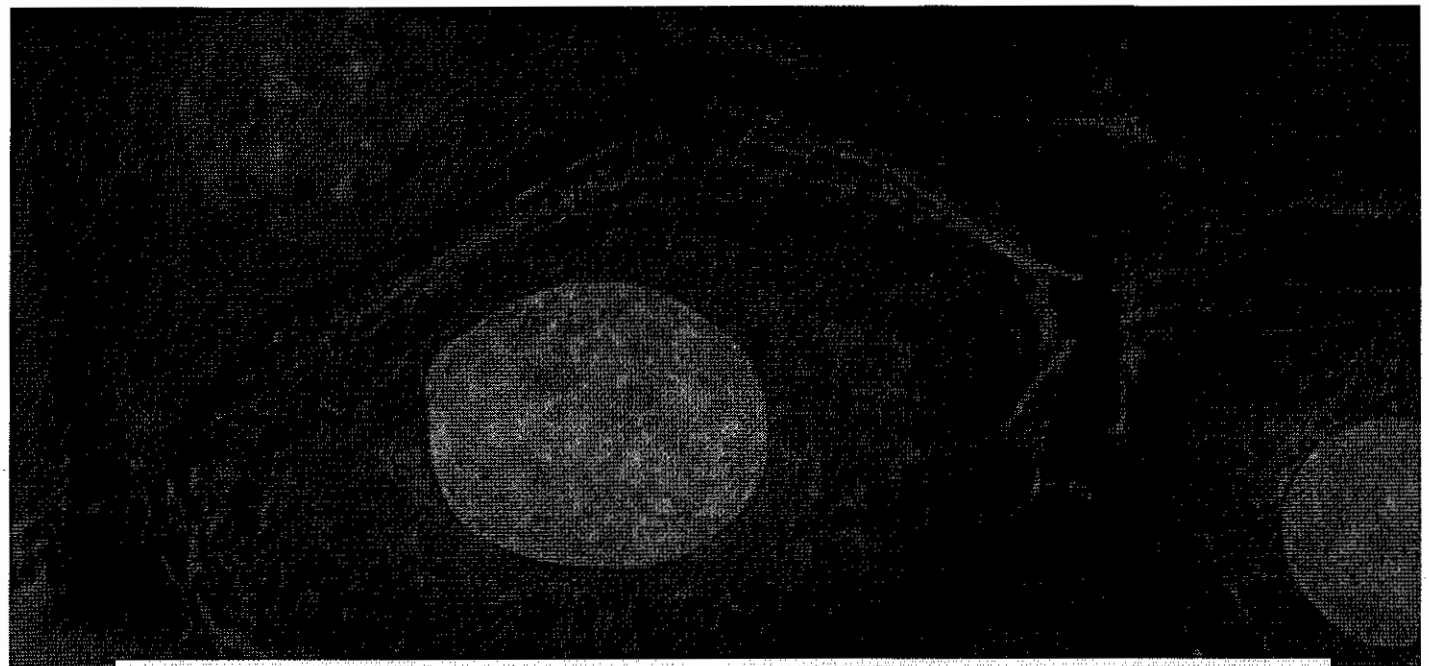
Chronic cardiovascular disease and diabetes now cause one of every three deaths in the world today. Unless breakthroughs are made, the growing prevalence of diabetes and obesity will greatly add to the human and economic cost of disease over the next 20 years. Advances in understanding risk factors and in the development of new therapies have demonstrated that cardiovascular disease is largely preventable. Pfizer's current and future portfolio of medicines in this Therapeutic Area focuses on the control of the risk factors inherent in smoking, diet, physical inactivity and type 2 diabetes. Highlights include:

- **PF-734,200** This potential treatment for diabetes, now in Phase II, increases the effects of glucagon-like peptide 1, which helps improve the function of insulin-secreting cells in the pancreas.

- **PD-348,292** Designed to treat thrombosis, the formation of a clot inside a blood vessel, this compound offers the potential to address a huge unmet medical need: an oral anticoagulant without the significant drug interactions, frequent bleeding and risk of restriction of the blood supply (rebound ischemia) with currently available medications. The compound inhibits Factor Xa, a component in the blood coagulation process, and plans are for a once-daily dosing. It is currently in Phase II trials for the prevention of venous thromboembolism in patients undergoing orthopedic surgery.

- **CP-945,598** This is among the highly promising Pfizer agents in development to fight obesity, one of the world's fastest growing and most damaging metabolic disorders. CP-945,598 acts on a receptor known as CB-1, curbing a person's appetite and increasing caloric expenditures. The compound has shown statistically significant weight loss in Phase II trials, with a favorable safety and tolerability profile. It is now in Phase III trials and additional CB-1 antagonists are in Phase I development.

- **CP-533,536** This compound, a prostaglandin E2 receptor agonist, represents a novel pharmacological approach to assist bone healing. It is formulated as a gel and applied directly to the bone fracture. It is currently in Phase II studies and is projected to move into Phase III in 2007.



# 2 Oncology

Pfizer is considered a relative newcomer to cancer treatment, but our oncology pipeline is robust, with active programs in immunotherapy, signal transduction inhibition, and angiogenesis inhibition. Angiogenesis inhibitors in development include new indications for Sutent, as well as axitinib, which appears to have promising activity in a number of tumor types. Highlights include:

**Sutent** This kinase inhibitor, launched in 2006, has quickly emerged as a seminal oncology medicine, providing a new treatment option for patients with renal cell carcinoma, a type of kidney cancer, and imatinib-resistant or intolerant gastrointestinal stromal tumor (GIST). Now we are in the process of building a kinase inhibitor franchise with extensive development programs in breast and lung cancer. We are targeting filings for Sutent's use with these patient populations in the next few years.

