STARBOARD VALUE®

2024 Active-Passive Investor Summit

October 2024

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Pfizer's Mission Is to Provide Breakthroughs That Change Patients' Lives

Primary Care ($31bn)[1]

Pfizer played a critical role in ending the pandemic

COMIRNATY (COVID-19 Vaccine, mRNA)

Paxlovid

Prevnar 20 Pneumococcal 20-valent Conjugate Vaccine

ABRYSVO

Eliquis (apixaban) tablets 5mg 2.5mg

Nurtec ODT (rimegepant) orally disintegrating tablets 75 mg

Nimenrix konjugovaná vakcína proti meningokokům skupiny A, C, W, a Y

Premarin (conjugated estrogens)

Speciality Care ($15bn)[1]

XELJANZ (tofacitinib)

Vyndaqel (tafamidis meglumine)

CIBINQO (abrocitinib) tablets

Inflectra infliximab-dyyb

Oncology ($12bn)[1]

IBRANCE palbociclib

Xtandi

Inlyta axitinib

Seagen

Pfizer serves a critical role in society that positively impacts millions of patient lives

We believe Pfizer is a great American business that plays an important role in society.

Source: Public company filings and website. (1) Represents 2023 sales.

Under Dr. Bourla's Leadership, Pfizer Produced Two Critical COVID-19 Breakthroughs

The Company was the first to introduce a publicly available COVID-19 vaccine and oral antiviral treatment – both of which helped end the COVID-19 pandemic.

Pfizer, in partnership with BioNTech, developed the first commercially available COVID-19 vaccine

First Covid-19 Vaccine Given to U.S. Public

A nurse in New York was among the first to receive the shot Monday morning

By Peter Loftus Follow *and Melanie Grayce West* Follow
Updated Dec. 14, 2020 11:17 pm ET

The first U.S. Covid-19 vaccinations outside of clinical trials began Monday, kicking off the most urgent mass immunization campaign since polio shots were rolled out in the 1950s.

A nurse in New York was among the first to receive the shot, and health workers throughout the U.S. were also set to receive the newly authorized vaccine developed by Pfizer Inc. and BioNTech SE. Pfizer shipped vaccine vials out Sunday, and hospitals and health departments across the country received them early Monday.

Pfizer also developed Paxlovid, a leading antiviral therapy used to treat COVID-19

Pfizer's Covid-19 Pill Is Authorized in U.S.

It is the first approval of a drug that newly infected people can easily take at home to stay out of the hospital

By Jared S. Hopkins Follow *and Joseph Walker* Follow
Updated Dec. 22, 2021 4:32 pm ET

U.S. health regulators cleared use of a Covid-19 pill from Pfizer Inc., the first drug that newly infected patients can now take at home to stay out of the hospital.

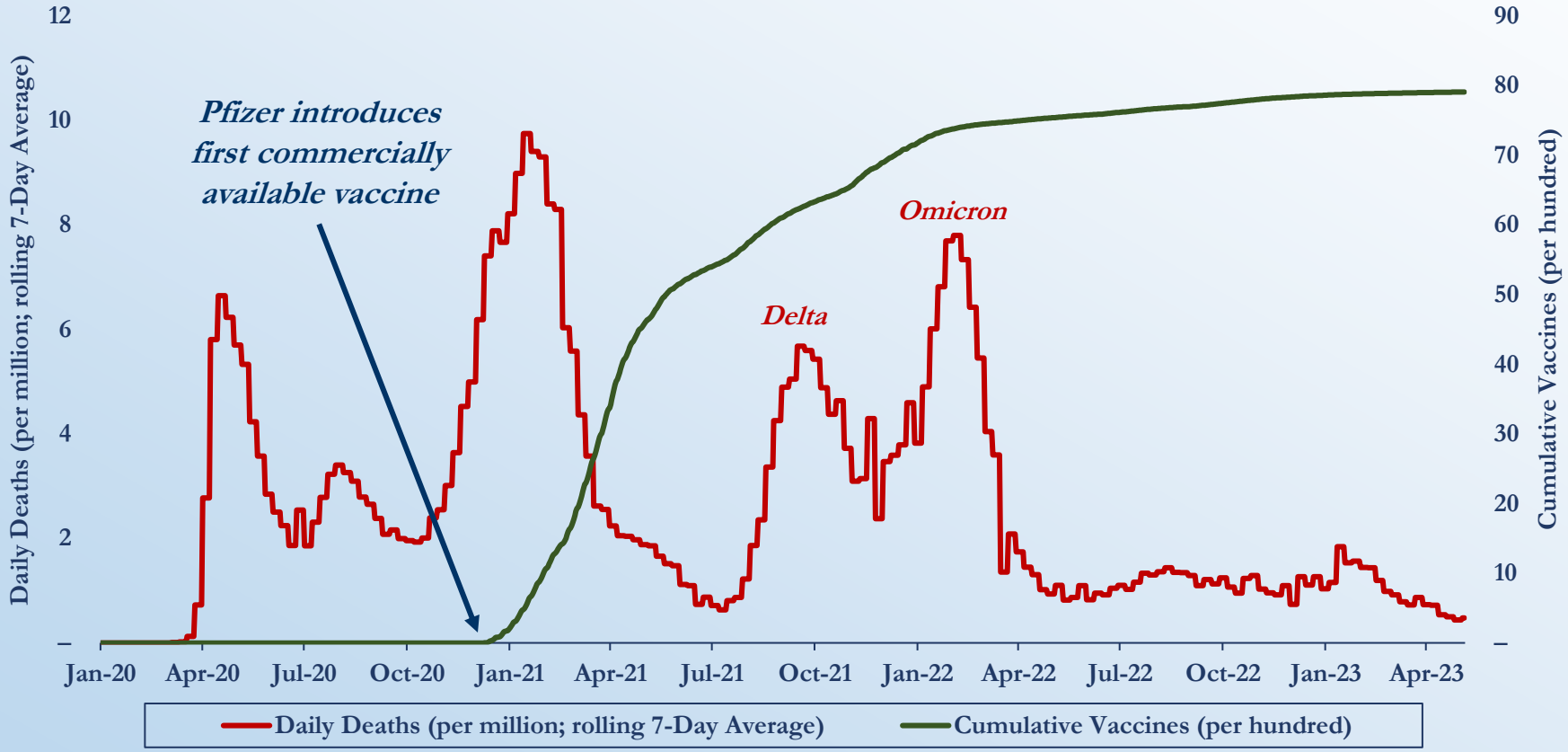
The authorization by the U.S. Food and Drug Administration on Wednesday permits doctors to prescribe the medicine to high-risk patients age 12 and older early in the course of disease, shortly after they develop symptoms.

The Company was first to market with a COVID-19 vaccine and oral antiviral treatment.

Source: Public company filings and the Wall Street Journal.

We Applaud the Company and Dr. Bourla For Their Significant Contributions to Ending the COVID-19 Pandemic

U.S.A. COVID-19 Daily Deaths vs. Cumulative Vaccination Rates



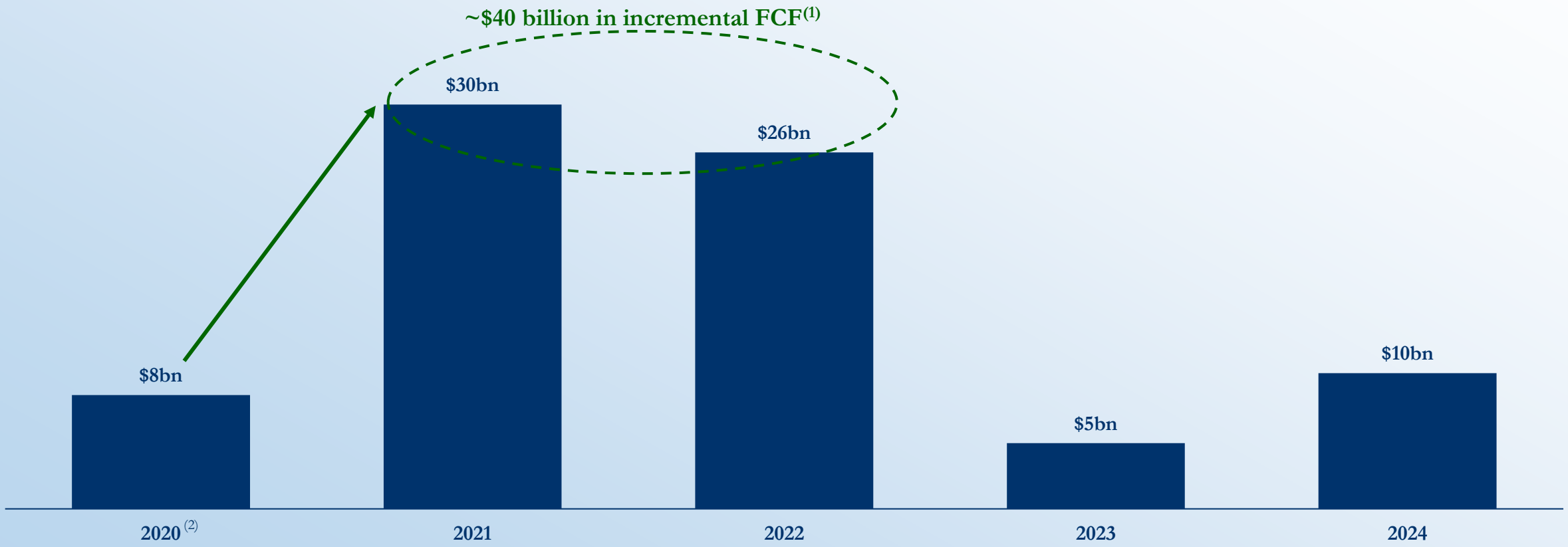
We believe the Company's COVID breakthroughs were monumental to ending the global pandemic.

Source: Our World in Data.

By Itself, the Company's COVID Breakthroughs Should Have Created Substantial Value

The Company's large COVID-19 related profits ultimately resulted in significant free cash flow generation.

Annual Free Cash Flow



The Company generated ~$40 billion in cumulative incremental free cash flow in 2021 and 2022.

Source: Public company filings and Bloomberg.

(1) Incremental cash flow calculated as annual free cash flow in 2021 and 2022 in excess of the free cash flow for 2020.

(2) Excludes cash flow from discontinued operations.

However, Pfizer Has Dramatically Underperformed Peers and the Market Since 2019

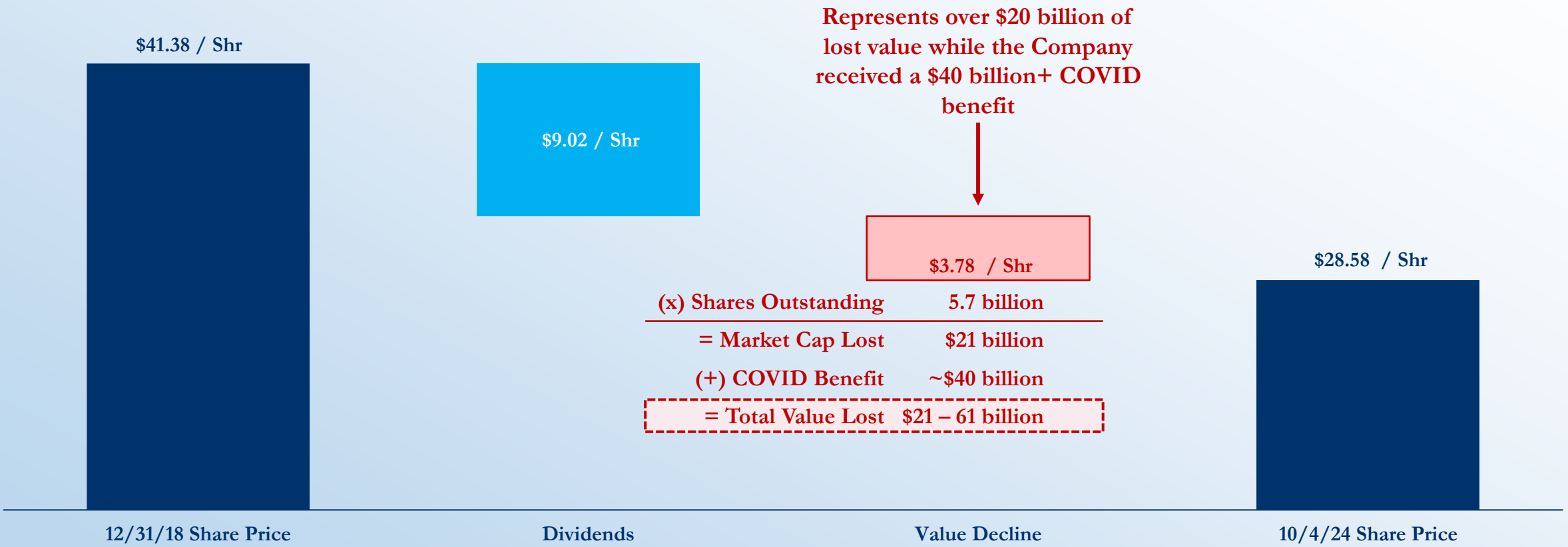
Pfizer Total Shareholder Returns

Pfizer has underperformed over the last five years.

Source: Bloomberg. Market data as of October 4, 2024.

The Company Has Lost Approximately $20 to $60 Billion in Market Value Since 2019

Pfizer Share Price: 2018 to Now

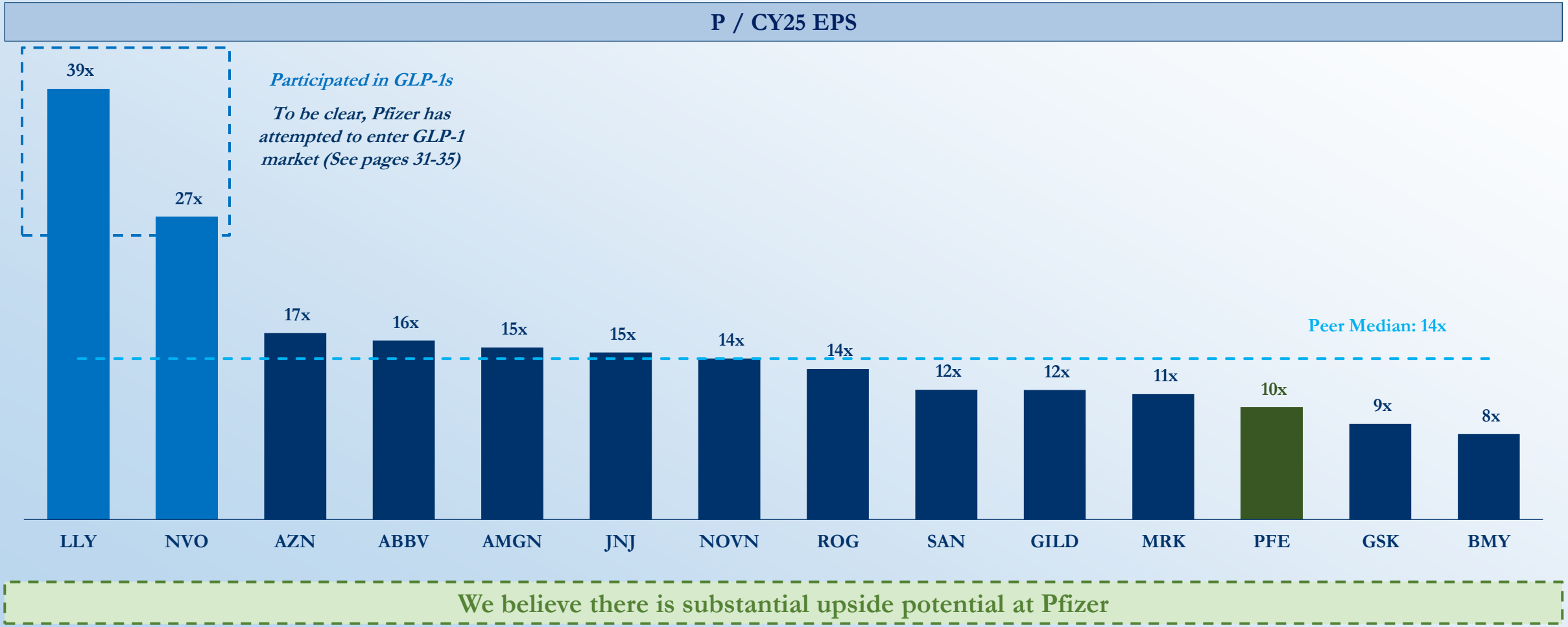


The Company has lost approximately $20 to $60 billion of value since 2019.

Source: Bloomberg and public company filings.

We Are Excited to be a Large Pfizer Shareholder Given Its Compelling Valuation and Opportunity to Improve Performance

We believe concerns regarding the Company's innovation track record, pipeline, capital allocation, and lost credibility have resulted in a depressed valuation multiple.



Participated in GLP-1s

To be clear, Pfizer has attempted to enter GLP-1 market (See pages 31-35)

We believe there is substantial upside potential at Pfizer

We are excited to own the business at its current valuation multiple as we believe there is substantial upside.

Source: Bloomberg and CapIQ.
Starboard has identified BMY, AZN, JNJ, NOVN, ROG, MRK, SAN, GILD, ABBV, AMGN, LLY, NVO, and GSK as the relevant peer set for comparing PFE. Starboard believes these provide appropriate peer comparisons. This presentation is a determination that is subject to a certain degree of subjectivity. As the full universe of potential peers is not listed here, the comparisons made herein may differ materially if other firms had been included.

We Believe the Company's Market Value Decline Is Attributable to a Series of Issues

Causes of Pfizer's Market Value Decline

- **A** Historical Internal R&D Efficiency
- **B** Expected Future Returns on R&D
- **C** Capital Allocation
- **D** Forecasting and Budgeting

Lower valuation multiple and levered balance sheet hamper future M&A, further limiting future growth

The Company has lost approximately $20 to $60 billion in market value since 2019

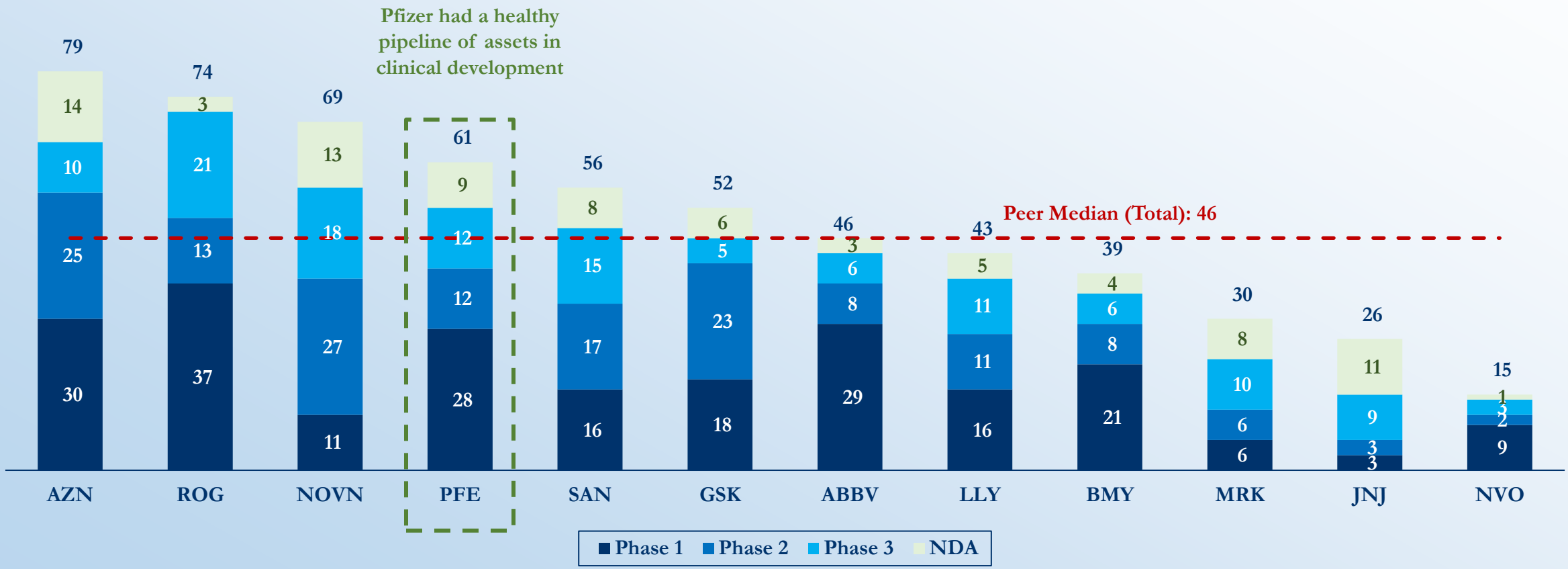
Source: Bloomberg, Starboard estimates.

