



# First Quarter 2008 Earnings Teleconference

April 17, 2008



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## Introduction

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Senior Vice President,  
WW Investor Development & Strategy

# Forward-Looking Statements and Non-GAAP Financial Information



- Our discussions during this conference call will include forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements. The factors that could cause actual results to differ are discussed in Pfizer's 2007 Annual Report on Form 10-K and in our reports on Form 10-Q and Form 8-K.
- Also, the discussions during this conference call will include certain financial measures that were not prepared in accordance with generally accepted accounting principles. Reconciliations of those non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in Pfizer's Current Report on Form 8-K dated April 17, 2008.
- These reports are available on our website at [www.pfizer.com](http://www.pfizer.com) in the "Investors—SEC Filings" section.



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## Opening Remarks

Jeff Kindler

Chairman & Chief Executive Officer



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## Financial Review

Frank D'Amelio

Senior Vice President &  
Chief Financial Officer



# Income Statement Highlights

(\$ Millions, Except Per-Share Amounts)

	First Quarter		
	2008	2007	Change
<b>Reported Revenues</b>	\$11,848	\$12,474	(5%)
<b>Reported Net Income</b>	2,784	3,392	(18%)
<b>Reported Diluted EPS</b>	0.41	0.48	(15%)
<b>Adjusted Income<sup>(1)</sup></b>	4,099	4,804	(15%)
<b>Adjusted Diluted EPS<sup>(1)</sup></b>	0.61	0.68	(10%)

## Decline in Results Primarily Driven by Norvasc and Zyrtec Loss of Exclusivity (LOE)

(1) Adjusted Income and its components and Adjusted Diluted EPS are defined as Reported Net Income and its components and Reported Diluted EPS, excluding Purchase Accounting Adjustments, Acquisition-Related Costs, Discontinued Operations and Certain Significant Items. Adjusted total costs represents primarily the total of Adjusted Cost of Sales, Adjusted SI&A expenses and Adjusted R&D expenses.



# Certain Significant Items

(\$ Millions, on a Pre-Tax Basis)

	First Quarter	
	2008	2007
Restructuring Charges	\$177	\$795
Implementation Costs	357	174
<b>Cost-Reduction Initiatives</b>	<b>\$534</b>	<b>\$969</b>
Other	7	10
<b>Total Certain Significant Items</b>	<b>\$541</b>	<b>\$979</b>

**Lower Expenses Related to Our Total Cost-Reduction Initiatives, Primarily Our Site and U.S. Sales Force Rationalizations**



# Quarterly Adjusted Income<sup>(1)</sup> Components

(\$ Millions, Except per-Share Amounts)

	First Quarter		
	2008	2007	Change
Revenues <sup>(1)</sup>	\$11,796	\$12,431	(5%)
Cost of Sales <sup>(1)</sup>	1,800	1,744	3%
SI & A Expenses <sup>(1)</sup>	3,409	3,313	3%
R&D Expenses <sup>(1)</sup>	1,638	1,628	1%
Provision for Income Taxes <sup>(1)</sup>	1,150	1,331	(14%)
<b>Adjusted Income<sup>(1)</sup></b>	<b>\$4,099</b>	<b>\$4,804</b>	<b>(15%)</b>
<b>Adjusted Diluted EPS<sup>(1)</sup></b>	<b>\$0.61</b>	<b>\$0.68</b>	<b>(10%)</b>

**Adjusted Diluted EPS<sup>(1)</sup> Decline Primarily Related to Norvasc and Zyrtec LOE, Partially Offset by Foreign Exchange and Continued Cost Reductions**

(1) See Slide 6 for definition.



# Quarterly Select Product Highlights

(\$ Millions)

	Worldwide		U.S.		International	
	2008	Change	2008	Change	2008	Change
<b>In-Line Products<sup>(1)</sup></b>						
Lipitor	\$3,137	(7%)	\$1,751	(18%)	\$1,386	13%
Viagra	460	6%	223	(1%)	237	13%
Celebrex	611	2%	464	(2%)	147	20%
Lyrica	582	47%	351	45%	231	51%
Xalatan/Xalacom	405	13%	135	7%	270	16%
Detrol/Detrol LA	313	3%	222	-	91	13%
Geodon/Zeldox	241	12%	200	10%	41	21%
<b>New Products<sup>(2)</sup></b>						
Chantix/Champix	277	71%	193	33%	84	392%
Sutent	190	86%	66	25%	124	150%
<b>LOE Products<sup>(3)</sup></b>						
Norvasc	513	(52%)	(5)	(101%)	518	(7%)
Zyrtec/Zyrtec D	117	(75%)	117	(75%)	-	-
Camptosar	192	(16%)	83	(36%)	109	10%

**New and In-Line Products Continue to Perform Well**

(1) Represents revenues for major pharmaceutical products not included in (2) and (3).

(2) Represents revenues for pharmaceutical products launched in the U.S. since 1/1/06.

(3) Represents revenues for pharmaceutical products that lost U.S. exclusivity in 2007 and 2008.



# 2008 Financial Guidance

	Guidance <sup>(3)</sup>
<b>Revenues</b>	\$47.0 to \$49.0 Billion
<b>Adjusted Total Costs<sup>(1)</sup></b>	Decrease of at least \$1.5–\$2 Billion versus 2006 on a constant currency basis <sup>(2)</sup>
<b>Adjusted Cost of Sales<sup>(1)</sup> as a Percentage of Revenue</b>	14.5% to 15.5%
<b>Adjusted R&amp;D Expenses<sup>(1)</sup></b>	\$7.3 to \$7.6 Billion
<b>Adjusted SI &amp; A Expenses<sup>(1)</sup></b>	\$14.4 to \$14.9 Billion
<b>Reported Diluted EPS<sup>(5)</sup></b>	\$1.73 to \$1.88
<b>Adjusted Diluted EPS<sup>(1)</sup></b>	\$2.35 to \$2.45
<b>Effective Tax Rate<sup>(4)</sup></b>	22.0% to 22.5%
<b>Cash Flows from Operations</b>	\$17.0 to \$18.0 Billion

## Reaffirming 2008 Financial Guidance

<sup>(1)</sup> See Slide 6 for definition. <sup>(2)</sup> At 2006 Exchange Rates. <sup>(3)</sup> Except as noted, at April 2008 Exchange Rates.

<sup>(4)</sup> On Adjusted Income. <sup>(5)</sup> Excludes effects of business development transactions not completed as of March 30, 2008.



# Key Takeaways

- Reaffirmed 2008 guidance
- New products<sup>(1)</sup> continue to perform well – particularly Chantix and Sutent
- Steady growth from several in-line products<sup>(2)</sup> – including Lyrica, Geodon, Viagra and Xalatan
- As anticipated, year-over-year results were negatively impacted by Norvasc, Zyrtec and, to a much lesser extent, Camptosar
- Continuing to execute on our plan to reduce costs
  - Absolute cost reduction of \$1.5 to \$2.0 billion vs. 2006
  - Savings will continue in 2008

<sup>(1)</sup> See Slide 9 for definition. <sup>(2)</sup> See Slide 9 for definition.



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## Q&A Session