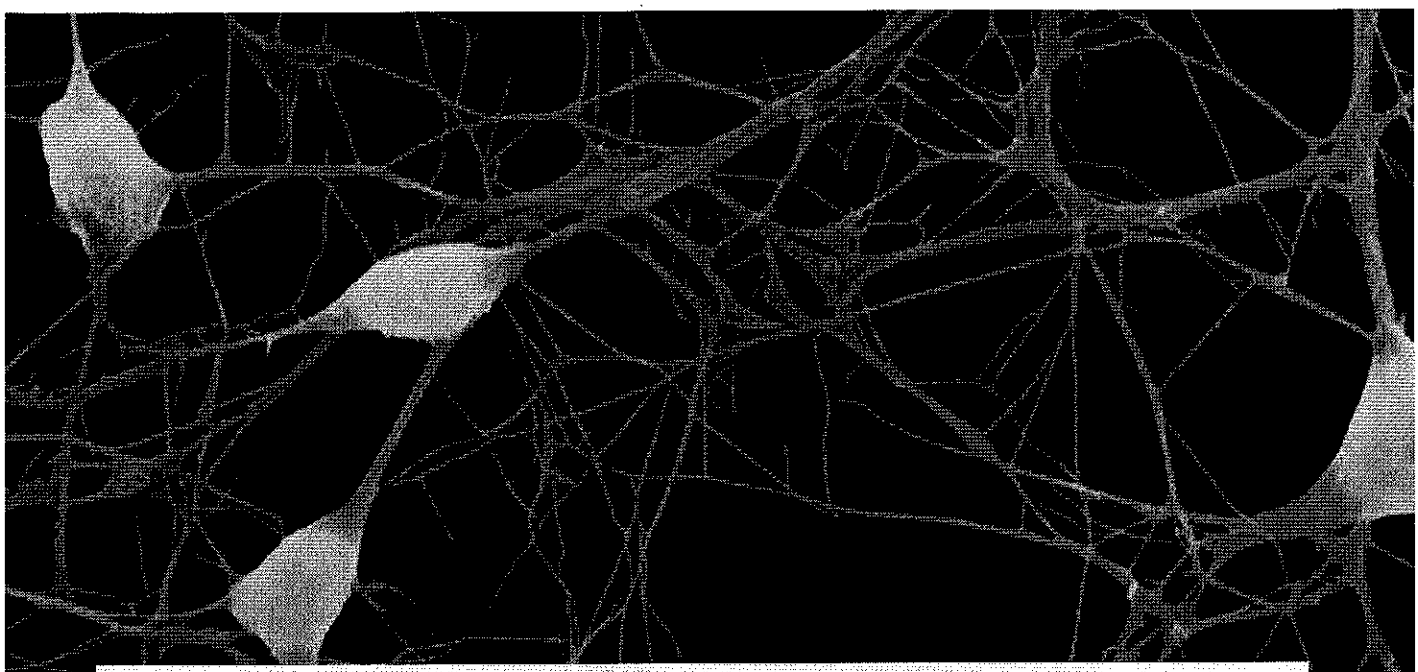
**Axitinib** A tyrosine kinase inhibitor aimed at inhibiting VEGFR signaling, axitinib has robust anti-angiogenic activity in early clinical trials and may represent an opportunity to extend Pfizer's oncology portfolio. Phase I and II studies will provide the data that will determine axitinib's position in Pfizer's oncology portfolio.

**PF-2,341,066** A potent inhibitor of the c-Met receptor tyrosine kinase, this compound has shown profound and lasting effects on several different types of tumors in preclinical mouse models of gastric cancer. This compound is now in Phase I studies. We believe that a c-Met inhibitor could prevent tumors from growing, invading healthy tissues, and metastasizing into life-threatening cancers.

**CP-675,206** Our first fully human monoclonal antibody for the treatment of cancer is also our first immunotherapeutic and our first potential product for melanoma. This compound frees the immune system's cancer-fighting T cells to attack tumors. In small Phase I trials, the compound's apparent survival benefit was two to three times that of the most common agent used to treat advanced metastatic melanoma.

**PF-3,512,676** This TLR9 agonist, being co-developed with Coley Pharmaceutical Group, Inc., has the potential to become a first-line cancer treatment option. This compound enhances the ability of dendritic cells in the body's immune system to fight cancers directly and through the lymph system. Phase III studies are under way to determine if PF-3,512,676, in combination with chemotherapy, can prolong survival in patients with lung cancer. This compound will likely be used in combination with complementary therapeutic approaches, such as our angiogenesis inhibitors Sutent and axitinib.

**CP-751,871** Abnormal signals within cancer cells contribute to uncontrolled proliferation. Blocking such signals can result in cancer cell death through a process known as apoptosis. CP-751,871 is the first fully human monoclonal antibody with high specificity for inhibiting the signaling of the insulin-like growth factor receptor (IGF-1R) to reach clinical trials. In Phase II studies it is proving to be well-tolerated both as a single agent and in combination with chemotherapy.



# 3 Neuroscience

In the U.S. today, seven of the 10 leading causes of disability are neurological and psychiatric disorders. To meet these patient needs, Pfizer is taking a bold leadership approach that will evolve from dealing with symptoms to modifying diseases, where scientifically feasible. As a result, Pfizer has new approaches to attack Alzheimer's disease, schizophrenia and other feared conditions. For anxiety, sleep disorders, and neuropathic pain, we continue to expand inquiry into alpha-2-delta binding site agents, the mechanism that has already led to the development of Neurontin and Lyrica. Highlights include:

- **RN1219** Alzheimer's disease patients exhibit an excess of beta-amyloid, a protein that aggregates and forms plaques inside the brain. The 2006 acquisition of Rinat Neuroscience Corp., a biotech based in South San Francisco, brings RN1219, an antibody that binds to beta-amyloid in the plasma and effectively removes it from the brain. This antibody has shown groundbreaking results in animal models and recently entered Phase I clinical trials.

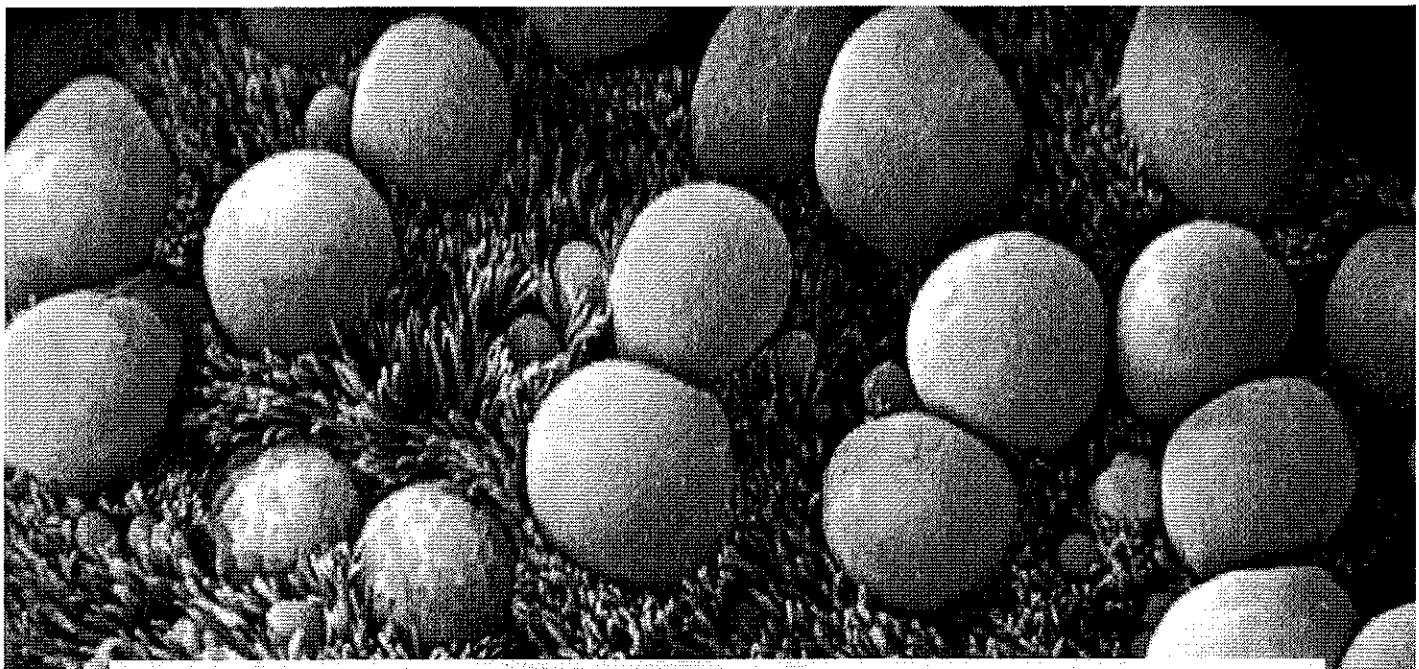
- **RAGE Inhibitors** Also for Alzheimer's disease, we have become partners with TransTech Pharma Inc. (TransTech), a biotech in North Carolina that has discovered first-in-class molecules that clear plaques from the brain through a different mechanism. The theory is that beta-amyloid is brought from the plasma to the brain through a transport system called RAGE, the Receptor for Advanced Glycation End products. We are developing two compounds from TransTech: TTP488, currently in Phase II, and TTP4000, in late-stage preclinical development. In addition, we have a research collaboration looking at other early-stage compounds.