A. Lack of Internal Innovation From 2019 to 2023

At the Beginning of 2019, Pfizer Had a Robust New Product Pipeline

At the beginning of 2019, Pfizer had the fourth-most-number of new drugs in development out of its peer group.

Number of New Drugs in Pipeline as of January 2, 2019



In 2019, the Company had a diversified pipeline of potential new drug candidates.

Source: Wall Street Research.
Starboard has identified BMY, AZN, JNJ, NOVN, ROG, MRK, SAN, GILD, ABBV, AMGN, LLY, NVO, and GSK as the relevant peer set for comparing PFE. Starboard believes these provide appropriate peer comparisons. This presentation is a determination that is subject to a certain degree of subjectivity. As the full universe of potential peers is not listed here, the comparisons made herein may differ materially if other firms had been included.

In 2019, Wall Street Analysts Were Optimistic About Pfizer's Pipeline and Future Prospects

Select Quotes from Wall Street Research Analysts

"PFE best positioned for top-line growth among large cap pharma with the pipeline capable of replenishing 41% of the FY17 revenue base by FY25 (vs. peers 7%), well in excess of the 16% of sales exposed to generic/biosimilar headwinds (vs. peers 42%). While near-term growth will be depressed by the loss of Lyrica, **we believe investors will look through this to a period of renewed growth**. Post-Lyrica LOE, we model revenue CAGR rising to 7.7% (FY20-25) from 2.7% (FY17-20)."

Atlantic Equities
November 27, 2018

"Perhaps the greatest legacy of outgoing CEO Ian Read is a reinvigorated R&D pipeline that should sustain top-line growth beyond key patent expirations. We expect new CEO Bourla to leverage this significant boost in late-stage R&D assets to a level that could preclude the need for M&A or financial engineering"

Oppenheimer
December 11, 2018

"**Pfizer has had pipeline success in 2018** with surprisingly good data from Tafamidis, Tanezumab meeting efficacy endpoints in smaller duration phase-3 trials but with questions on safety remaining, early encouraging data from next-gen JAK's for Inflammation and advancement of 20-valent pneumococcal vaccine into phase-3. **We believe these events have a played a key role in changing the narrative on Pfizer from an M&A/Split story to a pipeline/growth story.**"

UBS
January 22, 2019

Wall Street analysts believed the Company was well-positioned.

Source: Wall Street Research. Quotes are bolded and underlined for emphasis.

Management Also Frequently Told Investors Pfizer Had the "Best Pipeline" Ever

Dr. Bourla Quotes on Pfizer's Pipeline Pre-COVID

"Today, we believe that we have the best pipeline in our history. To ensure we capitalize this incredible opportunity, we must remain highly focused on successful execution. In this context, I would reiterate that we continue not to see the need for any large-scale M&A activity at this time."

October 30, 2018

"Now we are facing a very different situation. Right now, we are facing our last LOE. That will be Lyrica. That will happen in June of this year. And then we have a virtually LOE-free period until the end of 2025, so for a very long period of time. **At the same time, we have likely the best pipeline we've ever had at the corporation.**"

January 3, 2019

"We view this as a significant opportunity because 3 very positive trends are intersecting at the same time: first, macro trends such as an aging population and a rising middle class in emerging markets increasing the number of people seeking access to both innovative and established medicines; second, the continued advancement of **what we believe is the best pipeline in our history** with good breadth and strong innovation."

January 29, 2019

"But in this new scale, we retain all the growth drivers, all the products that are driving the growth and to retain the entire pipeline. As a result, this company will be, from day 1 after the separation, a best-in-class revenue growth, long term, sustainable story with a **relatively unlevered balance sheet at this company and the best pipeline we ever had**. So we can do miracles with this company."

January 14, 2020

"And if you take a big picture view, over the last decade, we have changed and refocused our approach to R&D. We have improved dramatically its productivity, and we have developed **the best pipeline we ever had and one of the best, I believe, in the industry.**"

January 28, 2020

Management repeatedly told investors Pfizer had the best pipeline in its history.

Source: Public company transcripts. Quotes are bolded and underlined for emphasis.

In Fact, In 2019, Management Committed to Delivering Innovation – Specifically On 15 Potential Blockbusters

Excerpt From 2019 Goldman Sachs Conference (January 3, 2019)

Keyur Parekh
GS Analyst

"But as you think about what markers you want to set for the company in the near term, so maybe in 12 months' time, kind of on a 3-year view or a 5-year view, how do you deem success over the short term?:"

"I think -- **well, it's inevitable that for every CEO, the success is measured through -- with total shareholder return,** how much your stock was appreciated and how much dividend were you able to pass to the shareholders. But let's not forget that this is only a surrogate point, a very good one because the market really knows how to value your operational value creation. But it is a surrogate point, where fundamental it is how much you can stay true to your purpose. **And the purpose of the pharma company is to bring breakthrough products that change patients' lives. So the operational measurement of success will be our ability to have a constant flow of breakthrough innovation** that significantly changes the current standards of care, and that's for the long term. **So a way to measure it, for us, it is we have put out there a list of 15 potential blockbusters that could come by the year -- in 5 years, so it is by 2022 when we put it out in '18. And I think my focus would be to make sure that we deliver more than our fair risk adjustment of this number, and that will be success."**

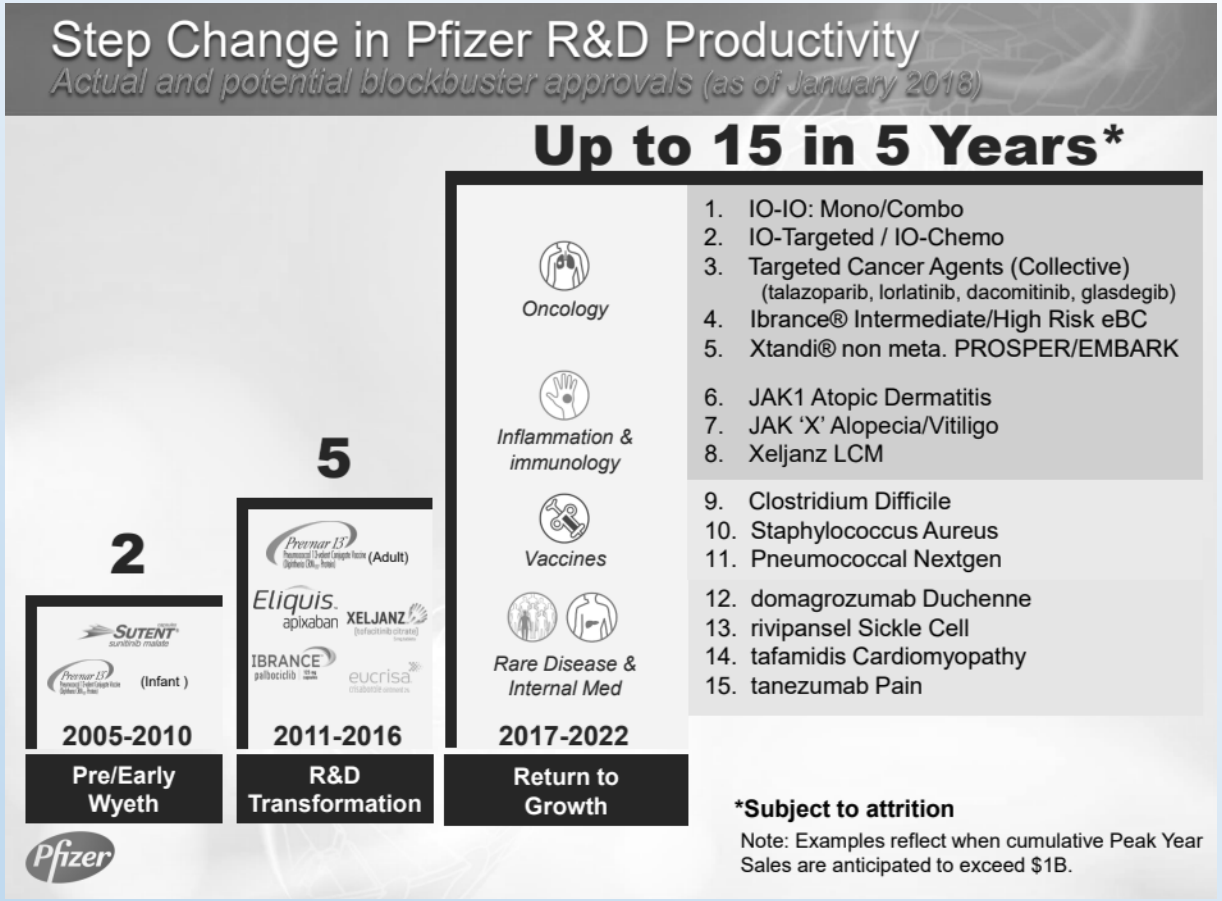
Albert Bourla
Pfizer Chair and CEO

Pfizer management committed to "constant flow" of innovation – as highlighted by 15 potential blockbusters.

Source: Public company transcripts. Quotes are bolded and underlined for emphasis.

Pfizer's Targeted 15 Blockbusters Were Initially Introduced In January 2018

Excerpt from Pfizer 2018 J.P. Morgan Conference (January 8, 2018)



Pfizer initially identified 15 potential blockbuster drugs.

Source: Public Company presentation.

At the Beginning of 2019, Management Recommitted to These 15 Pipeline Targets…

Excerpt from Pfizer Q1 2019 Investor Presentation

Next Steps for 'Up to 15 in 5' Programs

Up to 15 Potential Blockbusters Approved by 2022 (Subject to Attrition)

THERAPEUTIC AREA			PROGRAM	NEXT STEP	TIMING
Oncology	1		I/O Mono / Chemo Combos	Phase 3 pivotal readouts for Bavencio (1L gastric, 1L urothelial)	1H 2020
	2	♦★	I/O-Targeted Agent Combos	PDUFA June 2019 for Bavencio + Inlyta (1L advanced RCC)	1H 2019
	3	✓	Targeted Cancer Agents (collective)	Potential EU approvals	1H 2019
	4		Ibrance Early-Stage Breast Cancer	Phase 3 pivotal readouts for PENELOPE and PALLAS	2H 2020
	5	✓	Xtandi (M0 CRPC✓ & M0/M1 HSPC)	File ARCHES data (mHSPC); EMBARK Phase 3 readout (nmHSPC)	2019; 2H 2020
I&I	6	★	JAK1 (Atopic Dermatitis)	Phase 3 monotherapy readouts	1H 2019
	7	★	JAK3 (Alopecia Areata / Vitiligo)	Phase 3 pivotal readout for alopecia areata	2H 2021
	8	✓	Xeljanz Lifecycle Mgt (PsA, UC, AS)	Phase 3 pivotal readout for ankylosing spondylitis	2H 2020
Vaccines	9	★	*Clostridium Difficile*	Phase 3 pivotal readout	2H 2020
	10	☒	*Staphyloccoccus Aureus*	Discontinued (futility)	*N/A*
	11	★	20v *Pneumococcal* Next-Gen	PCV20 Infant POC readout; potential PCV20 Adult filing in the U.S.	2019; 2H 2020
Rare Disease & Internal Medicine	12	☒	Domagrozumab (DMD)	Discontinued (futility)	N/A
	13	★	Rivipansel (VOC of SCD)	Phase 3 pivotal readout	2H 2019
	14	♦★	Tafamidis (aTTR cardiomyopathy)	PDUFA July 2019/(November 2019 for free acid formulation)	2H 2019
	15	★	Tanezumab (OA & CLBP)	Reviewing data and evaluating next steps	ongoing
Potential Upsides					
			Hemophilia B (FIX Gene Therapy)	Pivotal Phase 3 study start	2H 2019
			Biosimilars Bundle (RA & Cancer)	Up to four potential approvals (potential blockbuster in aggregate)	2019-2020

✓ Achieved Approval(s) ♦ Positive Pivotal Data ☒ Negative Pivotal Data ★ Expedited Designation

Pfizer First Quarter 2019 Earnings

8

Management recommitted to its pipeline of "blockbuster" drugs in 2019.

Source: Public company presentation.

Three of Which Had Already "Achieved Approval(s)" and Two of Which Had Received "Negative Pivotal Data"…

Excerpt from Pfizer Q1 2019 Investor Presentation

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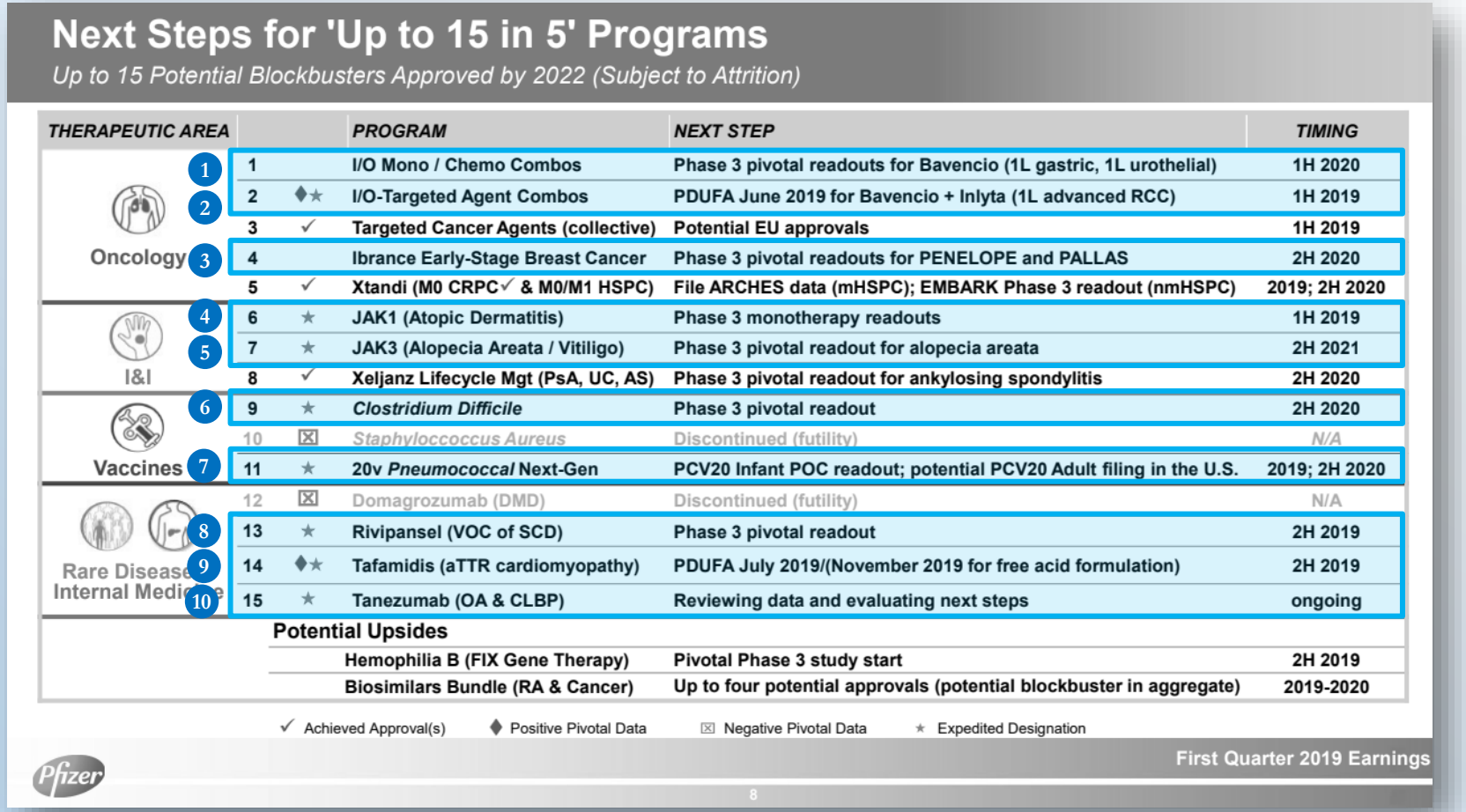
Pfizer had already made significant approval progress on three of 15 drugs.

Source: Public company presentation.

… Leaving Management With 10 Potential Blockbusters It Explicitly Targeted

Excerpt from Pfizer Q1 2019 Investor Presentation



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Pfizer First Quarter 2019 Earnings

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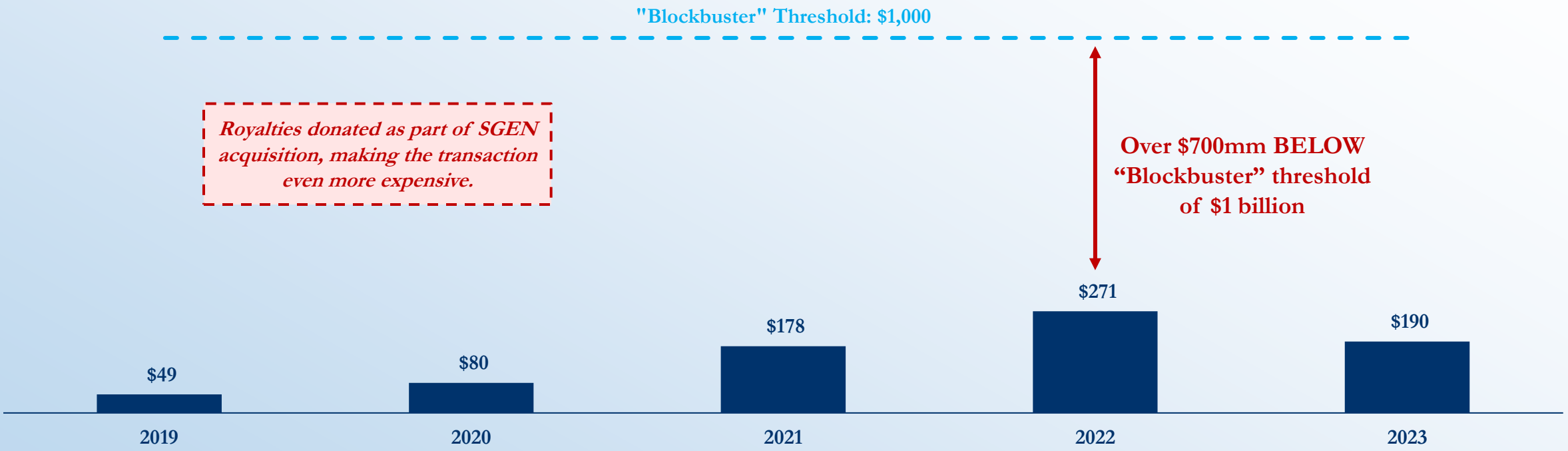
In summary, current management had ten opportunities to deliver blockbuster drugs.

Source: Public company presentation.

1,2 While Bavencio Was Approved, Its Revenue Contribution Fell Short of "Blockbuster" And Was Ultimately Divested

Pfizer's Bavencio Annual Sales ($mm)



"**In March 2023, it was announced that our alliance with Merck KGaA to co-develop and co-commercialize Bavencio (avelumab) would terminate**. Effective June 30, 2023, Merck KGaA took full control of the global commercialization of Bavencio. Beginning in the third quarter of 2023, the related profit share was replaced by a 15% royalty to Pfizer on net sales of Bavencio."

"Additionally, **we will no longer record royalties from U.S. sales of Bavencio**, as we have irrevocably chosen to donate the right to such royalties to the American Association for Cancer Research."

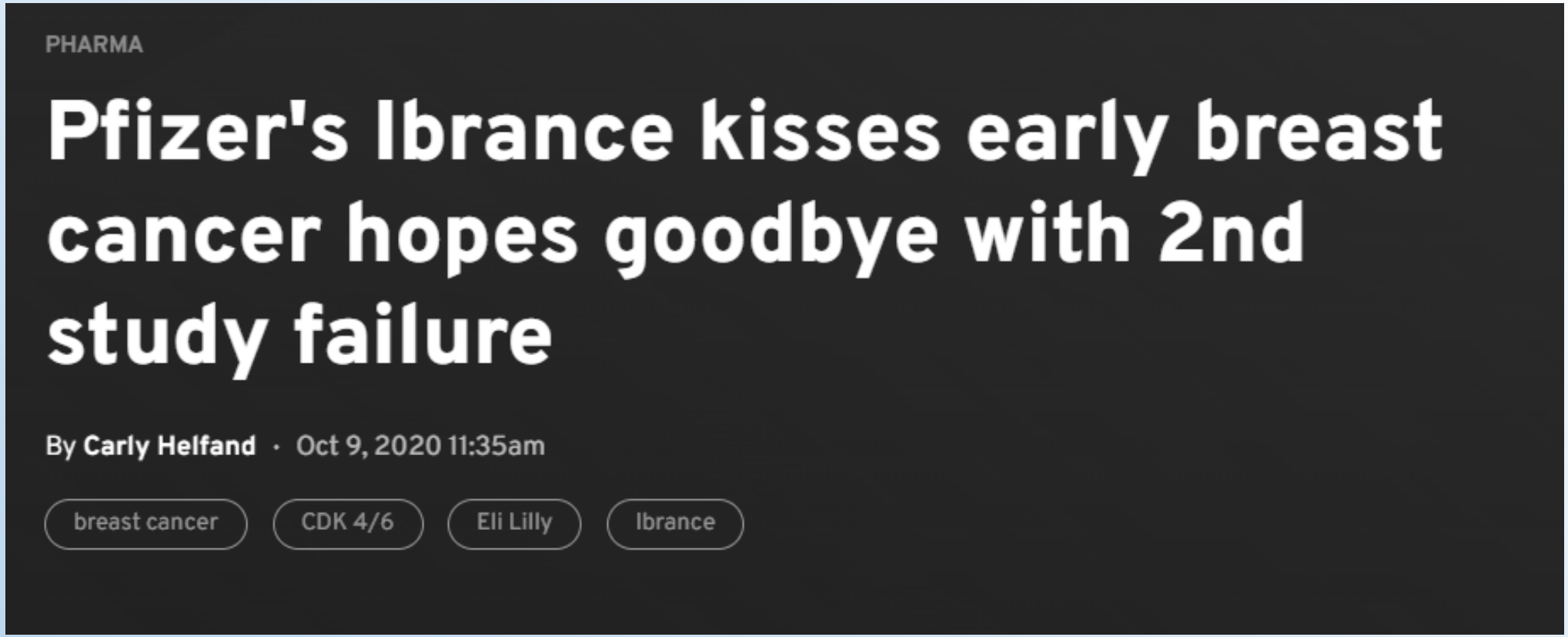
2023 Pfizer 10-K

Bavencio ultimately did not become a blockbuster drug and will not contribute to revenue moving forward.

Source: Public company filings. Quotes are bolded and underlined for emphasis.

3 Pfizer's Early Breast Cancer Phase III Study For IBRANCE Ultimately Failed

Excerpt from Fierce Pharma



PHARMA

Pfizer's Ibrance kisses early breast cancer hopes goodbye with 2nd study failure

By **Carly Helfand** · Oct 9, 2020 11:35am

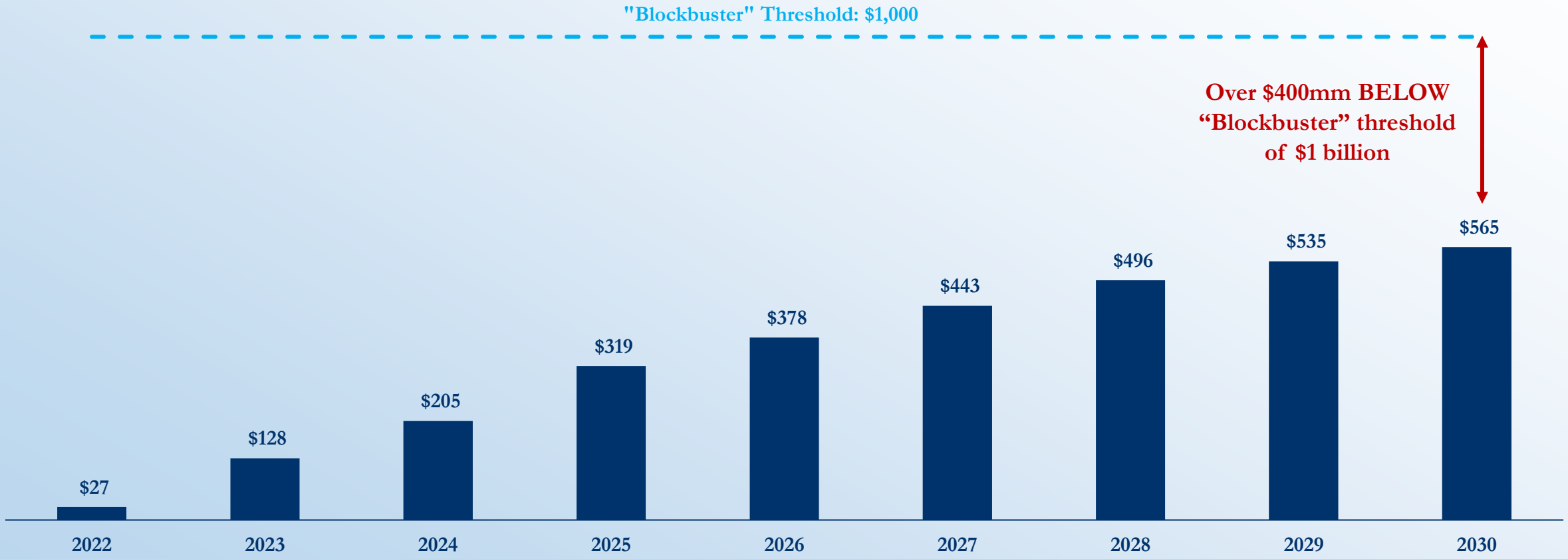
breast cancer | CDK 4/6 | Eli Lilly | Ibrance

Unfortunately, Pfizer was unable to be successful with IBRANCE in early stage breast cancer.

Source: Fierce Pharma.

4 While Cibinqo (JAK1) Was Approved, It's Expected To Fall Well Short of "Blockbuster" Status By 2030

Pfizer's Cibinqo Annual Sales ($mm)[1]

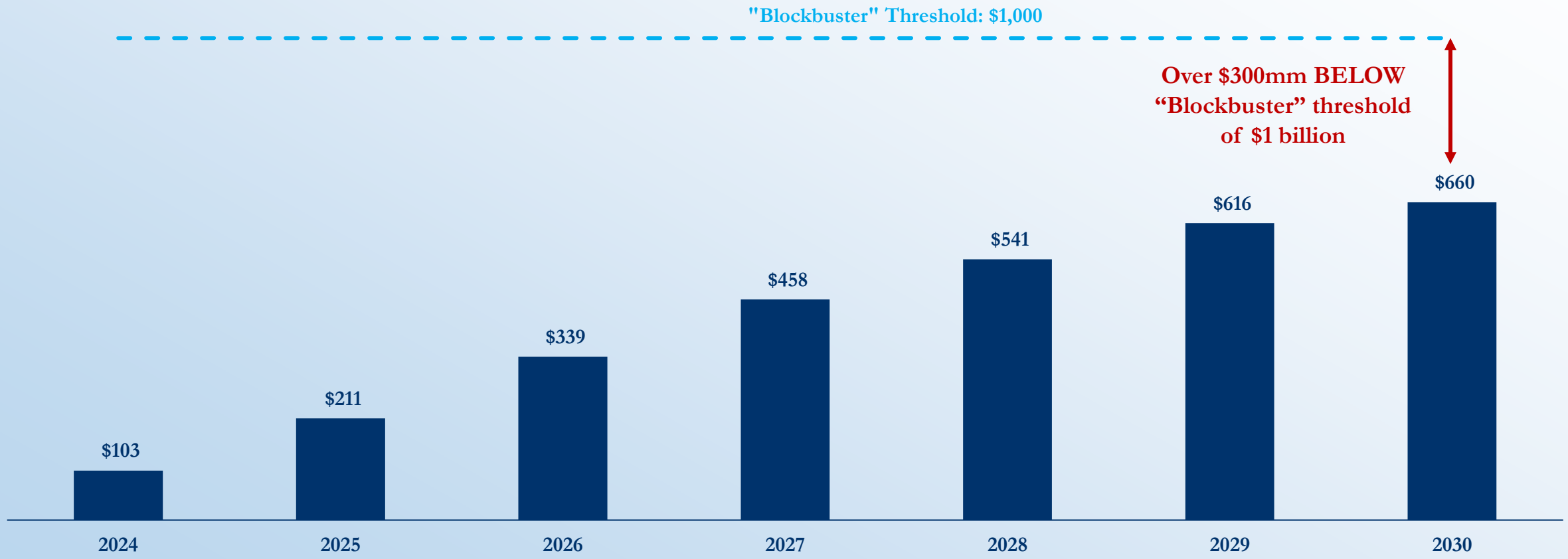


Cibinqo received FDA approval though its sales will likely fall well below internal expectations.

Source: Public Company filings and Bloomberg. (1) Represents consensus estimates.

5 Litfulo (JAK3) Is Similarly Expected to Fall Well Short of "Blockbuster" Status by 2030

Pfizer's Litfulo Annual Sales ($mm)[1]



Litfulo received FDA approval though its sales will likely fall well below internal expectations.

Source: Bloomberg. (1) Represents consensus estimates.

6 To-Date, Pfizer's C. Difficile Vaccine Studies Have Failed to Achieve Its Primary Endpoints

Excerpt from Wall Street Research Report

C. Diff Vaccine Misses Primary Endpoint in Phase III Trial But Other Secondary Endpoints Were Encouraging; Novel C. Diff Vaccines Currently In Phase I

In March 2017, Pfizer initiated the Phase III (CLOVER) trial to evaluate PF-06425090, a vaccine under evaluation for the prevention of *C. difficile* infections. In March 2022, Pfizer announced that the trial failed to meet its pre-specified primary endpoints of preventing primary C. diff infection ≥ 14 days following completion of the third dose and ≥ 14 days following completion of the second dose. Vaccine efficacy was 31% following the third dose and 28.6% following the second dose; overall vaccine efficacy for all C. diff. cases recorded 14 days post dose 3 was 49% at 12 months, 47% at 24 months, and 31% at four years (the final analysis). Pfizer was encouraged by secondary endpoints which showed a 0-11 vaccine: placebo split in medically attended C. diff infection, a median C. diff infection duration of 1 vs. 4 days, and a mean C. diff infection duration of 3 vs. 16 days for vaccine vs. placebo. The vaccine was well tolerated with mild-moderate local and systemic reactions with similar rates of overall AEs, SAEs, withdrawals, and deaths in the vaccine vs. placebo groups. Due to the COVID-19 pandemic, final analysis was performed on 42 cases within four years rather than the planned 66 cases within two years of primary vaccination after an FDA approved protocol amendment. While PF-06425090 is still listed in Phase III in Pfizer's pipeline as of Q3:23, the company has also initiated Phase I trials evaluating novel formulations of its C. Diff vaccine.

Unfortunately, Pfizer has yet to have success with its C. Difficile vaccine.

Source: Wall Street Research.

7 Pfizer Has Had Continued Success With its PCV20 Vaccine…

Excerpt from Pfizer Press Release

U.S. FDA Approves PREVNAR 20®, Pfizer's 20-valent Pneumococcal Conjugate Vaccine for Infants and Children

Thursday, April 27, 2023 - 03:42pm

- *PREVNAR 20 offers the broadest serotype coverage of any pediatric pneumococcal conjugate vaccine, helping to protect against all 20 serotypes contained in the vaccine*
- *PREVNAR 20 builds on PREVNAR 13® and includes seven additional serotypes shown to be associated with antibiotic resistance, heightened disease severity, invasive potential, and prevalence in pediatric pneumococcal cases.*[1]
- *The vaccine further advances Pfizer's pediatric pneumococcal vaccine portfolio and builds on more than 20 years of Pfizer leadership, legacy and innovation in developing pneumococcal conjugate vaccines*

NEW YORK--(BUSINESS WIRE)-- Pfizer Inc. (NYSE: PFE) announced today that the U.S. Food and Drug Administration (FDA) has approved PREVNAR 20®(20-valent Pneumococcal Conjugate Vaccine) for the prevention of invasive pneumococcal disease (IPD) caused by the 20 *Streptococcus pneumoniae* (pneumococcal) serotypes contained in the vaccine in infants and children six weeks through 17 years of age, and for the prevention of otitis media in infants six weeks through five years of age caused by the original seven serotypes contained in PREVNAR®.

Prevnar continues to be a bright spot for Pfizer.

Source: Public company press release.

7 … Though Now There Are Concerns About Threats to Pfizer's PCV20 From Potential New Vaccines

Excerpts From Wall Street Research Analysts

"**VAX-31 APPEARS BEST-IN-CLASS & SHOULD LEAD THE EXPANDING ADULT + INFANT MARKET**… VAX-31 met non-inferiority to PCV20 across the board, was superior on many difficult and highly-prevalent serotypes, and the data were more striking than for V116. The probability of even broader superiority in Phase III (starting in H1) is now much higher. The ~$8B market could grow to over $13B by 2027, and we believe VAX-31 should become the leader and generate significant strategic interest."

TD Cowen
September 2024

"Based on our proprietary PCV market model (NOTE), considering the potentially evolving landscape including lowering universal age recommendation, "catch-up" and prime-booster vaccination, **we continue to believe VAX-31, if successful, will take up the lion's share in a growing ~$10B+ future PCV market**. With that, together with current ~$7.1B EV (~$1.9B cash), we see meaningful upside potential(~50%) following today's data."

Jefferies
September 2024

"**VAX-31 has the potential to displace Prevnar 20 (and one could argue even MRK's Capvaxive (PCV21)**, though we generally think ACIP may prefer having some redundancy in the system)."

Mizuho
September 2024

"Prevnar-20 is the leading pneumococcal vaccine, **but Merck's 21-valent Capvaxive for adults could be a headwind to growth; other 20+ valent vaccines for infants are in development at MRK, GSK, PCVX, and SNY**."

TD Cowen
October 2024

Pfizer must continue to innovate with Prevnar to fend off looming threats.

Source: Wall Street research. Quotes are bolded and underlined for emphasis.

8 Pfizer's Rivipansel Failed to Achieve Primary and Secondary Endpoints

Excerpt from Pfizer Press Release

Pfizer Announces Phase 3 Top-Line Results for Rivipansel in Patients with Sickle Cell Disease Experiencing a Vaso-Occlusive Crisis

Friday, August 02, 2019 - 02:49pm

Pfizer Inc. (NYSE:PFE) announced today that the Phase 3 **R**ivipansel (GMI-1070): **E**valuating **S**afety, **E**fficacy and **T**ime to Discharge (RESET) pivotal study did not meet its primary or key secondary efficacy endpoints. The objective of the trial was to evaluate the efficacy and safety of rivipansel in patients aged six and older with sickle cell disease (SCD) who were hospitalized for a vaso-occlusive crisis (VOC) and required treatment with intravenous (IV) opioids. The primary endpoint was time to readiness-for-discharge and the key secondary efficacy endpoints were time-to-discharge, cumulative IV opioid consumption, and time to discontinuation of IV opioids.

Unfortunately, Rivipansel was not successful in its Phase 3 study.

Source: Public company press release.

9 Pfizer's Tafamidis Was Approved for ATTR-CM and Has Proven to Be a Blockbuster

Excerpt from Pfizer Press Release

Tafamidis Phase 3 Transthyretin Amyloid Cardiomyopathy (ATTR-ACT) Study Results Presented as Late-Breaking Data at the ESC Congress 2018

Monday, August 27, 2018 - 01:21am

ATTR-ACT Showed that Tafamidis Significantly Reduced the Combination of All-cause Mortality and Cardiovascular-related Hospitalizations Data Showed a 30% Reduction in the Risk of Mortality and 32% Reduction in the Rate of Cardiovascular-related Hospitalizations with Tafamidis in People with Transthyretin Amyloid Cardiomyopathy versus Placebo

Tafamidis was successful though Phase 3 readout had already occurred prior to 2019.

Source: Public company press release.

10 Tanezumab Also Failed to Achieve FDA Approval

Excerpt from Biospace

News › Business

Eli Lilly and Pfizer Put Osteoarthritis Pain Drug Tanezumab Out of its Misery

October 27, 2021 | 2 min read | Heather McKenzie

Unfortunately, Pfizer was also unsuccessful in developing Tanezumab.

Source: Biospace.