- **PD-332,334** This alpha-2-delta binding site agent completed proof-of-concept studies for generalized anxiety disorder in 2006. The results showed significant efficacy as early as the first week—a significant improvement over the SSRI class, which can take weeks to be effective.

- **PD-200,390** Aimed at treating insomnia and improving the quality of sleep, this alpha-2-delta binding site agent, currently in Phase II trials, represents a new mechanism of action and may address poorly treated conditions that affect hundreds of millions of people around the world.

- **PDE-10 Inhibitors** A truly novel target discovered in our laboratories, this enzyme class stimulates a critical feedback loop in the brain that people with schizophrenia have lost. We have compelling data that show PDE-10 inhibitors as being active in classic antipsychotic models. Phase II studies will begin this year.

- **Lyrica** For a potentially important new role, this breakthrough medication is now in Phase III studies for epilepsy monotherapy.



# 4 Infectious Diseases

Humanity fights an ongoing war against viruses, bacteria and parasites, many of which are becoming resistant to the medicines designed to control them. Our approach is to exploit entirely new mechanisms and move from broad-spectrum agents which predictably lose their effectiveness to more precise therapies—"smart bombs" against infections. We are also expanding into vaccines. Highlights include:

**Maraviroc** Maraviroc blocks the entry of HIV, the virus that causes AIDS, into healthy cells, and is one of the most-promising avenues in current HIV/AIDS research. To our knowledge the first CCR5 inhibitor to be filed, maraviroc took only 10 years from a discovery in basic science to an NDA for a potential breakthrough therapy. In laboratory tests, it is active against strains that use the CCR5 receptor to get into cells, even the strains resistant to multiple other drugs. This makes it appropriate for roughly 70 percent of patients with HIV. For the other 30 percent, while it is not active, Phase III studies have shown that maraviroc is well-tolerated and does not hinder the effectiveness of other HIV therapies.

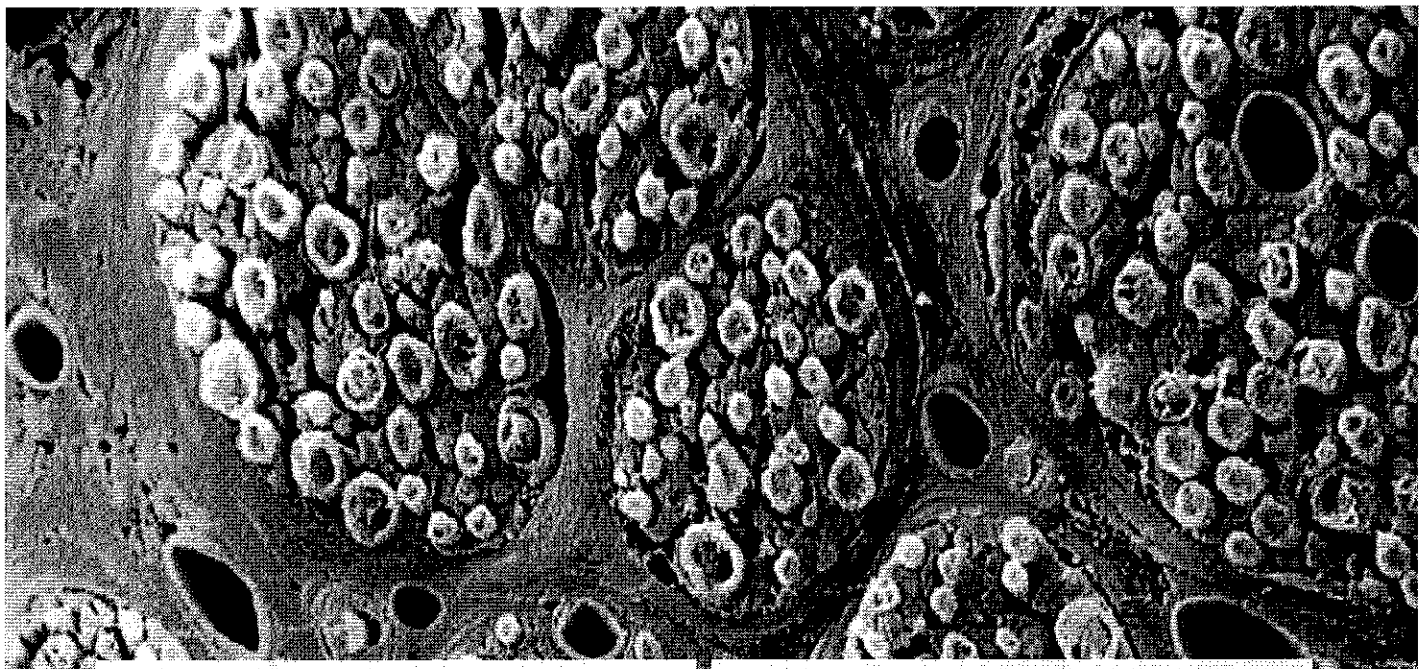
**UK-453,061** A potential best-in-class NNRTI for HIV infection, this compound has activity against common NNRTI mutations, is well-tolerated and does not require PK boosting. In Phase IIa, 10 days of treatment at multiple doses showed good toleration and robust reduction in viral load—a very reliable predictor of Phase III efficacy.

**Dalbavancin** This glycopeptide antibacterial, currently under review by the FDA, is a cell wall inhibitor that is targeted against MRSA, a staph infection once found mainly in hospital environments but increasing in both incidence and virulence in the community. Dalbavancin's pharmacokinetic profile allows for once-weekly intravenous treatment, with the potential to facilitate the early hospital discharge of patients undergoing treatment for MRSA infections. Dalbavancin complements our existing therapy, Zyvox, the world's leading branded medicine for serious gram-positive infections in adults and children.

**PF-3,709,270** This new penem antibiotic is one of the first of this class to be administered orally. A prodrug, it metabolizes into sulopenem, a broad-spectrum antibiotic. Phase I trials have shown it achieves good blood levels and is well-tolerated orally.

**Influenza Vaccines** The acquisition of PowderMed Ltd. and its novel DNA vaccine technology platform also brought us two flu vaccines, the most advanced of which is currently in Phase II trials, designed for the company's innovative needle-less, intradermal delivery method.

**Azithromycin/Chloroquine** Malaria remains one of the scourges of the developing world. In Africa, it accounts for 40 percent of public health expenditures—a staggering burden. To meet this neglected need, we have repurposed the agent in Zithromax and combined it with chloroquine, the decades-old standard treatment for malaria. The combination is currently in Phase III studies and we are working to bring this new tool to the public health arena as rapidly as possible.



## 5 Pain

The effects of pain can be devastating. Pfizer's candidates in this Therapeutic Area are aimed at acute pain, chronic pain, neuropathic pain, osteoarthritic pain, and fibromyalgia—a syndrome characterized by body pain and severe fatigue. Highlights include:

**S,S-reboxetine** Lyrica has proven to be very effective for neuropathic pain in the majority of patients. Pfizer is exploring the use of an alternative therapy for those who don't respond well to Lyrica, and S,S-reboxetine, a norepinephrine reuptake inhibitor, is now being tested. S,S-reboxetine can be used safely with many other pain medications and even with the most commonly used antidepressants.