Again, Management Defined Success as Constant and Breakthrough Innovation…

Excerpt From 2019 Goldman Sachs Conference (January 3, 2019)

Keyur Parekh
GS Analyst

"But as you think about what markers you want to set for the company in the near term, so maybe in 12 months' time, kind of on a 3-year view or a 5-year view, how do you deem success over the short term?:"

"I think -- **well, it's inevitable that for every CEO, the success is measured through -- with total shareholder return,** how much your stock was appreciated and how much dividend were you able to pass to the shareholders. But let's not forget that this is only a surrogate point, a very good one because the market really knows how to value your operational value creation. But it is a surrogate point, where fundamental it is how much you can stay true to your purpose. **And the purpose of the pharma company is to bring breakthrough products that change patients' lives. So the operational measurement of success will be our ability to have a constant flow of breakthrough innovation** that significantly changes the current standards of care, and that's for the long term. **So a way to measure it, for us, it is we have put out there a list of 15 potential blockbusters that could come by the year -- in 5 years, so it is by 2022 when we put it out in '18. And I think my focus would be to make sure that we deliver more than our fair risk adjustment of this number, and that will be success."**

Albert Bourla
Pfizer Chair and CEO

Pfizer management committed to "constant flow" of innovation – as highlighted by 15 potential blockbusters.

Source: Public company transcripts. Quotes are bolded and underlined for emphasis.

… We Believe Management Has Failed to Deliver On This Commitment

Excerpt from Pfizer Q1 2019 Investor Presentation

Next Steps for 'Up to 15 in 5' Programs

Up to 15 Potential Blockbusters Approved by 2022 (Subject to Attrition)

	THERAPEUTIC AREA		PROGRAM	NEXT STEP	TIMING
1	Oncology	1	I/O Mono / Chemo Combos	Phase 3 pivotal readouts for Bavencio (1L gastric, 1L urothelial)	1H 2020
2		♦★	I/O-Targeted Agent Combos	PDUFA June 2019 for Bavencio + Inlyta (1L advanced RCC)	1H 2019
		✓	Targeted Cancer Agents (collective)	Potential EU approvals	1H 2019
3		4	Ibrance Early-Stage Breast Cancer	Phase 3 pivotal readouts for PENELOPE and PALLAS	2H 2020
		5 ✓	Xtandi (M0 CRPC✓ & M0/M1 HSPC)	File ARCHES data (mHSPC); EMBARK Phase 3 readout (nmHSPC)	2019; 2H 2020
4	I&I	6 ★	JAK1 (Atopic Dermatitis)	Phase 3 monotherapy readouts	1H 2019
5		7 ★	JAK3 (Alopecia Areata / Vitiligo)	Phase 3 pivotal readout for alopecia areata	2H 2021
		8 ✓	Xeljanz Lifecycle Mgt (PsA, UC, AS)	Phase 3 pivotal readout for ankylosing spondylitis	2H 2020
6	Vaccines	9 ★	*Clostridium Difficile*	Phase 3 pivotal readout	2H 2020
		10 ☒	*Staphyloccoccus Aureus*	Discontinued (futility)	*N/A*
7		11 ★	20v *Pneumococcal* Next-Gen	PCV20 Infant POC readout; potential PCV20 Adult filing in the U.S.	2019; 2H 2020
		12 ☒	Domagrozumab (DMD)	Discontinued (futility)	N/A
8	Rare Disease / Internal Medicine	13 ★	Rivipansel (VOC of SCD)	Phase 3 pivotal readout	2H 2019
9		14 ♦★	Tafamidis (aTTR cardiomyopathy)	PDUFA July 2019/(November 2019 for free acid formulation)	2H 2019
10		15 ★	Tanezumab (OA & CLBP)	Reviewing data and evaluating next steps	ongoing
	Potential Upsides				
			Hemophilia B (FIX Gene Therapy)	Pivotal Phase 3 study start	2H 2019
			Biosimilars Bundle (RA & Cancer)	Up to four potential approvals (potential blockbuster in aggregate)	2019-2020

✓ Achieved Approval(s) ♦ Positive Pivotal Data ☒ Negative Pivotal Data ★ Expedited Designation

Pfizer First Quarter 2019 Earnings

8

We do not believe Pfizer achieved "constant" and "breakthrough" innovations.

Source: Public company presentation.

At the Beginning of 2023, the Company Also Set a $10 Billion Sales Target for GLP-1s

Excerpts from Company Transcripts

"Now we will see how things will evolve. But that's one clearly. GLP-1, clearly, everybody is excited about that. I believe that it is something that could -- **we said that we think it could be $10 billion product for us in a market that could be $90 billion**. So it's not part of this calculation, but it is a major upside if we get it right. Again, we think that we'll be very few players that will play in the oral GLP-1, us and Lilly. **Clearly, we are going to be one of them**. We think the data should show which one has a better profile. We believe and we hope that we will have. But no matter what, it's going to be so big a market that it's going to be a very big product for both of us, I think."

Albert Bourla (PFE CEO)
January 9, 2023

"We're happy to speak about our exciting GLP-1 programs. We have 2 programs, right, danuglipron and then PF-1532, which we now refer to as lotiglipron. So we believe that it's going to be a $90 billion market opportunity set in 10 years, so a little bit beyond 2030 across type 2 diabetes and obesity.

We believe that oral GLP-1s will take 30% of this opportunity in a Pfizer oral GLP-1, either danuglipron or lotiglipron could garner about 1/3 of that oral segment. So the math calculation here is 30% share of $90 billion and then 1/3 of that $27 billion, that gets you to about $9 billion in the U.S. And internationally, today, 90% of sales -- or globally, today, 90% of sales of GLP-1s occur in the U.S. given price realization and market access. So we expect about 10% for international, assuming nothing changes in that dynamic. **And that's how we get to our $10 billion global opportunity for Pfizer oral GLP-1."**

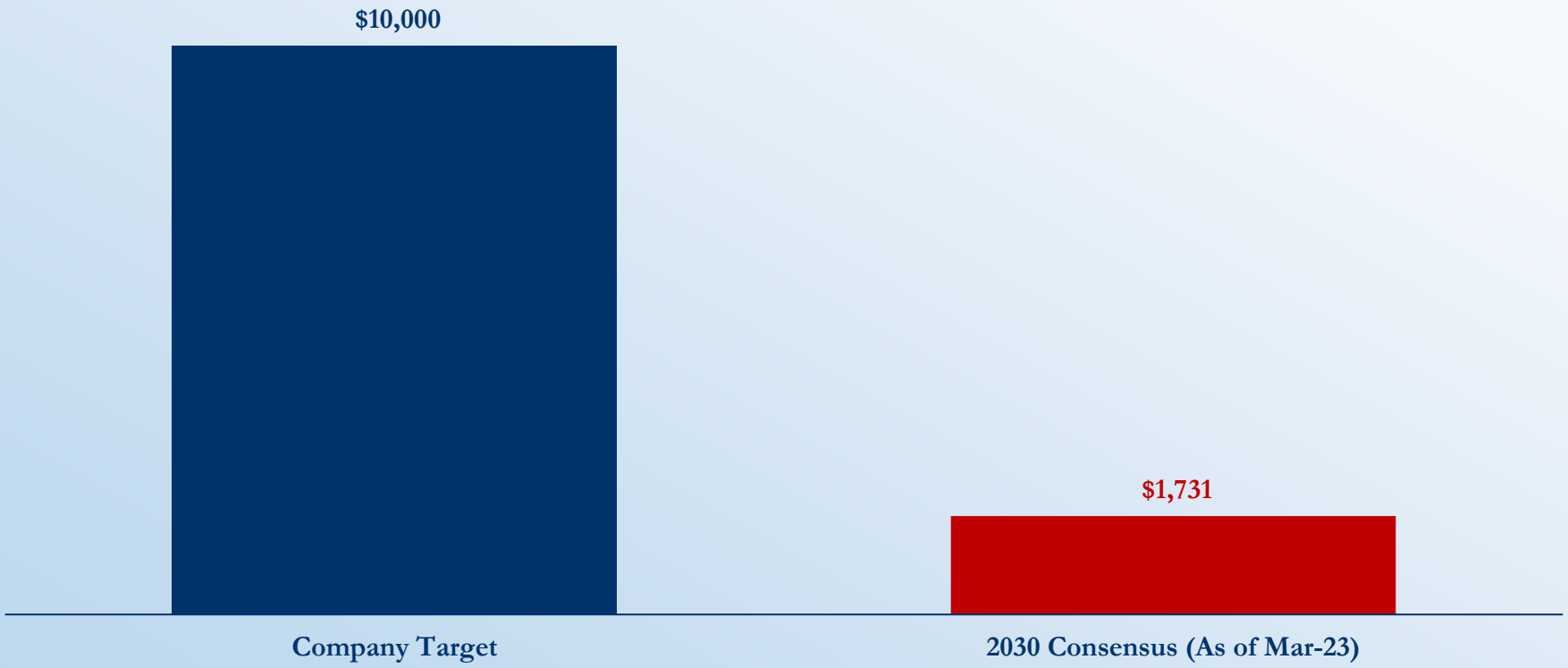
Andy Schmeltz (PFE Global President of Oncology)
February 16, 2023

The Company told investors GLP-1s were a $10 billion sales opportunity.

Source: Public company transcripts. Quotes are bolded and underlined for emphasis.

As a Result, Wall Street Research Analysts Gave Management *Some* Risk-Adjusted Credit For GLP-1s

Danuglipron Expectations: Mgmt vs. Consensus ($mm)



Wall Street research analysts risk-adjusted management's $10 billion sales target.

Source: Visible Alpha.

However, the Company's GLP-1 Assets Have Not Been Successful To Date…

The Company discontinued its Phase 2b Danuglipron (twice a day formulation) after tolerability issues.

"We expect PFE to trade lower today following disclosure of topline results from the phase 2b obesity study of the company's twice daily oral GLP-1 receptor agonist, danuglipron. Despite the study meeting its primary endpoint of body weight change from baseline vs placebo, **we view the results as markedly negative for the program, with PFE discontinuing further development of the twice daily formulation**."

Goldman Sachs
December 1, 2023

The Company is continuing to invest behind a once a day formulation, but analysts are skeptical.

"This morning, PFE announced that it is advancing the development of its QD formulation of danuglipron (oral GLP-1) based on recent PK data, and we wanted to provide our thoughts. Overall, while we are not surprised that PFE is moving forward with this program, **we remain skeptical on the asset with questions remaining on the tolerability profile**… Net-net, we are not surprised by today's news but **continue to see a limited role for the asset absent more clarity on the tolerability profile of the new formulation and based on LLY's significant time-to-mkt advantage for orforglipron** (ph3 data expected in mid-2025)."

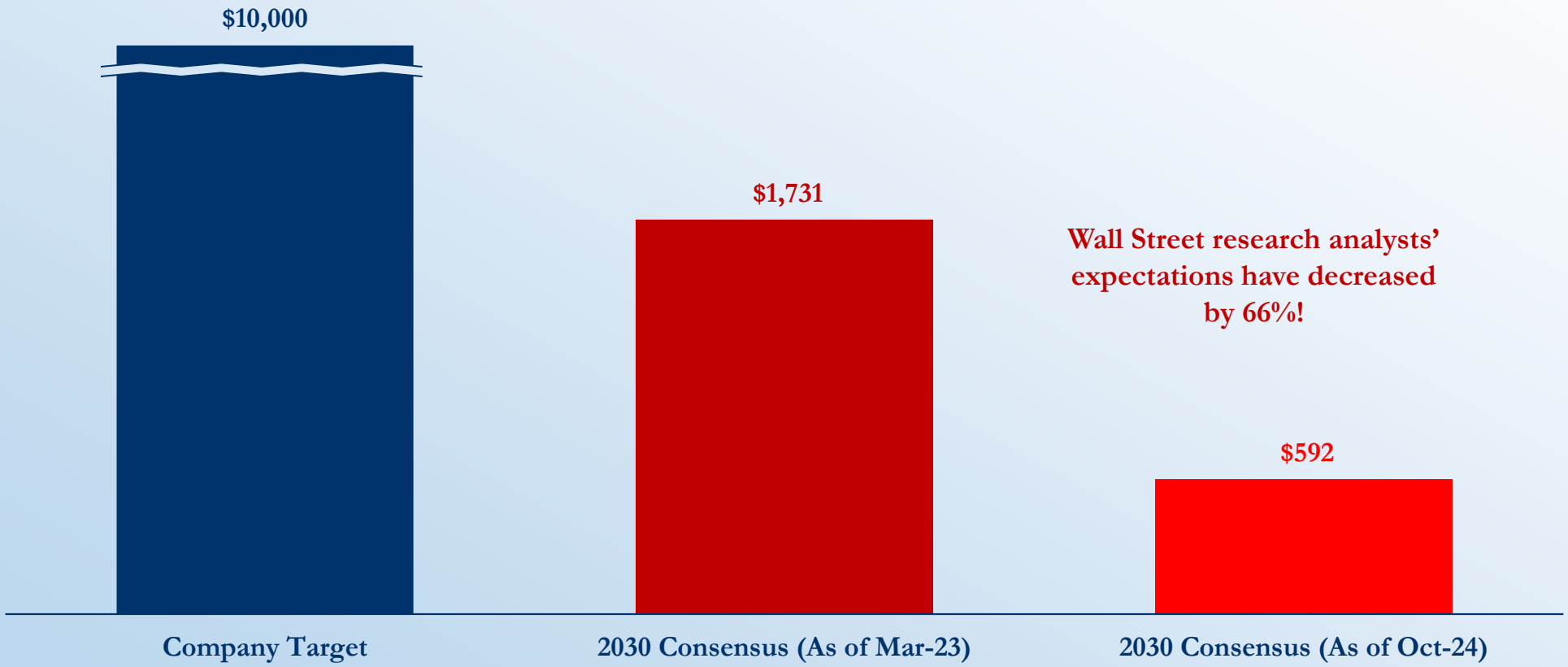
J.P. Morgan
July 11, 2024

The Company appears to have missed the mark on GLP-1s.

Source: Wall Street research. Quotes are bolded and underlined for emphasis.

… Resulting In a Substantial Decline In Expected Sales From Danuglipron

Danuglipron Consensus Expectation Progression

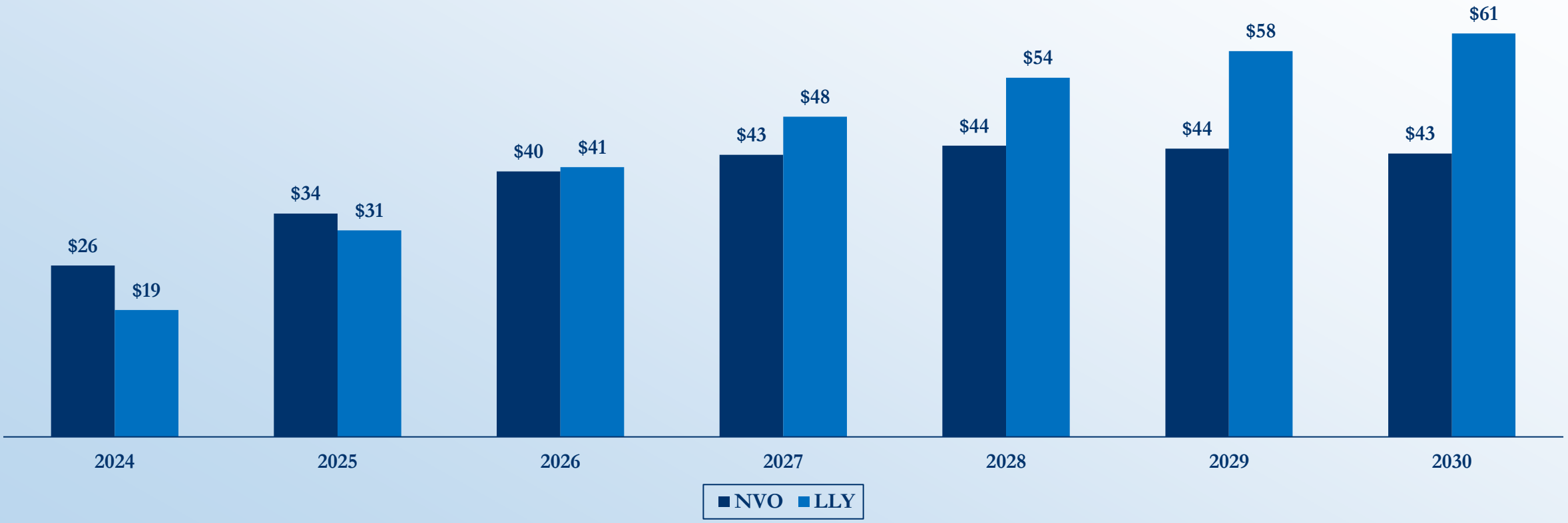


Sales estimates for Danuglipron have been revised downward meaningfully.

Source: Visible Alpha.

Other Peers, However, Have Been Able to Introduce Successful GLP-1 Products

LLY and NVO Expected GLP-1 Sales ($bn)[1][2]



Peers have been successful at developing and commercializing GLP-1s whereas Pfizer has not.

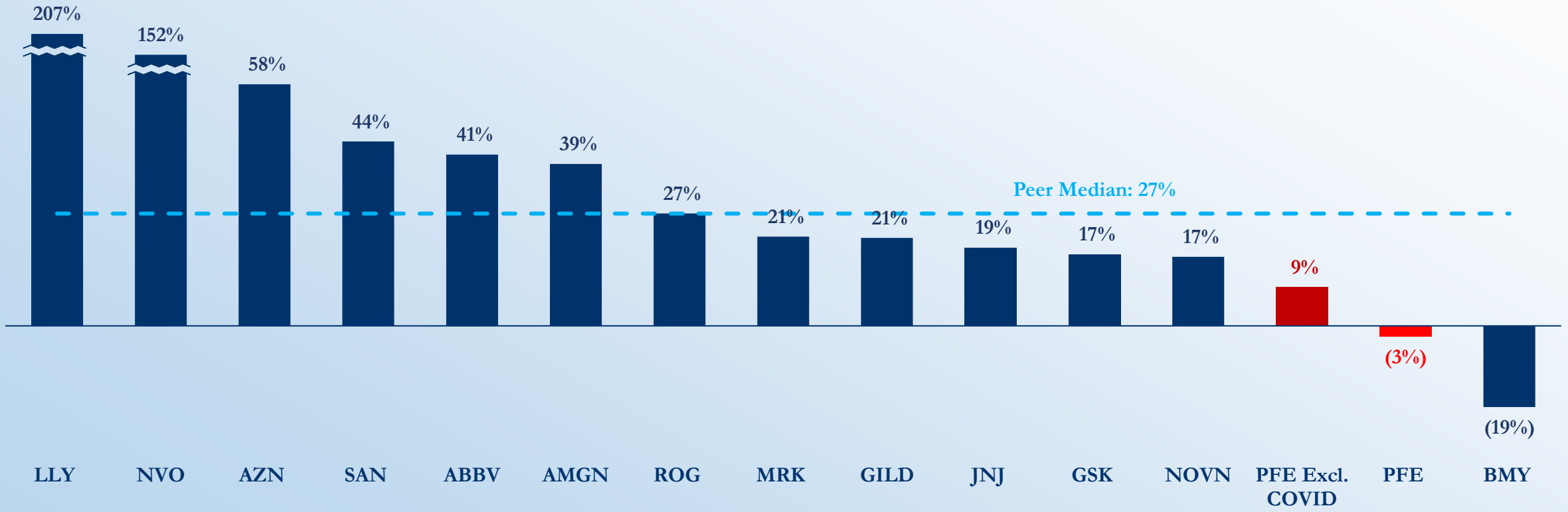
Source: Bloomberg. (1) Represents consensus estimates. (2) LLY represents the total of Mounjaro and Zepbound. NVO represents the total of Ozempic and Wegovy.
Starboard believes these provide appropriate peer comparisons. This presentation is a determination that is subject to a certain degree of subjectivity. As the full universe of potential peers is not listed here, the comparisons made herein may differ materially if other firms had been included.

B. Lack of Expected Future Innovation

Looking Forward, Wall Street Research Analysts Are Not Expecting Significant Revenue Growth From Pfizer

Wall Street research analysts expect Pfizer's revenue to decline by 3% (9% increase excluding COVID) from 2023 to 2030.

Cumulative Revenue Growth (2023 to 2030)



Wall Street research analysts expect Pfizer's revenue to decline through 2030.

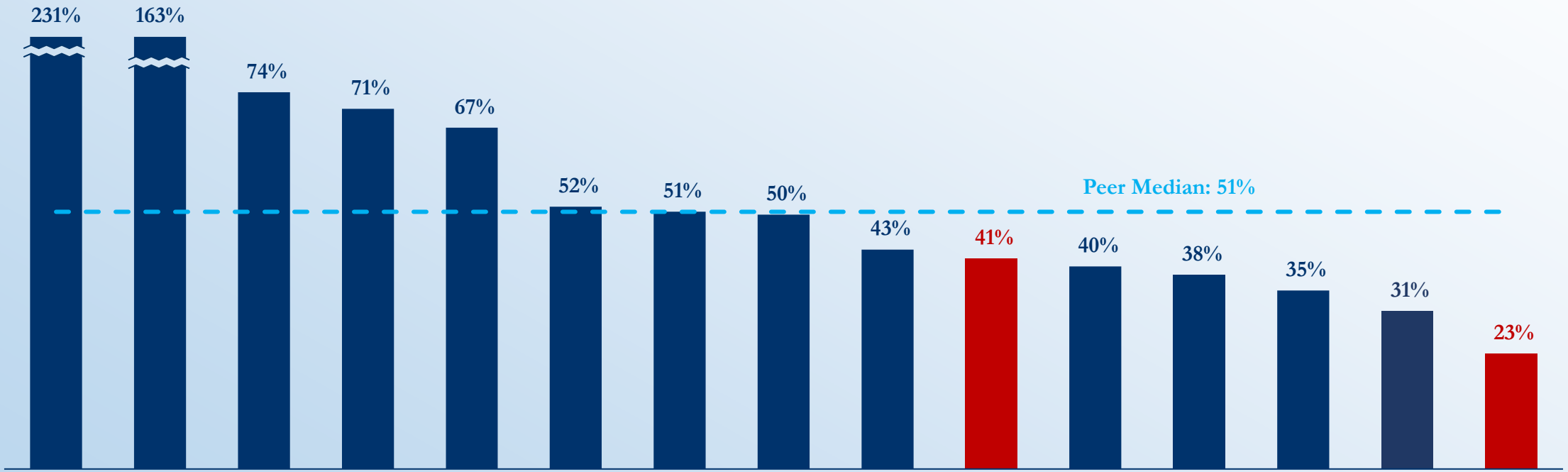
Source: Bloomberg.
Starboard has identified BMY, AZN, JNJ, NOVN, ROG, MRK, SAN, GILD, ABBV, AMGN, LLY, NVO, and GSK as the relevant peer set for comparing PFE. Starboard believes these provide appropriate peer comparisons. This presentation is a determination that is subject to a certain degree of subjectivity. As the full universe of potential peers is not listed here, the comparisons made herein may differ materially if other firms had been included.

Even Excluding Pfizer's Large Patent Expirations, the Company Is Still Expected to Underperform on Growth

Accounting for sizable patent expirations further highlights Pfizer's lagging gross revenue growth relative to peers.

Ex-LOE Revenue Growth (2023 to 2030)

	LLY	NVO	AMGN	AZN	ABBV	NOVN	JNJ	SAN	ROG	PFE Excl. COVID	BMY	MRK	GILD	GSK	PFE
LOE Expirations[1]	26%	12%	35%	13%	26%	35%	32%	6%	16%	32%	59%	17%	14%	14%	25%
+ Rev. Growth	207%	152%	39%	58%	41%	17%	19%	44%	27%	9%	(19%)	21%	21%	17%	(3%)
= Ex-LOE Rev. Growth	231%	163%	74%	71%	67%	52%	51%	50%	43%	41%	40%	38%	35%	31%	23%



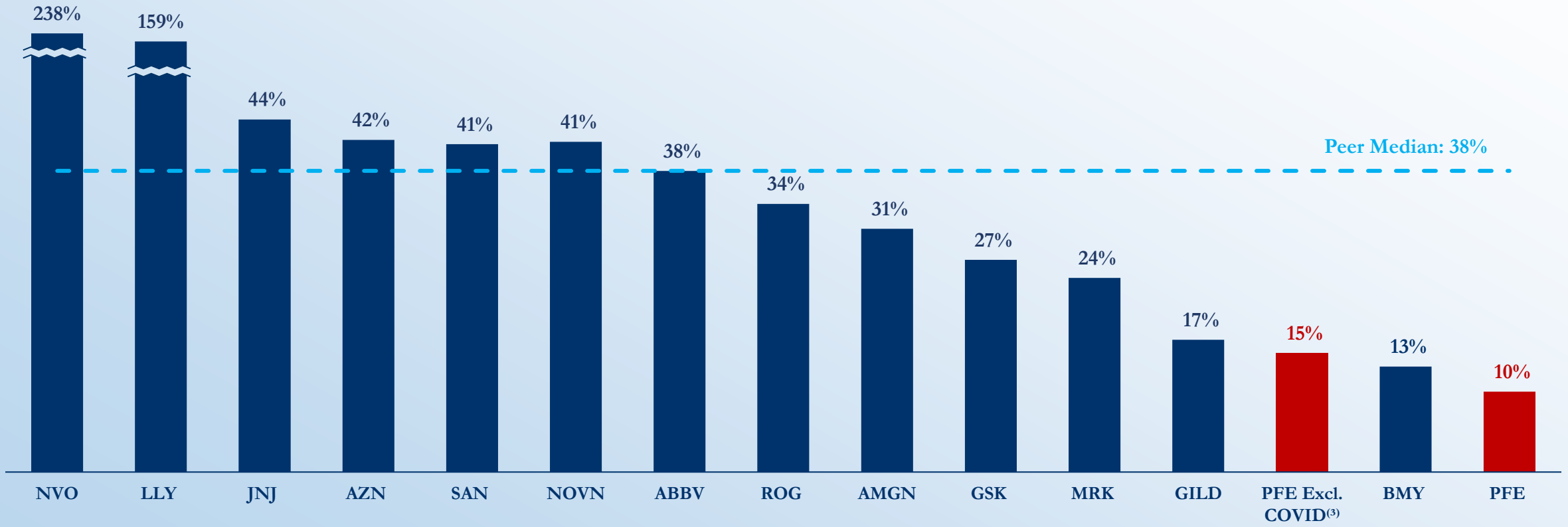
We believe the Company should seek to improve R&D and innovation to improve growth prospects.

Source: Visible Alpha, Bloomberg, and Wall Street research. (1) Based on Starboard's research and estimates. Represents products with patent expirations or products that are expected to significantly decline per consensus estimates. Starboard has identified BMY, AZN, JNJ, NOVN, ROG, MRK, SAN, GILD, ABBV, AMGN, LLY, NVO, and GSK as the relevant peer set for comparing PFE. Starboard believes these provide appropriate peer comparisons. This presentation is a determination that is subject to a certain degree of subjectivity. As the full universe of potential peers is not listed here, the comparisons made herein may differ materially if other firms had been included.

Critically, the Company's Lower Revenue Growth Reflects Lower Return on R&D Spend

Expected Revenue Return on R&D + M&A Investments

Ex-LOE Revenue Growth (2023 – 2030) Divided by 5-Year Cumulative R&D and M&A Spend[1][2]



The Company is expected to generate lower returns on R&D already spent.

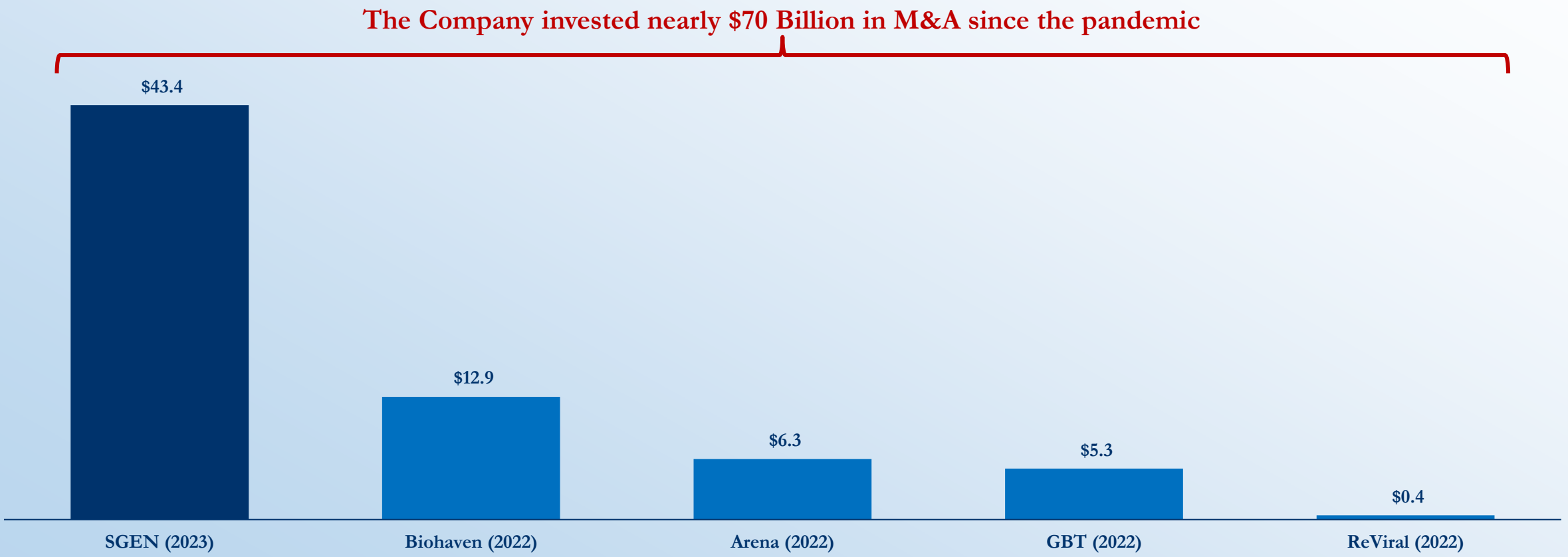
Source: Public company filings and Bloomberg. (1) Cumulative R&D spend from 2019 to 2023. Includes IPR&D not captured by M&A. (2) Cumulative M&A spend from 2019 to 2023. (3) Cumulative R&D excludes estimated COVID-related R&D of $4 billion. Starboard has identified BMY, AZN, JNJ, NOVN, ROG, MRK, SAN, GILD, ABBV, AMGN, LLY, NVO, and GSK as the relevant peer set for comparing PFE. Starboard believes these provide appropriate peer comparisons. This presentation is a determination that is subject to a certain degree of subjectivity. As the full universe of potential peers is not listed here, the comparisons made herein may differ materially if other firms had been included.

C. Capital Allocation

Pfizer Pursued Significant Inorganic Investments Over the Last Five Years

The Company used its COVID-19 cash benefit to make multiple large acquisitions.

Select PFE Transactions ($bn)



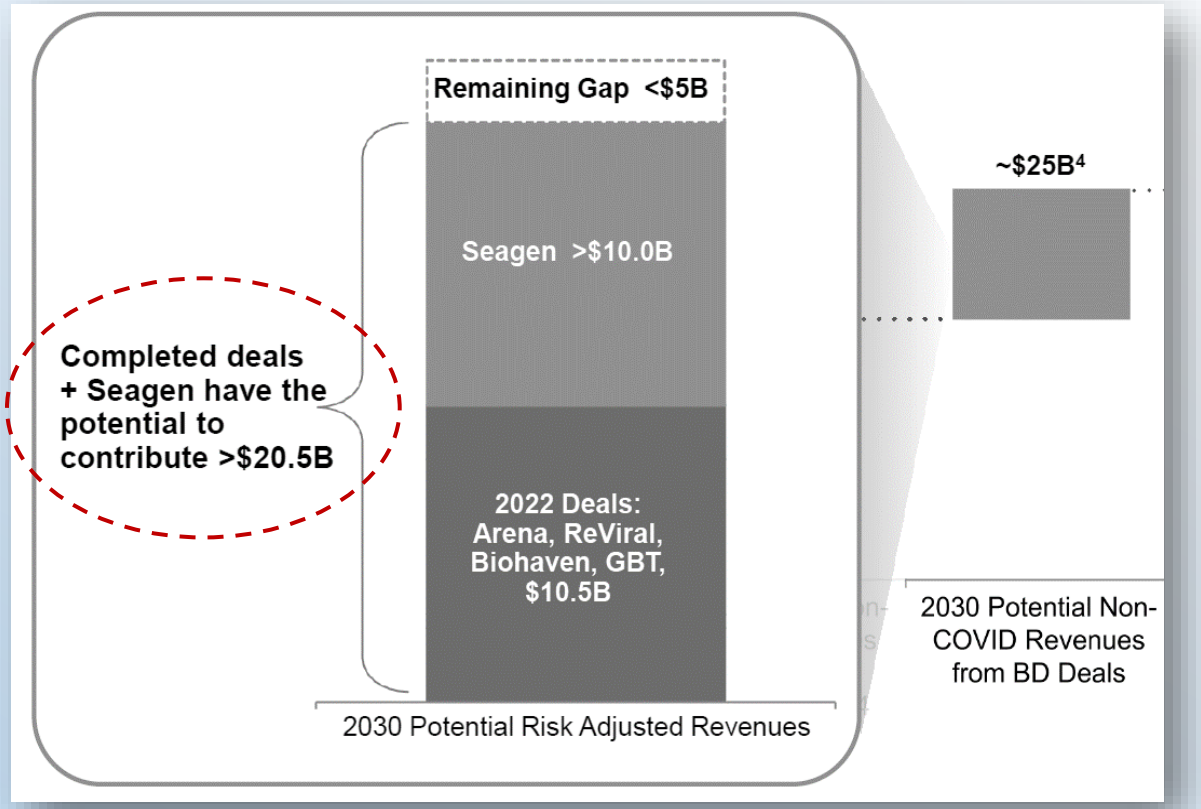
The Company used more than its COVID cash benefit on large M&A transactions.

Source: Public company filings.

The Company Expects Its Acquisitions Since 2022 to Generate >$20.5 Billion in Sales by 2030

Excerpt from Pfizer Public Presentation

The Company spent nearly $70 billion on M&A at an implied ~3.3x "peak" revenue multiple

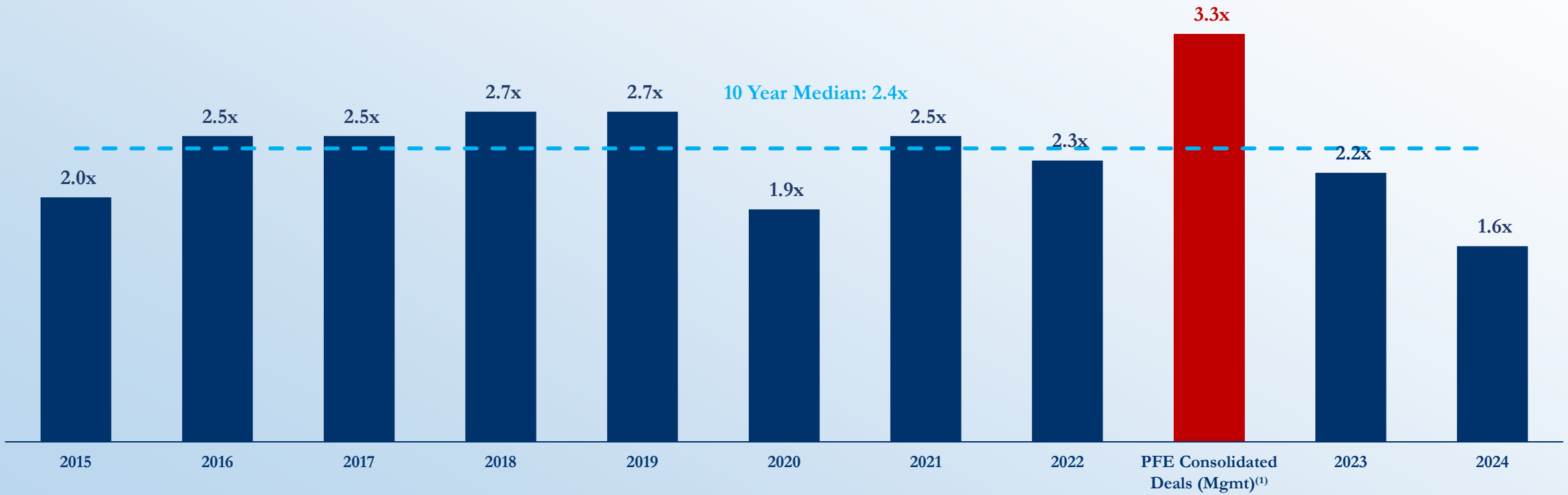


Pfizer management expects these transactions to contribute >$20.5 billion in revenue by 2030.

Source: Public company presentation.