**PF-4,383,119 (RN624)** In 2006 Pfizer acquired Rinat Neuroscience Corp., whose most advanced new drug candidate is a potential new treatment for acute and chronic pain that is currently entering Phase II clinical trials. This compound inhibits nerve growth factor.

**Lyrica** Pivotal data indicate Lyrica's efficacy for treating fibromyalgia—a prevalent condition that is poorly-diagnosed and managed, with no widely-accepted medicines currently approved for treatment. It is currently under review at the FDA.

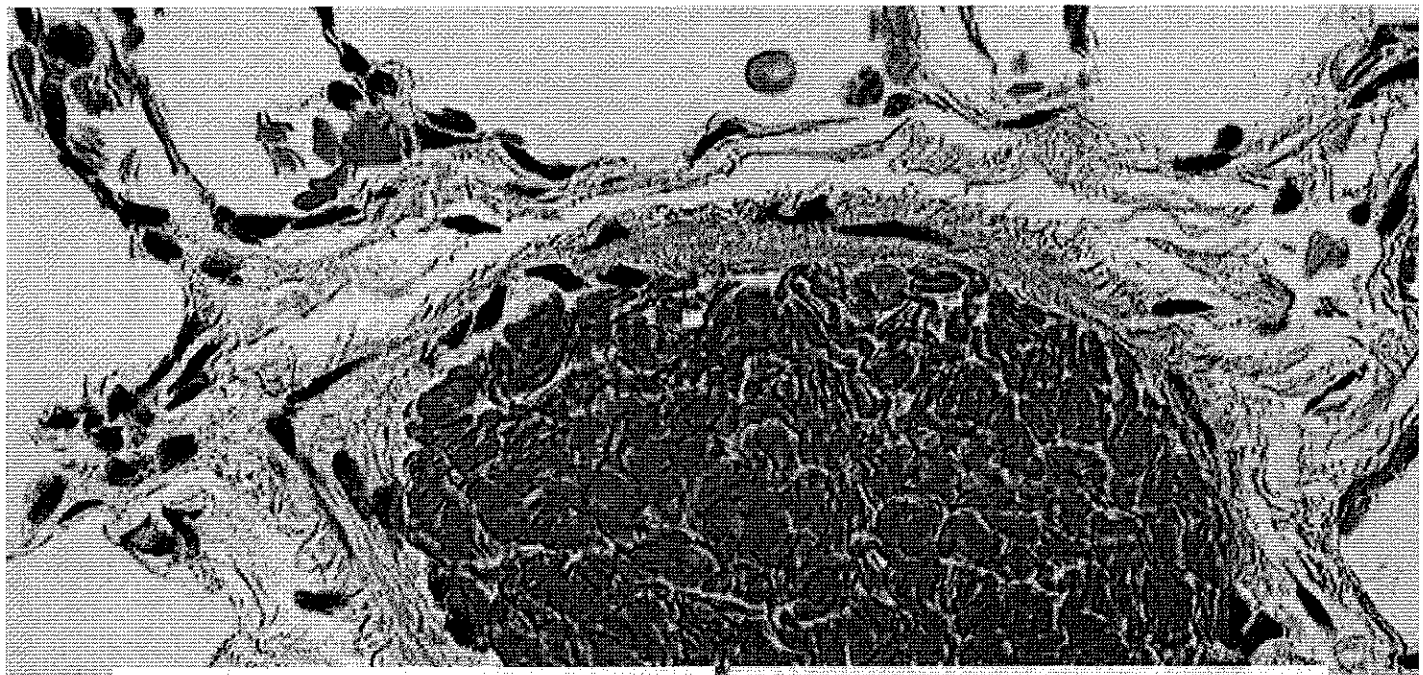
## 6 Inflammation

Some of our most important candidates are derived from our leading-edge work in identifying kinases—enzymes that "switch on" other enzymes. To date, 214 kinases have been implicated in various diseases. Highlights include:

**CP-690,550** This compound inhibits the expression of a kinase known as Jak3 and forms the basis for a new class of immunosuppressant drugs to prevent the body from rejecting transplanted organs. A Jak3 inhibitor intended for use in transplant rejection and rheumatoid arthritis (RA) is now in Phase II clinical trials.

The finding that CP-690,550 selectively suppresses the immune response in transplant rejection, with minimal toxicity, also suggests that a Jak3 inhibitor might be useful in the treatment of RA and, possibly, other autoimmune diseases. Our proof-of-concept results are encouraging in both RA and transplant cases. In RA we have seen benefit in a large number of patients who responded poorly to methotrexate and TNF inhibitors, current standards of care. The compound is now in Phase II trials both for RA and transplant rejection.

**PH-797,804** P38 Kinase is one of the key intracellular enzymes that leads to production of many inflammatory mediators such as TNF alpha and interleukin-1. Inhibiting this kinase is expected to have a profound effect on RA. We are currently testing a potent and selective P38 inhibitor in an early Phase II trial in RA.



# 7 Ophthalmology

The incidence of eye disease is growing as the world's population ages and suffers increasingly from conditions such as diabetes. Pfizer is building on its expertise in treating glaucoma and age-related macular degeneration (AMD) to expand its portfolio of ophthalmic compounds. Highlights include:

**AG-13,958** is in Phase II development for the treatment of AMD, the leading cause of blindness among adults 55 years or older in the developed world. This compound inhibits tyrosine kinases, including VEGF, the growth factor implicated in AMD. The current delivery system for AMD therapies is direct injection into the eye. If successful, this compound could provide an alternative—delivery around and behind the eye.

**RTP-801** Pfizer has licensed rights to the novel human gene RTP-801, and to molecules that modify its expression or function, from the Israeli firm Quark Biotech. RTP-801 is involved in the development of pathologic blood vessels that accelerate the progress of AMD.

**Nitric Oxide Donation Technologies** There is rising evidence that some diseases may be related to a lack of nitric oxide production in the body, and that drug treatments that supplement the nitric oxide made by the body may be useful in treating a variety of diseases. In 2006 Pfizer forged a collaboration with the French firm NicOx, gaining exclusive rights to use NicOx's nitric oxide donation technology in all ophthalmic indications. In 2007 Pfizer expects to file an Investigational New Drug Application for a development candidate to treat glaucoma.

# 8 Allergy & Respiratory

Our emphasis in this area is on treating asthma and chronic obstructive pulmonary disease (COPD). COPD is the fourth-leading cause of death around the world. Highlights include:

**PF-610,355** This compound has the potential to be a best-in-class, once-daily beta agonist, used to relieve the constriction of bronchial tubes seen in both asthma and COPD. It is in Phase I.

**UK-432,097** is being developed for COPD. This compound focuses on the role of a nucleoside known as adenosine. It is designed to activate A2A adenosine receptors on lymphoid cells, leading to inhibition of the inflammatory response that worsens COPD. It is in Phase II studies.

# 9 Genitourinary

Our genitourinary portfolio includes programs in managing the vasomotor symptoms of menopause, urinary incontinence, overactive bladder, sexual dysfunction, and prostate enlargement. Highlights include:

**PD-299,685** The current standard of care for the vasomotor symptoms of menopause is hormone replacement therapy, but its use is a cause of concern for many patients. PD-299,685, based on Pfizer's alpha-2-delta receptor binding agent platform, is a nonhormonal alternative now in Phase II development.

# An Aggressive but Disciplined Approach to Business Development

DAVID SHEDLARZ

Vice Chairman

Every global pharmaceutical company is pursuing business development opportunities to supplement what is discovered and developed in their own R&D labs. Pfizer has been very successful over the years in forging winning alliances. But the competitive landscape is changing, and opportunities for large, late-stage agreements are both expensive and rare. That's why we're taking a new approach to new business development, looking at the best science done outside our labs and working to find the right opportunities at the right prices.

Assessing the prospects for a compound that's years away from commercialization is like looking at teams of Little Leaguers and betting on who will make the majors. To improve our chances, we start with a simple philosophy: Follow the best science, wherever it leads. We're doing everything we can to find, learn about and assess potential breakthroughs in medicine. But even if a new idea seems promising, we can't just offer a blank check for it. We have to determine if it gives us a good chance of providing something that our patients need and that payers will support. This means taking a highly-disciplined approach to evaluating each opportunity and assessing the value it might offer.

Toward this goal, we've developed a three-pronged business development strategy. First, we look to complement our portfolio by identifying and filling gaps in our line-up of marketed drugs and investigational compounds. We are also hard at work examining more opportunistic investments and seeing how they fit into our picture of what the business is today—or what it will become in the medium- to long-term future.

The second prong is to focus on acquiring products and services that add to the value of what we already sell, or what we expect to sell. We're looking at delivery systems, product combinations, and even diagnostics, where a novel test might improve the match between patient and medicine.

The third prong is to invest in adjacent healthcare businesses—such as biologics and vaccines—where we may have a modest presence now, but where we believe there is opportunity. Our recent acquisition of PowderMed Ltd., a platform for DNA-based vaccines, is one example of this strategy at work.

However, finding and selecting solid opportunities isn't enough. We also have to evaluate opportunities thoughtfully, genuinely understanding the drivers of their value. In that way we can pay the right price, develop a deal structure that makes sense for both parties, and ensure that we have the best chance of commercializing the opportunity.

Our new Worldwide Business Development group brings together previously separate functions, so that all the capabilities and resources necessary to evaluate and secure opportunities are in one place, with a clear strategy and accountability for results.

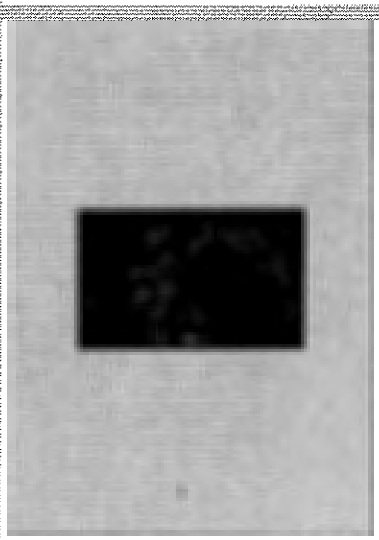
We believe that this new business development strategy will ultimately yield an average of two new products a year, starting in 2010, greatly supplementing the revenue opportunities of our internal R&D.

## PowderMed

**A Leapfrog Vaccine Technology**

Pfizer acquired UK-based PowderMed Ltd. (PowderMed), a pioneer in the particle-mediated epidermal delivery of DNA vaccines, in 2006. This technology platform may provide significant advantages over both traditional vaccines and "next-wave" cell-based vaccines.

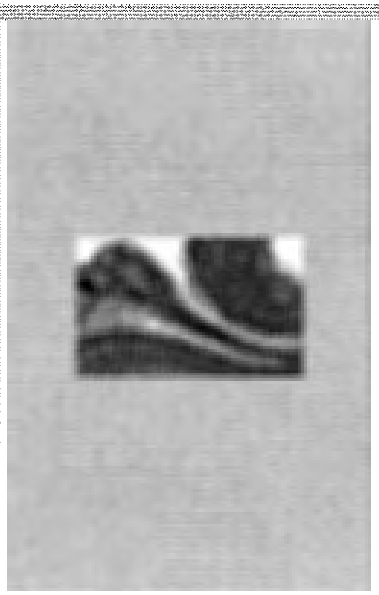
PowderMed's needle-free delivery system uses pressurized helium to place DNA-coated microscopic gold particles into the first layer of skin. This generates both antibody and cell-mediated immune responses. Researchers believe that eliciting two immune responses, rather than one as in the case of traditional vaccines, will vastly increase vaccine effectiveness. Two influenza vaccines and a genital herpes vaccine are now in development.



## Rinat and TransTech

**Pillars for a New Alzheimer's Disease Platform**

An estimated 18 million people worldwide are diagnosed with Alzheimer's disease, the "ticking time bomb" of global health. Today's Alzheimer's disease therapies, important as they are, largely modify symptoms. Pfizer's excellence in advancing neuroscience research internally as well as through alliances and acquisitions is expanding our ability to explore several approaches to modifying the course of this disease. Rinat Neuroscience Corp., acquired by Pfizer in 2006, and TransTech Pharma Inc., with whom Pfizer struck a licensing agreement in 2006, offer different but possibly synergistic approaches to clearing the brain of the amyloid plaques that contribute to the progressive death of nerve cells in Alzheimer's disease patients.



## Kosan and Pfizer

**Teaming Up Against Gastrointestinal Disease**

Pfizer can magnify the ability of a small pharma company to convert its technology into valuable product opportunities. Pfizer's late-2006 licensing of Kosan Bioscience's motilin agonist program affirms our continued commitment to develop promising compounds for gastrointestinal disease. Under this agreement, Pfizer is responsible for all development, regulatory and commercial activities related to Kosan's motilin agonist program, which is aimed at enhancing the beneficial action of a hormone secreted by the small intestine. Pfizer is now collaborating with Kosan on a Phase I clinical trial for KOS-2187, a clinical candidate with significant potential therapeutic benefit in treating GI diseases such as gastroesophageal reflux disease, commonly known as "acid reflux," and diabetic gastroparesis, which is characterized by delayed gastric emptying.

# *establishing*

A LOWER, MORE FLEXIBLE
COST BASE

We have begun the process of reducing our absolute costs and have set the stage for a more flexible cost structure that is adaptable to changing business conditions and needs. But we fully understand that we can't cost cut our way to greatness. For our company to grow and remain successful, we must invest in new and valuable medicines and related products and services. That's why we plan to reinvest a substantial portion of our cost savings in activities that will enhance our business.