Pfizer Appears to Have Overpaid For Its Post 2022 Acquisitions Based On the Company's Own Sales Targets

EV / Peak Sales by Transaction Year[2]



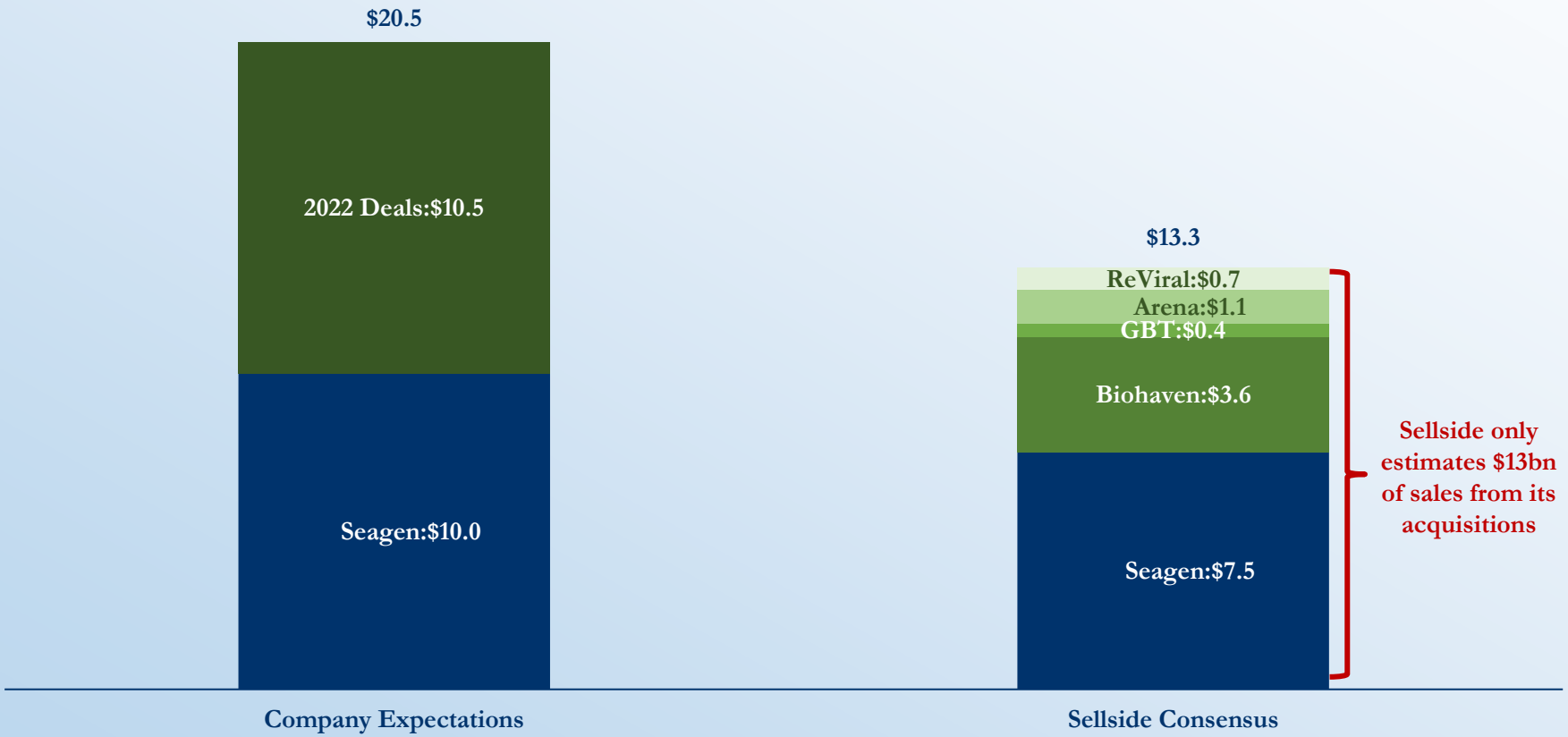
The Company's EV / Sales multiple for its M&A is higher than the industry median for the last 10 years.

Source: Wall Street research and public company presentation. (1) Revenue multiple based upon 2030 sales. (2) Entire Biopharma Industry >$1bn in TEV.

Wall Street Research Analysts Expect Sales of Pfizer's Deals to Fall Short By $7 Billion

Wall Street research analysts expect the contributions from the Company's announced M&A ambitions to fall well short.

2030 Expected Sales From M&A: Management Estimates vs. Sellside Consensus ($bn)

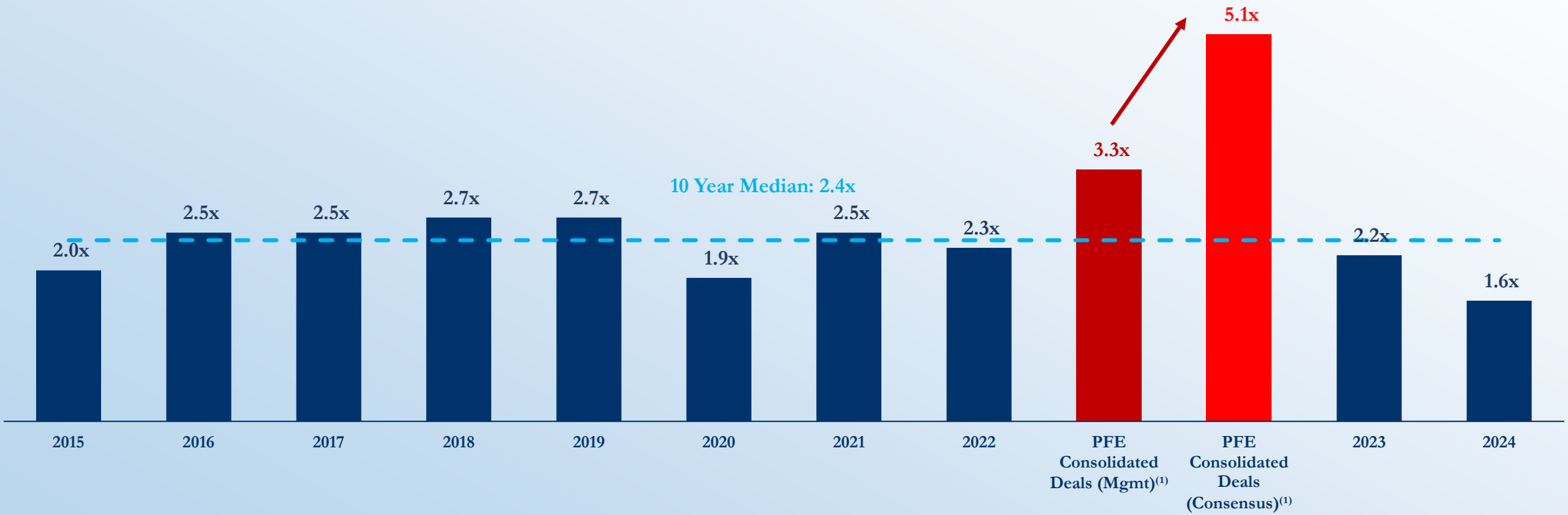


Wall Street research analysts expect the Company's announced M&A to underdeliver.

Source: Public company presentation, Bloomberg.

Pfizer Appears to Have Significantly Overpaid Based Upon Wall Street's Lower Sales Expectations

EV / Peak Sales by Year[2]



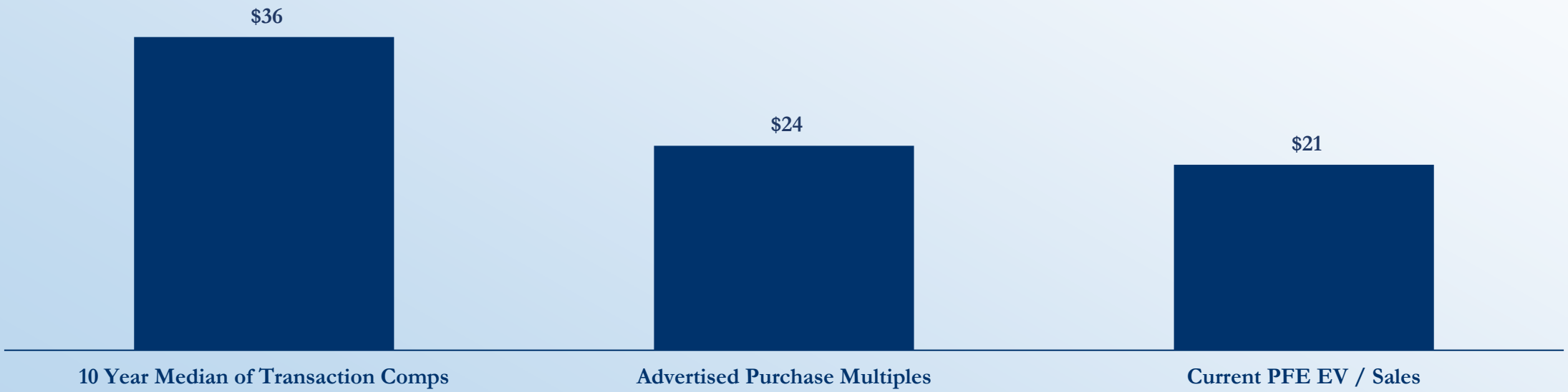
Accounting for lower sales expectations highlights the lofty multiples paid by Pfizer.

Source: Wall Street research and public company presentation. (1) Revenue multiple based upon 2030 sales. (2) Entire Biopharma Industry >$1bn in TEV.

Lower Sales Expectations at Market Multiples Suggest Significant Value Was Lost Through M&A

Illustrative Value Lost From M&A

Cons. Est. Sales	$13.3	$13.3	$13.3
(x) Market Multiple	2.4x	3.3x	3.5x
= Value of M&A	$32	$44	$47



We believe the Company likely lost more than $20 billion in value from M&A.

Source: Wall Street research and Bloomberg.

In 2022, the Company Acquired Global Blood Therapeutics For Over $5 Billion…

In 2022, the Company acquired Global Blood Therapeutics for $5.4 billion with a focus on sickle-cell disease.

Excerpt From Pfizer Press Release

Pfizer to Acquire Global Blood Therapeutics for $5.4 Billion to Enhance Presence in Rare Hematology

Monday, August 08, 2022 - 06:45am

Proposed acquisition drives growth by bringing leading sickle cell disease expertise, portfolio and pipeline to Pfizer with potential combined worldwide peak sales of more than $3 billion

Potential to address the full spectrum of critical needs in the underserved sickle cell community

Transaction valued at $68.50 per Global Blood Therapeutics share in cash, for a total enterprise value of approximately $5.4 billion

NEW YORK & SOUTH SAN FRANCISCO, Calif.--(BUSINESS WIRE)-- Pfizer Inc. (NYSE: PFE) and Global Blood Therapeutics, Inc. (GBT) (NASDAQ: GBT) today announced the companies have entered into a definitive agreement under which Pfizer will acquire GBT, a biopharmaceutical company dedicated to the discovery, development and delivery of life-changing treatments that provide hope to underserved patient communities, starting with sickle cell disease (SCD). The acquisition complements and further enhances Pfizer's more than 30-year heritage in rare hematology and reinforces the company's commitment to SCD by bringing expertise and a leading portfolio and pipeline with the potential to address the full spectrum of critical needs in this underserved community. Pfizer intends to continue to build on the companies' shared commitment to and engagement with the SCD community.

The Company purchased GBT for $5.4 billion…

… and expected to generate more than $3 billion in peak sales

<2x multiple would have been great compared to market multiples!

Pfizer expected GBT's product portfolio to generate worldwide peak sales of >$3 billion.

Source: Public company filings.

… But Recently the Company Removed GBT's Main Drug From the Market Following Adverse Effects

In September 2024, Pfizer suddenly voluntarily withdrew GBT's lead sickle cell disease treatment from the market.

Excerpt From Pfizer Press Release

Pfizer Voluntarily Withdraws All Lots of Sickle Cell Disease Treatment OXBRYTA® (voxelotor) From Worldwide Markets

09/25/2024

NEW YORK--(BUSINESS WIRE)-- Pfizer Inc. (NYSE: PFE) announced today that it is voluntarily withdrawing all lots of OXBRYTA® (voxelotor) for the treatment of sickle cell disease (SCD) at this time, in all markets where it is approved. Pfizer is also discontinuing all active voxelotor clinical trials and expanded access programs worldwide.

Pfizer's decision is based on the totality of clinical data that now indicates the overall benefit of OXBRYTA no longer outweighs the risk in the approved sickle cell patient population. The data suggest an imbalance in vaso-occlusive crises and fatal events which require further assessment. Pfizer has notified regulatory authorities about these findings and its decision to voluntarily withdraw OXBRYTA from the market and discontinue distribution and clinical studies while further reviewing the available data and investigating the findings.

"The safety and well-being of patients is of the utmost importance to Pfizer, and we believe this action is in the best interest of patients," said Aida Habtezion, Chief Medical Officer and Head of Worldwide Medical and Safety at Pfizer. "Our primary concern is for patients who suffer from SCD, which remains a very serious and difficult-to-treat disease with limited treatment options. We advise patients to contact their physicians to discuss alternative treatment while we continue to investigate the findings from our review of the data."

Pfizer decided that OXBRYTA's benefits no longer outweighed its risks and pulled the product from the market.

Source: Public company press release.

Pfizer's Failed GBT Acquisition Shocked the Industry and Raised Serious Questions About Its BD Capabilities

Select Quotes from Wall Street Research Analysts

"Oxbryta pulled from market; $5.4bn GBT deal **latest example of challenged BD track record**. Pfizer announced voluntary withdrawal of sickle-cell therapy Oxbryta globally today, citing an updated view that the totality of data suggests a more negative risk-benefit profile. This likely implies an imbalance in VOCs and/or fatal events to warrant the quick action. The decision comes just shy of the two-year mark from Pfizer's $5.4bn acquisition of Global Blood Therapeutics (GBT) to obtain Oxbryta and a follow-on sickle cell pipeline. While Pfizer reaffirmed '24 guidance and the NPV impact is minimal (see consensus numbers below) **this will again raise questions on Pfizer's BD effort - feeding into old criticism around Pfizer's ability to pick winners through BD."**

Barclays – Sept 25, 2024

"When you cover biotech and pharma - it's hard to find a headline that's truly jarring, but news that PFE is recalling Oxbryta/discontinuing all active trials after seeing a death/ VOC imbalance in clinical trials & lack of overall risk-benefit fits the bill."

Jefferies – Sept 26, 2024

Wall Street analysts were shocked by Pfizer's recall of OXBRYTA.

Source: Wall Street research. Quotes are bolded and underlined for emphasis.

D. Forecasting and Budgeting Issues

The Company Has a Poor Track Record of Achieving Quarterly Consensus Expectations Since 2019

Summary of Quarterly Results vs. Expectations

	2019				2020				2021				2022				2023				2024	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Sales	✓	✗	✓	✗	✓	✓	✗	✗	✓	✓	✓	✗	✓	✓	✓	✓	✓	✗	✗	✗	✓	✓

COVID Benefit

The Company has missed consensus expectations 8 out of 22 quarters → 64% Success Rate

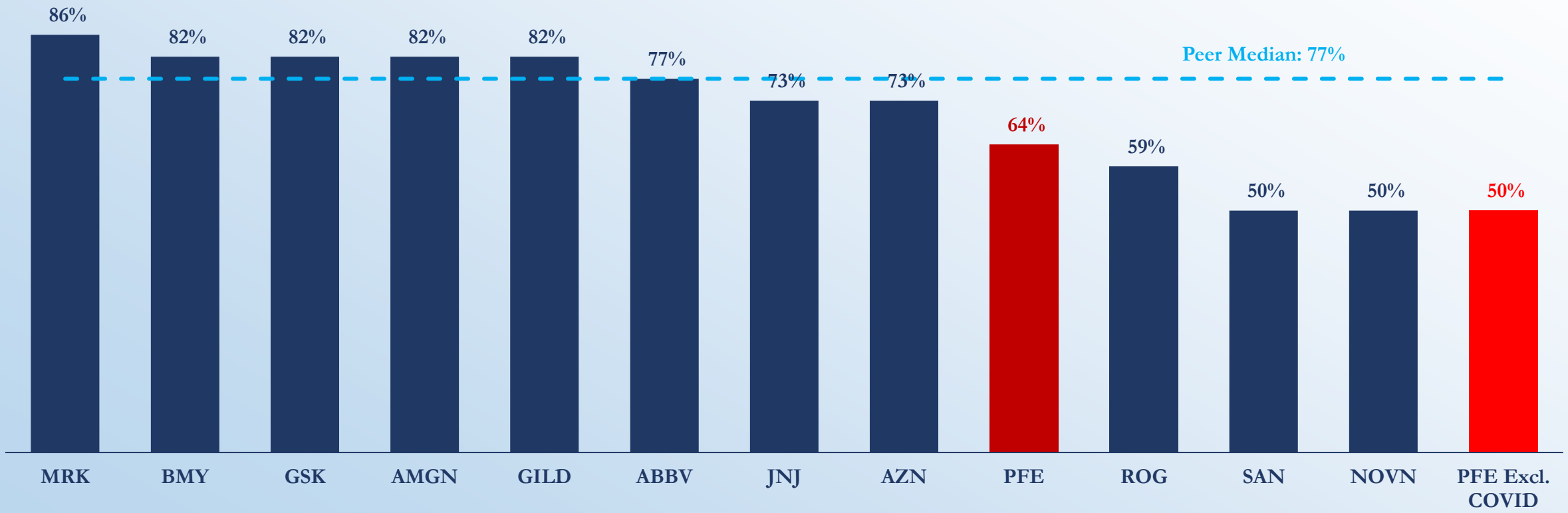
Ex. COVID: The Company has missed consensus expectations 7 out of 14 quarters → 50% Success Rate

The Company has a poor record of achieving consensus expectations.

Source: Bloomberg.

Notably, the Company's Peers Are Meaningfully More Consistent Than Pfizer At Achieving Consensus Sales

Quarterly Success Rate Since 2019 (Achieving Consensus Sales Expectations)



Pfizer achieves consensus sales expectations less consistently than its peers.

Source: Bloomberg.
Starboard has identified BMY, AZN, JNJ, NOVN, ROG, MRK, SAN, GILD, ABBV, AMGN, LLY, NVO, and GSK as the relevant peer set for comparing PFE. Starboard believes these provide appropriate peer comparisons. This presentation is a determination that is subject to a certain degree of subjectivity. As the full universe of potential peers is not listed here, the comparisons made herein may differ materially if other firms had been included.

We Believe COVID Represents the Clearest Example of the Company Improperly Forecasting Its Business

COVID Assumptions vs. Results

	Management's Expectations	Actual Results	Achieved?
2023 COVID Revenue	$21.5 billion	$12.5 billion	✗
Long-Term COVID Revenue Trajectory	Growth after 2023 trough	2024 guidance forecasting another $4 billion decline	✗

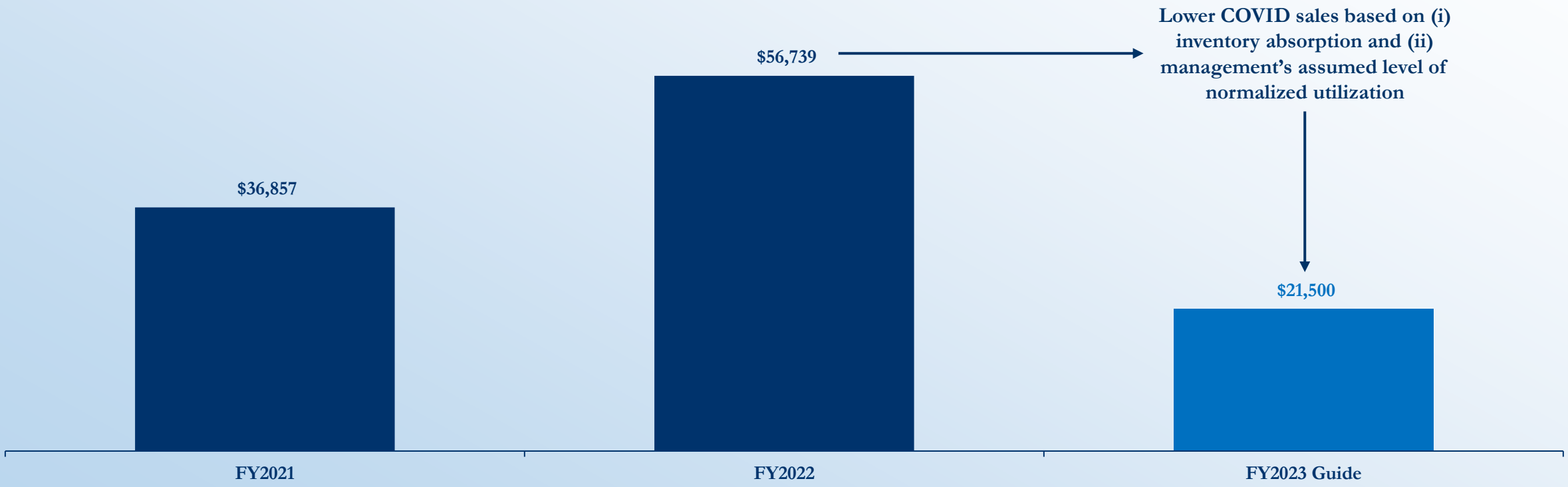
The Company misjudged the durability of COVID sales.