# Lowering Costs, Investing in the Business


## *Where $5 billion in savings comes from:*

BY 2008

- Complete the "Adapting to Scale" program, a 3-year productivity plan that began in 2005
- Reduce the "footprint" of Pfizer's network of R&D sites, closing some and increasing the use of others
- Reduce sales forces in many regions
- Reduce the number of manufacturing plants worldwide
- Streamline support functions

## *Where $3 billion in investments is going:*

INTO

- R&D, to meet our target of four new products generated internally every year, starting in 2011
- Biotherapeutics, to increase to 20% of total research portfolio and to invest in promising areas such as vaccines
- Fast-growing technologies, such as computational biology, to help R&D identify the best targets and new pathways for potential medicines
- New product launches and line extensions
- Reconfiguration of our manufacturing facilities to adopt new technologies and new ways of delivering medicines to patients
- Paying the increased costs associated with inflation

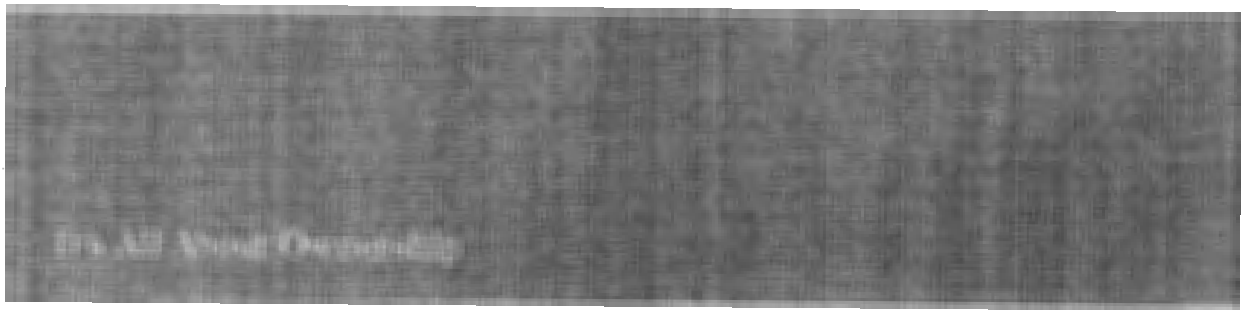
*"Adjusted income" is defined as reported Net income excluding purchase-accounting adjustments, acquisition-related costs, discontinued operations, cumulative effect of a change in accounting principles and certain significant items. For an understanding of Adjusted income, see the "Financial Review: Adjusted Income" section of Pfizer's 2006 Financial Report.

† Pfizer plans to achieve an absolute net reduction in the pre-tax total expense component of Adjusted income* compared to 2006 of between $1.5 billion and $2 billion by year-end 2008.

# *creating*

SMALLER, MORE ACCOUNTABLE
OPERATING UNITS

Pfizer aspires to embrace the unique attributes of a small company while at the same time making the most of our scope, size and reach. By organizing into smaller, more focused units, we can adapt continuously and make decisions quickly. We can try new ideas easily, learn from our experience, and spread winning concepts around our organization. We can do all this while putting to work the advantages of our global enterprise.



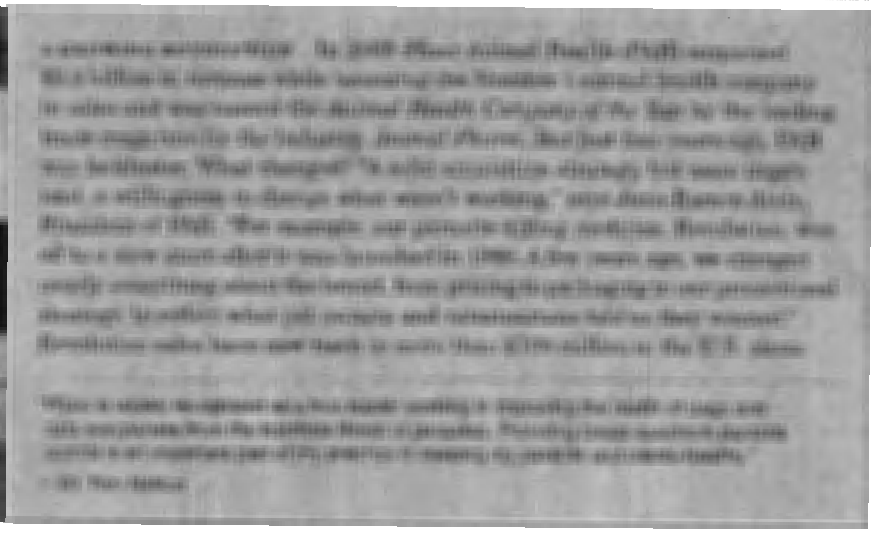
**DEE L. MAHONEY**

Senior Vice President,
General Manager, Specialty Markets

How do you make positive concepts such as "a more agile organization" and "closer to the customer" come alive? Certainly it takes people with a bias for action, but it also takes an organizational structure that frees these people to do their best. That's the structure we now have with Pfizer's reorganization of its U.S. commercial operation into smaller, more focused groups. Pfizer gave us what we asked for: more freedom to operate, more chances to show what we can do, and more responsibility and accountability.

Many of the products we offer in Specialty Markets are either life-saving or sight-saving medicines. They are used to treat diseases such as cancer, HIV and glaucoma. Many of our competitors are small, fast-moving biotech firms. Now, with more focused operations and fewer management layers, we are better positioned to move just as fast, while having the advantage of Pfizer's tremendous resources behind us. With medical, marketing and sales all working more closely together, we can deploy our people and resources in ways that best serve our customers. For example, oncologists have told us that they want timely access to the latest information about our medicines and clinical trials. Today, we have the ability to quickly change our approach and increase the number of field-based medical personnel, if we decide that is the best way to meet our customers' needs.

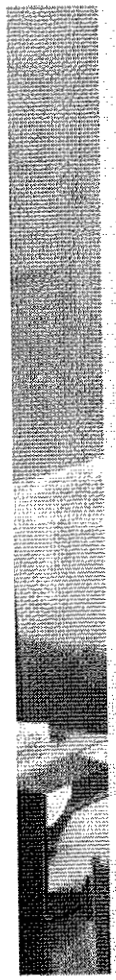
The most exciting part about our new structure is how the entrepreneurial spirit of our employees is coming alive. Colleagues know that we want their ideas, that we're going to discuss these ideas, and that we are open to trying new ideas. If an idea succeeds, then we can get the word out around our organization and to other Pfizer businesses. There's also a new sense of ownership and accountability within our group. People have their goals spelled out. They have their resources in hand. They know the critical role they play in driving performance, and they can see their way to more satisfying and fulfilling careers.



# *engaging*

COLLABORATIVELY WITH PATIENTS,
CUSTOMERS AND BUSINESS PARTNERS

Pfizer wants better health for more people. So do our key customers and alliance partners. We need to listen to the views of everyone involved in healthcare decisions—patients, physicians and customers ranging from the smallest of community clinics to the largest of the world's governments. We can find more common ground and new ways to work together to fight disease and improve health outcomes. We must be seen as a responsible and active company that is focused on solutions that work for everyone—not just for Pfizer.



## The Scripps Research Institute Partnership

Based in La Jolla, California, The Scripps Research Institute is one of the world's premier independent, nonprofit biomedical research organizations, working at the forefront of basic science and working to comprehend the most fundamental processes of life. In November 2006 Pfizer and Scripps announced a five-year, $100 million collaboration to jointly study and evaluate therapeutic approaches to diseases such as cancer, diabetes and schizophrenia. The terms of the collaboration were agreed to in just 30 days. Discussing the collaboration, Scripps President Dr. Richard Lerner said, "Frankly, a few years ago, we would not have taken Pfizer seriously. Now, we see a company that's already a powerhouse in biotech, and poised to become a dominant player."

The collaboration between The Scripps Research Institute, one of the world's most important basic biomedical research centers, and Pfizer, the world's largest investor-funded biomedical research organization, will speed up the time frames for translating breakthrough discoveries into treatments for serious diseases.

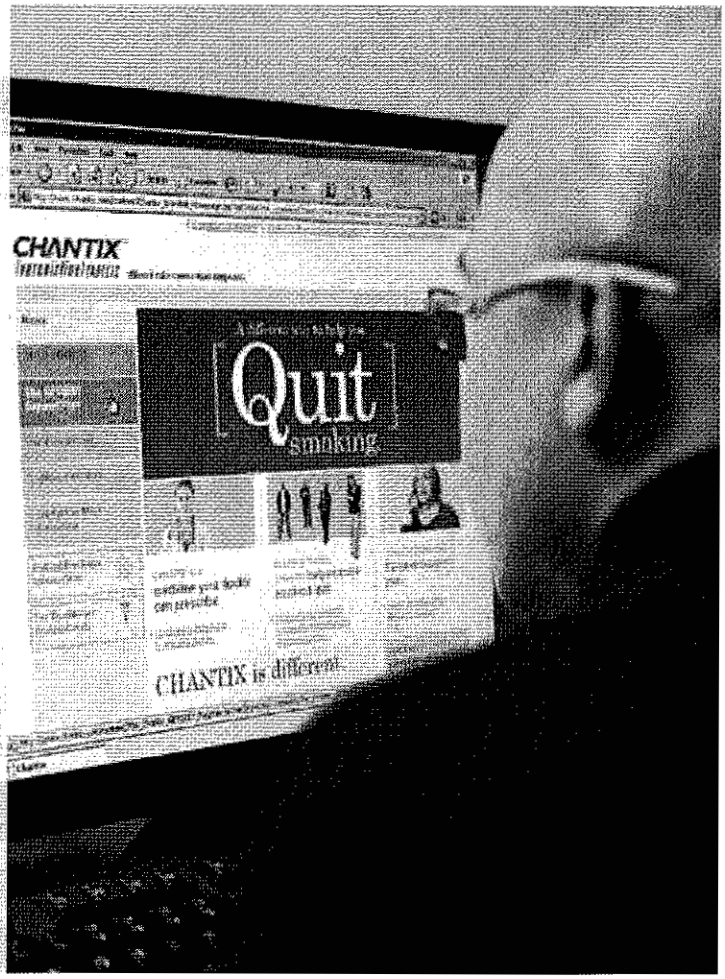
## Maraviroc Expanded Acces

Maraviroc is Pfizer's novel CCR5 inhibi
treatment of HIV and offers a different
of action from existing HIV therapies. M
been given "fast-track" designation by
and accelerated review in the Europea
If approved, maraviroc would be the fir
of oral HIV medicines in more than a d
meet the urgent need of people living w
for new drug therapies. To assist patie
treatment options are limited due to vi
or intolerance of existing drug therapie
announced on World AIDS Day 2006 th
was planning to establish a multination
Access Program. This clinical study ha
to enroll patients from more than 30 co

Juan Wulff of San Francisco, California, is en
clinical trial of maraviroc. "I've seen so many
friends give up. And it was happening to me,
Now, I've gone back to school and opened m
I have a future!"

## The GetQuit Support Program

Chantix is an important tool in smoking cessation treatment, but it is not an instant solution. In launching Chantix in 2006, Pfizer listened to physicians, experts and smokers, and came to recognize that providing patients with ongoing support as they go through the quitting process would be critical. Pfizer's GetQuit Support Program, offered at no additional charge with a 12-week prescription for Chantix, can help support and motivate smokers to stay on the quitting path, and help them learn to break the smoking routine. Developed by experts in smoking cessation, GetQuit is a "virtual motivator" along the entire process of moving to a nicotine-free life. It includes a "cravings hotline" to help people trying to quit through their more difficult moments.




The integrated Chantix patient education program, which includes GetQuit, helps physicians counsel patients who smoke, while helping smokers sustain their progress toward nicotine-free living.

## The International Trachoma Initiative

Trachoma, an infectious disease that has blinded an estimated 8 million people and infected upwards of 80 million, may join polio and smallpox as diseases eradicated, thanks to a unique public-private partnership. The International Trachoma Initiative (ITI), founded in 1998 by the Edna McConnell Clark Foundation and Pfizer, works in nations where trachoma is a public health problem and mobilizes governments, private donors and others to take action. The ITI implements the WHO's SAFE strategy, which combines prevention and treatment: surgery for advanced cases, antibiotics to treat active infection, face washing to reduce transmission, and environmental change to improve community hygiene. In 2006 Morocco became the first country to meet all of the WHO requirements for trachoma elimination. The goal: trachoma as a disease of the past by 2020.

Trachoma is the world's leading cause of preventable blindness. The ITI uses the antibiotic Zithromax, donated by Pfizer, to treat and cure active trachoma infections.

# *making*

PFIZER A GREAT PLACE TO WORK

Pfizer is known as a high-quality employer. But now we have to change the equation to become the "employer of choice" everywhere we operate. Our colleagues want to contribute to a growing, successful enterprise that welcomes a diversity of talent and views. They want to make decisions, see their work make a difference, and be rewarded for their efforts. Today, we're finding new ways to work together, reducing layers of supervision, increasing accountability and, most important, encouraging our employees to think like owners.

**Equipping colleagues to lead change.** Left: Pfizer France's Brigitte Texier, a Pfizer Global Health Fellow, travels on an infectious diseases prevention campaign in Burundi. Middle: A group of Pfizer Global Manufacturing colleagues in Ireland use their "Right First Time" training to improve a pharmaceutical production process. Right: At Pfizer's U.S. sales training center in Rye Brook, N.Y., Alabama's Amber Bradford and Louisiana's Robert Nethery sharpen their skills in physician education.

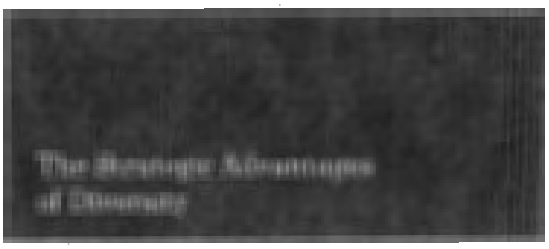
## How do we make a good place to work—a great place to work?

We begin with what Pfizer has always had: core values that start with integrity and extend to quality; a reputation as a good corporate citizen; and a record of innovation in areas such as work/life balance, global talent planning, and employee training and development.

Then we set a vision for the kind of corporate culture we want to have and put the needed structure into place. To unleash entrepreneurship, we're breaking large units into smaller ones. To increase speed, we're cutting out unneeded layers of management. And to ensure collaboration and accountability, we're putting groups with shared objectives under one general manager—or even under one roof.

We move on to establish new policies and practices that reinforce the speed and agility of the organization overall, as well as the sense of responsibility and ownership taken by each colleague. To build a performance-based culture, we are reviewing our compensation plans to make certain there's a direct, measurable link between rewards and the key drivers of shareholder value. We've modified our executive bonus plans to increase the percentage of incentives tied to revenue, EPS and profitability. We're sharply focused on a culture of diversity and inclusion, welcoming many new people from outside our company. And we are equipping colleagues everywhere with the training they need to deal effectively with change and continuous improvement.

The goal is a Pfizer that is uncompromising in values such as integrity and quality, but comfortable with the realities of our profoundly changing business environment—an enterprise where colleagues can grow, add value, and take on more responsibility than ever before.