Source: Public company filings.

Pfizer Guided to 2023 COVID Sales of $21.5 Billion Based On Inventory Absorption and Normalized Utilization

While management recognized 2022 COVID-19 sales resulted in an inventory build-up, it still assumed a significant level of COVID sales in 2023 with increases thereafter.

Pfizer's COVID Vaccine and Paxlovid Sales (2021 – 2023) ($mm)

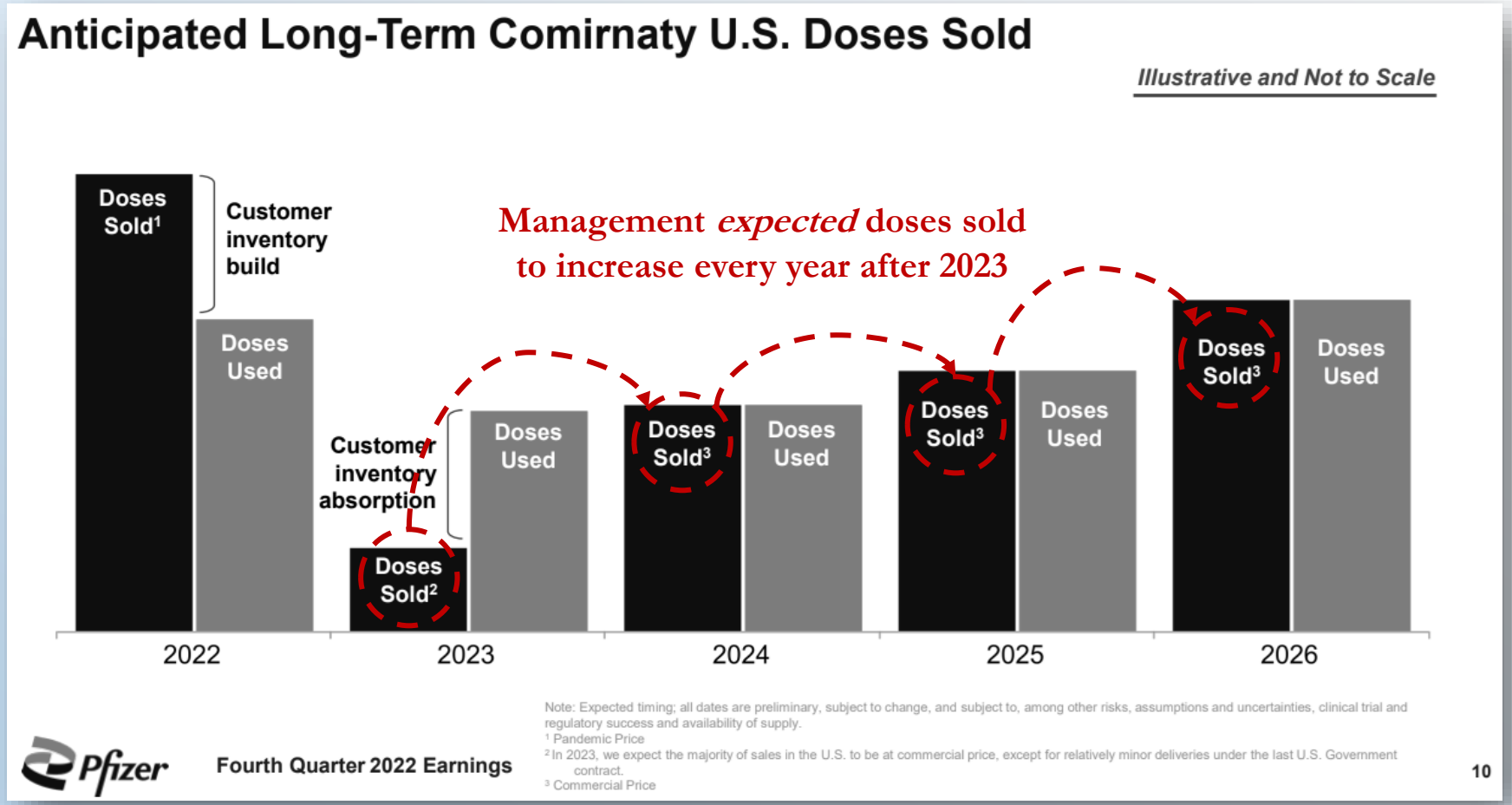


Management guided to $21.5 billion in COVID-19 sales for 2023.

Source: Public company filings and transcripts.

Importantly, Management Expected 2023 COVID Sales to be the Trough With Sustained Growth Thereafter

Excerpt from Pfizer's Q4 2022 Earnings Presentation



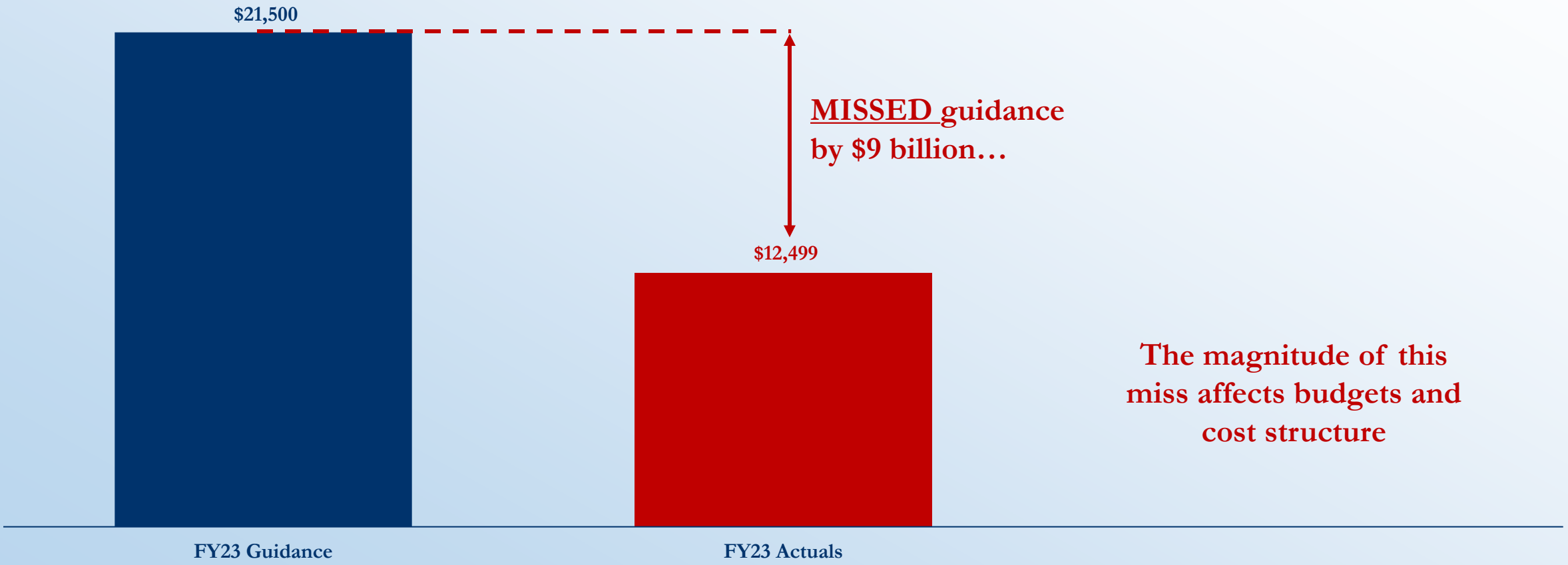
Despite a significant reduction in COVID-19 sales for 2023, management expected growth to resume in 2024.

Source: Public company presentation. Emphasis added in red.

Unfortunately, the Company Ultimately Missed Its 2023 COVID Sales Guidance By a Wide Margin…

The Company ultimately fell significantly short of its expected 2023 COVID-19 sales by $9 billion.

Pfizer's 2023 COVID Sales: Guidance vs. Actuals ($mm)



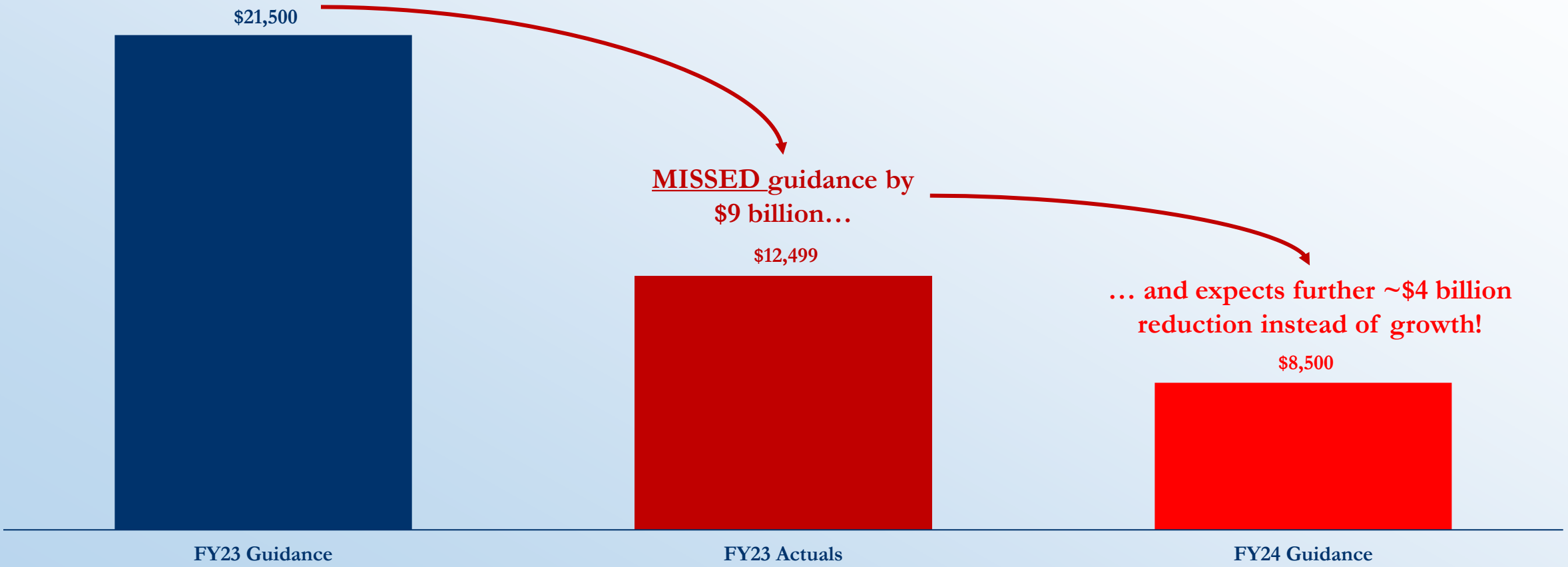
Actual 2023 COVID-19 sales were $9 billion less than management expected.

Source: Public company filings.

… And Now Expects 2024 COVID Sales to Decline Instead of Its Initial Sustained Growth Assumption

While management assumed COVID-19 sales would increase after 2023's inventory absorption, its guidance now assumes even further reductions into 2024.

Pfizer's Expected COVID Sales Progression ($mm)

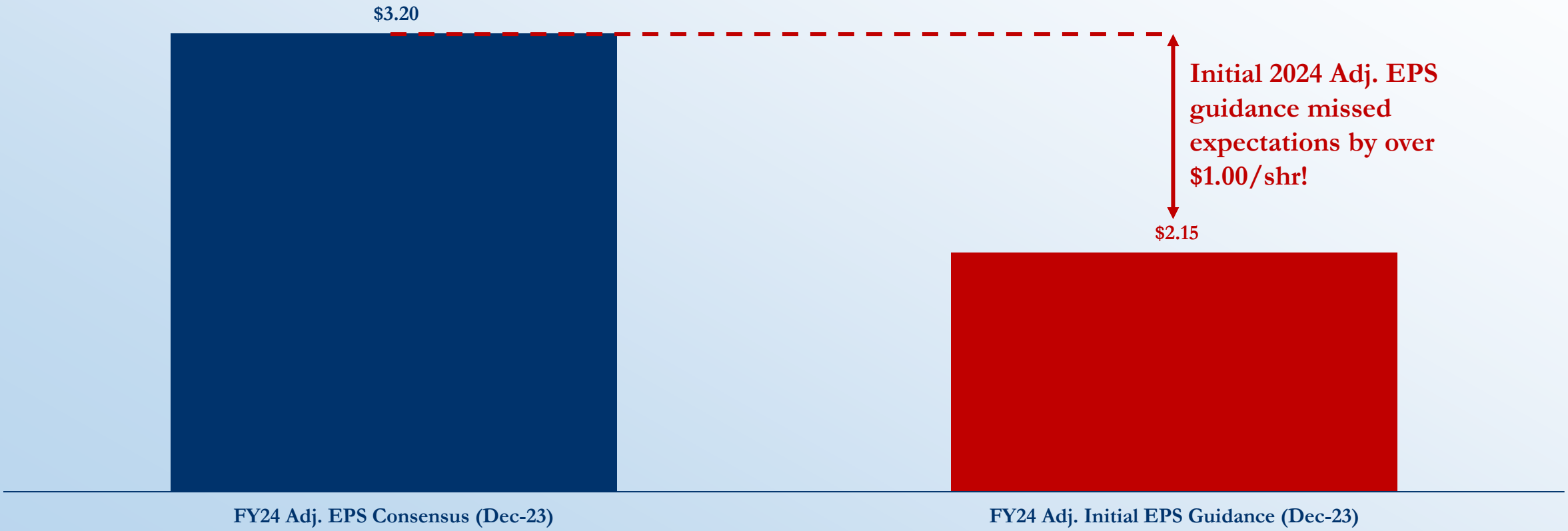


Management incorrectly expected COVID-19 sales to increase after 2023.

Source: Public company filings.

Lower-Than-Expected 2024 COVID Guidance Resulted In a Substantial 2024 Earnings Guidance Miss

2024 Adj. EPS: Consensus Expectations vs. Initial Guidance



Poor COVID expectations and projections led to a significant earnings guidance miss.

Source: Public company filings.

Notably, the Magnitude of the Company's Guidance Miss Resulted In a Blow to Management's Credibility

Select Commentary From Wall Street Research Analysts

"**Investors in PFE have been battered twice in the last 2 weeks** - the first came with danuglipron's failure (oral GLP1),the second with the new guidance. **No doubt there was an element of capitulation**… In other words, despite a year of major underperformance, it's hard to say PFE's a "buy." **Some credibility has been lost**, and the near-term catalyst path is not a strong one."

Wolfe
December 14, 2023

"Given the high number of questions we have received on EPS and margin dynamics and the implications for 2025 results, **we do not see today's update as a clearing event**. Today's update essentially should provide a floor on COVID estimates and EPS, in our view. **However, there remains a significant amount of uncertainty on what is driving 2024 margins & EPS so low** (i.e. whether this is due to depressed COVID guidance or there is an issue with the core business margins, or a mix of both). And **based on our conversations, we expect that investors will have a hard time stepping into the story until they gain further clarity.**"

JP Morgan
December 13, 2023

"But we don't have much conviction in the outlook, making it tough to pound the table even from these levels... **Level Of Confidence In Management - Our confidence is not the highest for several reasons.** PFE provided guidance on many parameters but in retrospect much of it is proving to have been too optimistic, is no longer supported, and resulted in two reductions in guidance in 2023. We were not fans of the Seagen acquisition from the start, given that each of the key assets has associated questions, making the outlook less than clear, particularly given the price paid.

TD Cowen
January 4, 2024

The massive earnings guidance miss significantly damaged management's credibility.

Source: Wall Street research. Quotes are bolded and underlined for emphasis.

Conclusion

We Agree with Management – TSR and Innovation Are the Defining Characteristics of Success for a Pharma Company

Excerpt From 2019 Goldman Sachs Conference (January 3, 2019)

Keyur Parekh
GS Analyst

"But as you think about what markers you want to set for the company in the near term, so maybe in 12 months' time, kind of on a 3-year view or a 5-year view, how do you deem success over the short term?:"

"I think -- **well, it's inevitable that for every CEO, the success is measured through -- with total shareholder return,** how much your stock was appreciated and how much dividend were you able to pass to the shareholders. But let's not forget that this is only a surrogate point, a very good one because the market really knows how to value your operational value creation. But it is a surrogate point, where fundamental it is how much you can stay true to your purpose. **And the purpose of the pharma company is to bring breakthrough products that change patients' lives. So the operational measurement of success will be our ability to have a constant flow of breakthrough innovation** that significantly changes the current standards of care, and that's for the long term. **So a way to measure it, for us, it is we have put out there a list of 15 potential blockbusters that could come by the year -- in 5 years, so it is by 2022 when we put it out in '18. And I think my focus would be to make sure that we deliver more than our fair risk adjustment of this number, and that will be success."**

Albert Bourla
Pfizer Chair and CEO

Pfizer management committed to "constant flow" of innovation – as highlighted by 15 potential blockbusters.

Source: Public company transcripts. Quotes are bolded and underlined for emphasis.

The Company's TSR Since 2019 Has Been Poor

Pfizer Total Shareholder Returns

Pfizer has underperformed over the last five years.

Source: Bloomberg. Market data as of October 4, 2024.

The Company Also Failed to Achieve Constant and Breakthrough Innovation

Excerpt from Pfizer Q1-2019 Investor Presentation

Next Steps for 'Up to 15 in 5' Programs

Up to 15 Potential Blockbusters Approved by 2022 (Subject to Attrition)

	THERAPEUTIC AREA			PROGRAM	NEXT STEP	TIMING
1	Oncology	1		I/O Mono / Chemo Combos	Phase 3 pivotal readouts for Bavencio (1L gastric, 1L urothelial)	1H 2020
2		2	♦★	I/O-Targeted Agent Combos	PDUFA June 2019 for Bavencio + Inlyta (1L advanced RCC)	1H 2019
		3	✓	Targeted Cancer Agents (collective)	Potential EU approvals	1H 2019
3		4		Ibrance Early-Stage Breast Cancer	Phase 3 pivotal readouts for PENELOPE and PALLAS	2H 2020
		5	✓	Xtandi (M0 CRPC✓ & M0/M1 HSPC)	File ARCHES data (mHSPC); EMBARK Phase 3 readout (nmHSPC)	2019; 2H 2020
4	I&I	6	★	JAK1 (Atopic Dermatitis)	Phase 3 monotherapy readouts	1H 2019
5		7	★	JAK3 (Alopecia Areata / Vitiligo)	Phase 3 pivotal readout for alopecia areata	2H 2021
		8	✓	Xeljanz Lifecycle Mgt (PsA, UC, AS)	Phase 3 pivotal readout for ankylosing spondylitis	2H 2020
6	Vaccines	9	★	*Clostridium Difficile*	Phase 3 pivotal readout	2H 2020
		10	☒	*Staphyloccoccus Aureus*	Discontinued (futility)	N/A
7		11	★	20v *Pneumococcal* Next-Gen	PCV20 Infant POC readout; potential PCV20 Adult filing in the U.S.	2019; 2H 2020
		12	☒	Domagrozumab (DMD)	Discontinued (futility)	N/A
8	Rare Disease / Internal Medicine	13	★	Rivipansel (VOC of SCD)	Phase 3 pivotal readout	2H 2019
9		14	♦★	Tafamidis (aTTR cardiomyopathy)	PDUFA July 2019/(November 2019 for free acid formulation)	2H 2019
10		15	★	Tanezumab (OA & CLBP)	Reviewing data and evaluating next steps	ongoing
	Potential Upsides					
				Hemophilia B (FIX Gene Therapy)	Pivotal Phase 3 study start	2H 2019
				Biosimilars Bundle (RA & Cancer)	Up to four potential approvals (potential blockbuster in aggregate)	2019-2020

✓ Achieved Approval(s) ♦ Positive Pivotal Data ☒ Negative Pivotal Data ★ Expedited Designation

Pfizer First Quarter 2019 Earnings

8

We do not believe Pfizer achieved "constant" and "breakthrough" innovations.