**LESLIE MAYS**
Vice President,
Diversity & Inclusion

In "The Wisdom of Crowds," James Surowiecki makes a strong and simple case for a diverse and inclusive corporate culture. When presented with a problem, Surowiecki writes, a large group of people with different viewpoints and life experiences makes a better collective decision than a smaller group that shares similar life views—*even if the smaller group has more experience in dealing with the problem at hand.* The first group's diversity and willingness to evaluate all viewpoints makes the difference.

Pfizer operates in more than 150 nations. But we haven't used the deep experiences of our colleagues to our fullest advantage. If we can create a culture where every colleague feels valued and supported, and where all viewpoints are heard, respected and accounted for, then we can gain the edge in recruiting top talent, do much more with the talent we have, and, as Surowiecki posits, make better decisions in the face of constant change.

A diverse and inclusive culture doesn't happen by accident. If these concepts are seen as "buzzwords," disconnected from business objectives, then the corporate culture suffers. Pfizer's Diversity and Inclusion Strategy, endorsed by the Board of Directors in 2006, engages our leaders at every level in the discipline of changing our corporate culture—one that promotes advancement on merit and values the cultural differences that can give us a powerful and sustainable business advantage.

2006 saw the launch of the strategy and the inclusion of progress plans into the goals of all senior leaders. 2007 will be challenging as we work through the staffing reductions needed to meet our corporate priorities. In a time when Pfizer will have fewer colleagues, putting to better use all the skills, knowledge and abilities of the colleagues we have is more important than ever.

**Dennis A. Ausiello, M.D.** [6]
Physician-in-Chief
Massachusetts General Hospital

**Michael S. Brown, M.D.** [4, 5]
Distinguished Chair, Biomedical Sciences,
Regental Professor, University of Texas
Southwestern Medical Center

**M. Anthony Burns** [1, 2]
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Ryder System, Inc.

**Robert N. Burt** [3]
Retired Chairman and CEO,
FMC Corporation

**W. Don Cornwell** [2]
Chairman and CEO,
Granite Broadcasting Corporation

**William H. Gray III** [4]
Chairman,
Amani Group

**Constance J. Horner** [1, 4, 7]
Former Assistant to the President
of the United States and
Director of Presidential Personnel

**William R. Howell** [2]
Chairman Emeritus,
J.C. Penney Company, Inc.

**Stanley O. Ikenberry, Ph.D.** [1, 3, 5, 6]
President Emeritus,
University of Illinois
Will retire as a Board Member effective March 22, 2007

**Jeffrey B. Kindler** [1]
Chairman of the Board and
Chief Executive Officer, Pfizer Inc

**George A. Lorch** [3]
Chairman Emeritus,
Armstrong Holdings, Inc.

**Dana G. Mead, Ph.D.** [3, 5]
Chairman,
MIT Corporation

**Ruth J. Simmons, Ph.D.** [4]
President,
Brown University
Will not stand for reelection as a Director
at the 2007 Annual Meeting

**William C. Steere, Jr.** [5]
Chairman of the Board Emeritus,
Pfizer Inc

[1] Executive Committee
[2] Audit Committee
[3] Compensation Committee
[4] Corporate Governance Committee
[5] Science and Technology Committee
[6] Lead Independent Director
until February 22, 2007
[7] Lead Independent Director
effective February 23, 2007

Pfizer is committed to conducting its business in a sustainable way. To that end we have been changing our business practices with respect to this report. We use paper that is sustainably forested. The paper in this report is 10 percent post-consumer fiber content, Sustainable Forestry Initiative certified, and made free of elemental chlorine.

Contains 10% Post-Consumer Fiber

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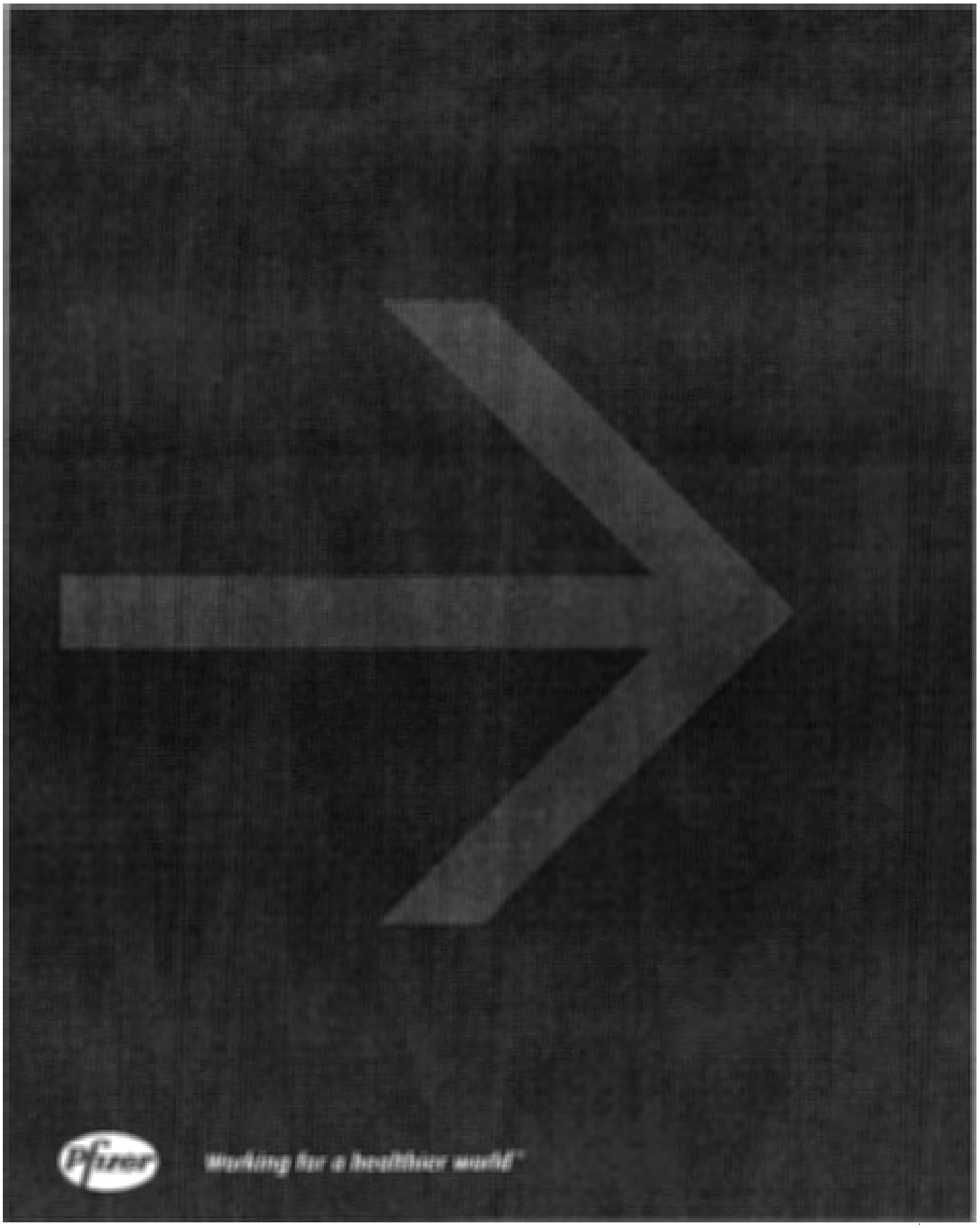


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