Source: Public company presentation.

Capital Allocation Is Extremely Important For Large Pharma Companies

For large pharma companies, like many other companies, it is critical to have the discipline to achieve the right return on investment.

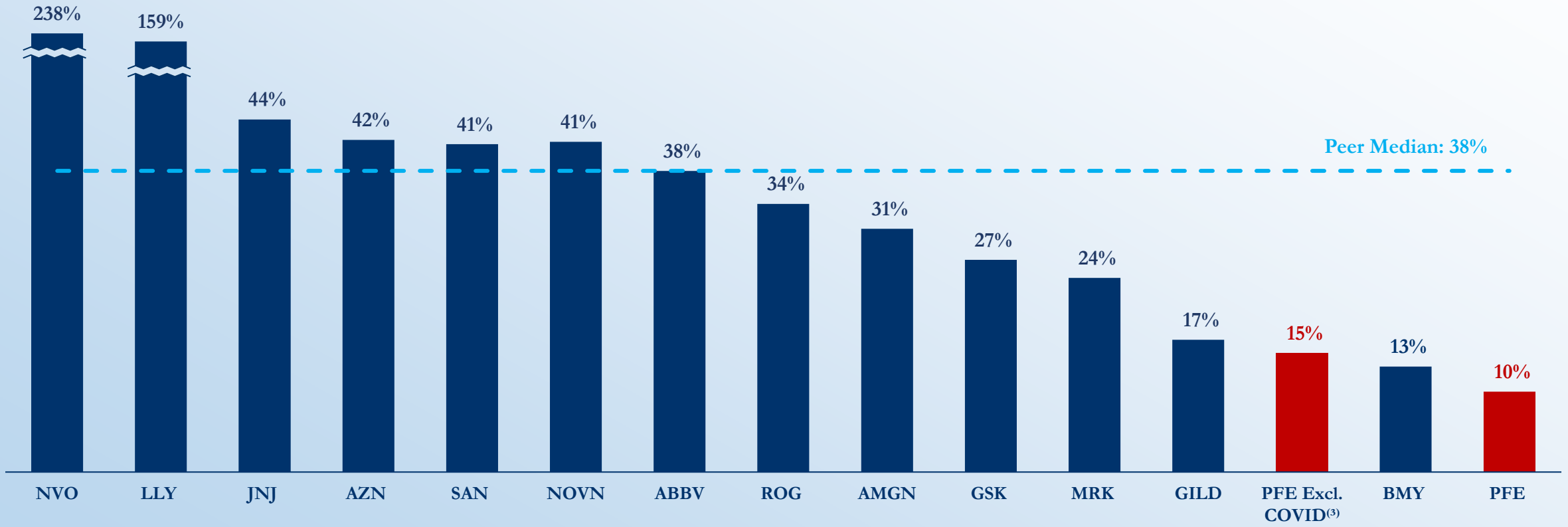
Management needs to be held accountable for capital allocation.

Capital allocation is a key value driver for large pharma.

We Believe the Root Cause of Pfizer's Issues Are Its Low Expected Return on Organic and Inorganic R&D Investments

Expected Revenue Return on R&D + M&A Investments

Ex-LOE Revenue Growth (2023 – 2030) Divided by 5-Year Cumulative R&D and M&A Spend[1][2]



The Company is expected to generate worst-in-class returns on R&D and M&A.

Source: Public company filings and Bloomberg. (1) Cumulative R&D spend from 2019 to 2023. Includes IPR&D not captured by M&A. (2) Cumulative M&A spend from 2019 to 2023. (3) Cumulative R&D excludes estimated COVID-related R&D of $4 billion.
Starboard has identified BMY, AZN, JNJ, NOVN, ROG, MRK, SAN, GILD, ABBV, AMGN, LLY, NVO, and GSK as the relevant peer set for comparing PFE. Starboard believes these provide appropriate peer comparisons. This presentation is a determination that is subject to a certain degree of subjectivity. As the full universe of potential peers is not listed here, the comparisons made herein may differ materially if other firms had been included.

The Board Needs to Be Laser Focused On Tracking Pfizer's Return on R&D Investments

Illustrative Explanation of R&D and M&A Efficiency

	Pfizer Ex. COVID (Consensus 2023-30)
2023 to 2030 Consensus Estimated Gross Sales Growth:	$19 billion
	÷
Cumulative R&D + M&A Investments From 2019 to 2023[(1)]:	$128 billion ← *$46bn of R&D expenses from 2019 to 2023 (+) $82bn of M&A spend*
	↓
Expected Revenue Return on R&D + M&A Investments:	15%

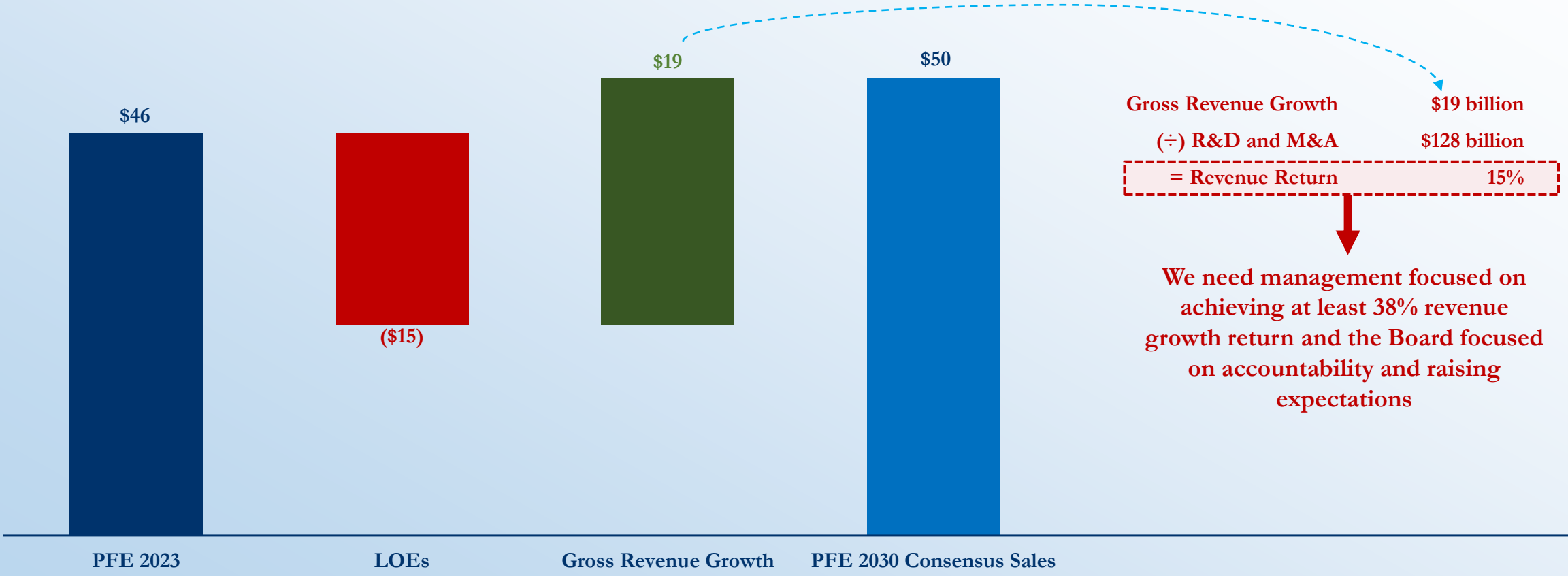
Reminder: Peer Median is ~38%

This is not acceptable.

Source: Public company filings, Visible Alpha, Bloomberg, and CapIQ. (1) Excludes estimated COVID-related R&D of $4 billion.

Adjusting For LOEs, Pfizer Is Currently Expected to Grow by $19 Billion of Revenue From 2023 to 2030

Pfizer Sales Bridge (Ex. COVID): 2023 to 2030



This is not acceptable.

Source: Public company filings, Wall Street Research, Visible Alpha, and Starboard estimates.

If the Company Is Going to Continue Its R&D Investment Rate, It Needs to Generate Considerably More Revenue

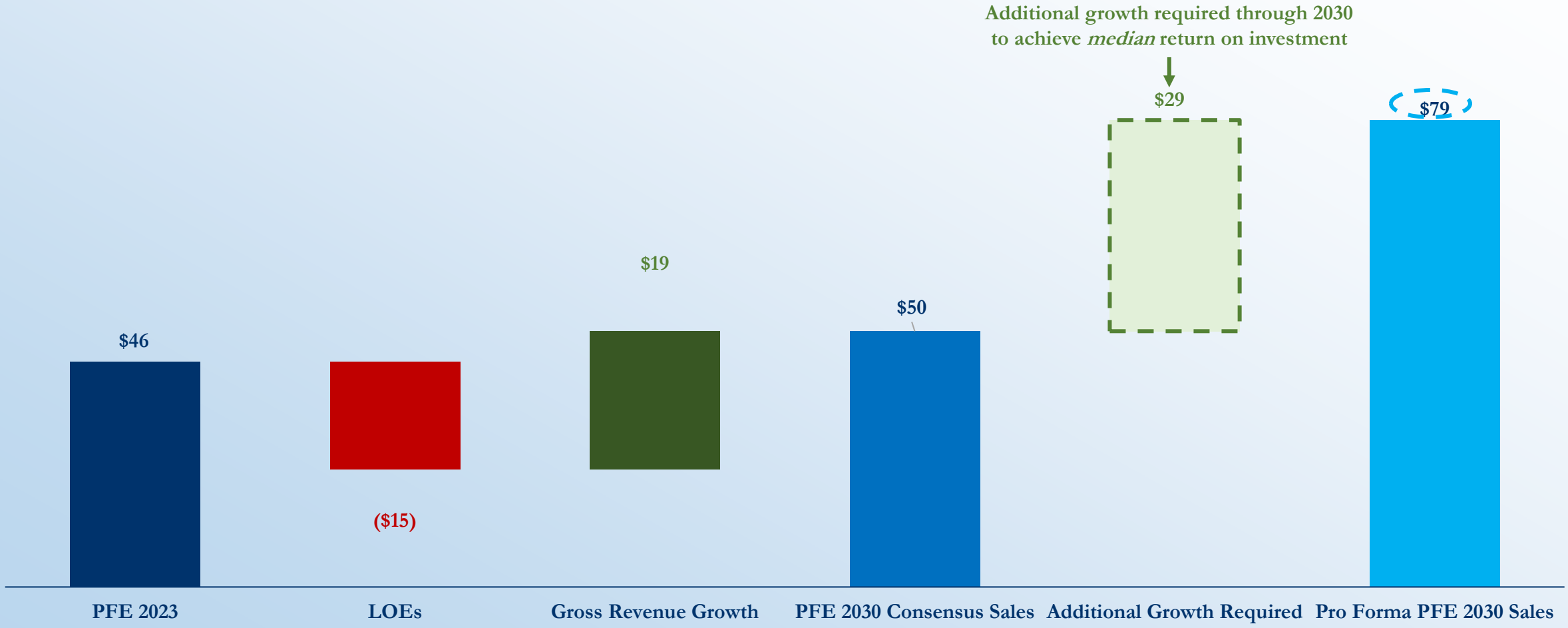
Incremental Revenue Growth Required (Ex. COVID)	
Cumulative R&D and M&A Investments (2019 – 2023)	$128 billion
(x) Peer Median Rev. Return on R&D + M&A Investments	38%
= Required Gross Revenue Growth	$48 billion
(-) Consensus Gross Revenue Growth	($19 billion)
= Incremental Gross Revenue Growth Required	$29 billion

The Company needs to achieve higher revenue growth based on its R&D and M&A investments.

Source: Public company filings and Starboard estimates.

Specifically, the Company Would Have to Generate $79 Billion in 2030 Revenue to Achieve Peer Median Revenue Returns

Pfizer Sales Bridge (Ex. COVID): 2023 to 2030

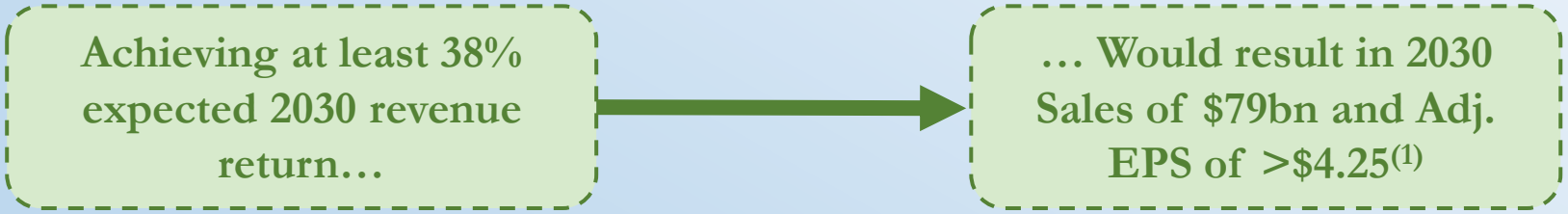


The Company would have to generate $79 billion in 2030 revenue.

Source: Public company filings, Wall Street Research, and Starboard estimates.

The Board Needs to Hold Management Accountable For Achieving Sufficient Revenue Returns on R&D and M&A

- **We agree with management: "the operational measurement of success will be [Pfizer's] ability to have a constant flow of breakthrough innovation"**
- **Underlying Pfizer's ability to produce consistent innovation is its ability to generate attractive revenue returns on its R&D and M&A investments**
- **Management is allocating a substantial amount of shareholder capital**
- **To-date, the Company has not achieved sufficient revenue returns on R&D and M&A**
  - The Company is expected to generate revenue returns of just 15% compared to the peer median of 38%
  - Pfizer ranks worst-in-class among its peer group on expected gross revenue growth from 2023 to 2030 based on its cumulative R&D and M&A from 2019 to 2023
  - Capital allocation and M&A is critically important to pharma companies – Pfizer has been worst-in-class
- **The Board is responsible for holding management accountable on improving its expected revenue return to at least 38%**



The Board needs to hold management accountable for improving performance.

Source: Public company filings, Wall Street Research, and Starboard estimates. (1) Excluding COVID.

The Board Needs to Hold Management Accountable to Achieve the Appropriate Returns on Capital

We believe it is unlikely that Pfizer will be able to achieve $79 billion in revenue by 2030 thereby making Pfizer's return on R&D and M&A insufficient.

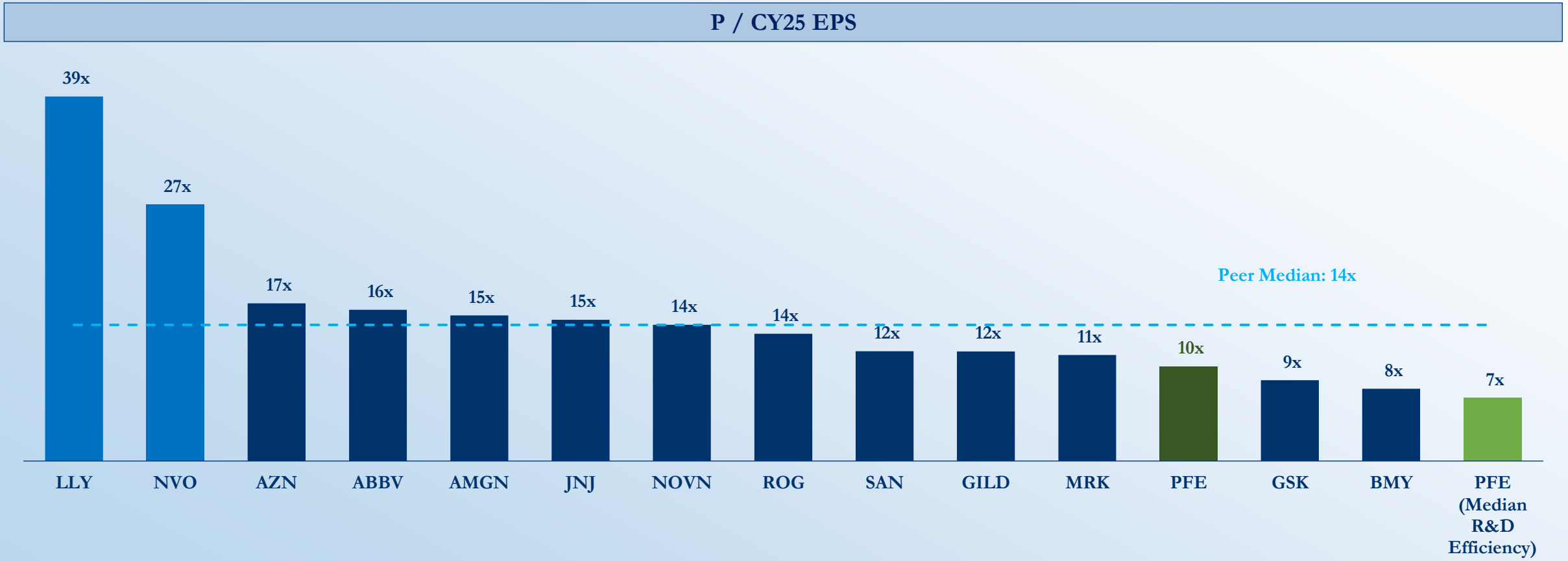
We believe the Board needs to actively hold management accountable for earning appropriate returns on R&D and M&A moving forward.

Pfizer deserves to be best in class.

The Board needs to hold management accountable for capital allocation.

We Believe There Is Substantial Upside at Pfizer

We believe concerns regarding the Company's innovation track record, pipeline, capital allocation, and lost credibility has resulted in a depressed valuation multiple.



We are excited to own the business at current valuation multiples as we believe there is substantial upside.

Source: Bloomberg and CapIQ.
Starboard has identified BMY, AZN, JNJ, NOVN, ROG, MRK, SAN, GILD, ABBV, AMGN, LLY, NVO, and GSK as the relevant peer set for comparing PFE. Starboard believes these provide appropriate peer comparisons. This presentation is a determination that is subject to a certain degree of subjectivity. As the full universe of potential peers is not listed here, the comparisons made herein may differ materially if other firms had been included.

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