



**Second Quarter 2010  
Earnings Teleconference**

August 3, 2010



# Introduction

**Chuck Triano**

**Senior Vice President, Investor Relations**

# 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 2009 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 U.S. generally accepted accounting principles. Reconciliations of those non-U.S. GAAP financial measures to the most directly comparable U.S. GAAP financial measures can be found in Pfizer's Current Report on Form 8-K dated August 3, 2010.
- 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

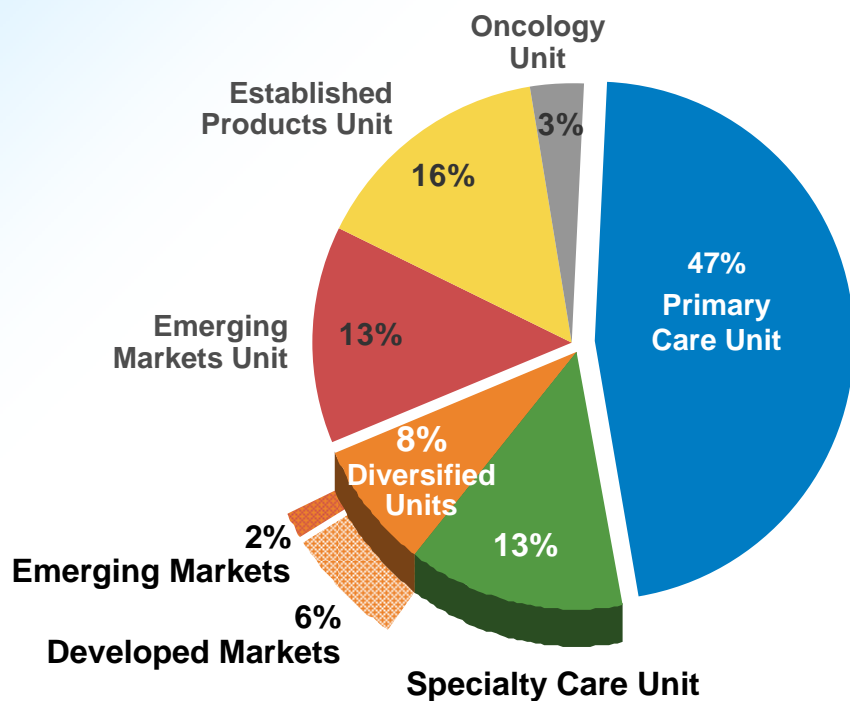
**Jeff Kindler**

**Chairman & Chief Executive Officer**

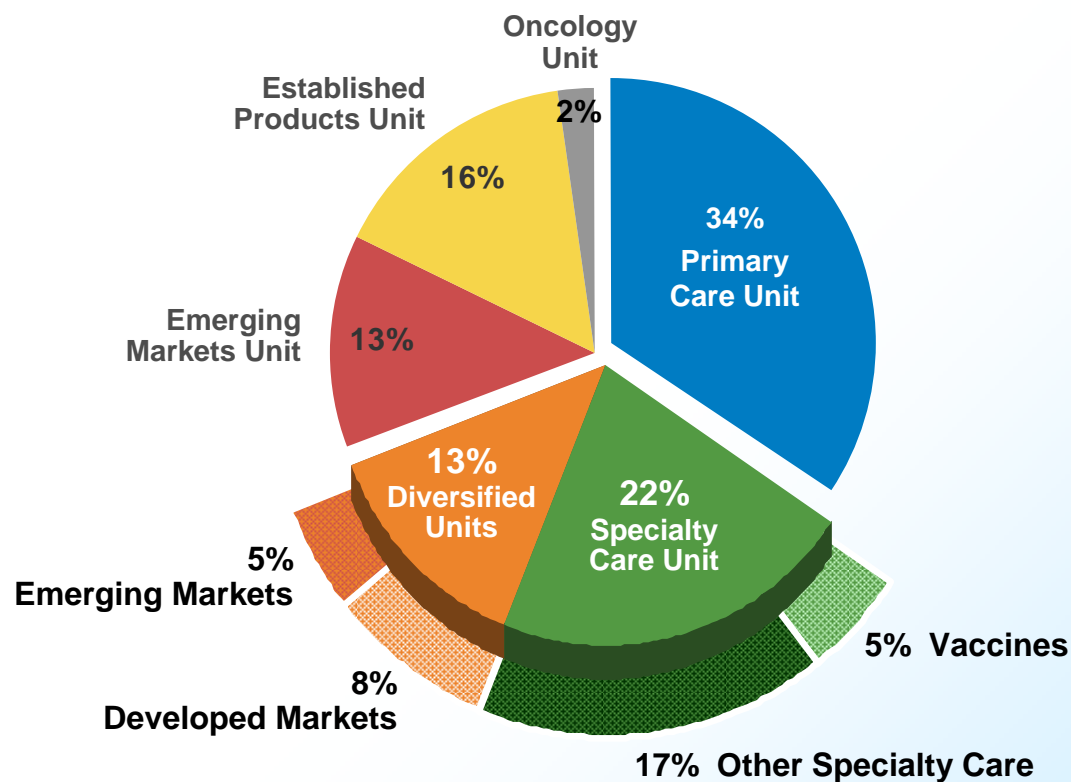
# Business Mix Shifting to Strengthen Platform for Sustainable Financial Performance



Q2 2009



Q2 2010



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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)

	Second Quarter		
	2010	2009	Change
Reported Revenues	\$17,327	\$10,984	58%
Reported Net Income <sup>(1)</sup>	2,475	2,261	9%
Reported Diluted EPS <sup>(1)</sup>	0.31	0.34	(9%)
Adjusted Income <sup>(2)</sup>	4,959	3,249	53%
Adjusted Diluted EPS <sup>(2)</sup>	0.62	0.48	29%

**Reported Net Income<sup>(1)</sup> and Reported Diluted EPS<sup>(1)</sup> Favorably Impacted by Legacy Wyeth Operations (net) and Foreign Exchange; Unfavorably Impacted by Charges Associated with the Wyeth Acquisition and Integration as well as Increases in Net Interest Expense, Effective Tax Rate and Shares Outstanding (EPS only)**

(1) Reported Net Income is defined as Net Income attributable to Pfizer Inc. Reported Diluted EPS is defined as Reported Diluted EPS attributable to Pfizer Inc. common shareholders.

(2) Adjusted Income and its components and Adjusted Diluted EPS are defined as Reported Net Income<sup>(1)</sup> and its components and Reported Diluted EPS<sup>(1)</sup>, excluding Purchase Accounting Adjustments, Acquisition-Related Costs, Discontinued Operations and Certain Significant Items.

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



(\$ millions, except per-share amounts)

	Second Quarter		
	2010	2009	Change
Revenues <sup>(1)</sup>	\$17,321	\$10,966	58%
Cost of Sales <sup>(1)</sup>	2,951	1,686	75%
SI&A Expenses <sup>(1)</sup>	4,727	3,264	45%
R&D Expenses <sup>(1)</sup>	2,182	1,656	32%
Adjusted Total Costs <sup>(2)</sup>	9,860	6,606	49%
Provision for Income Taxes <sup>(1)</sup>	2,301	1,271	81%
<b>Adjusted Income<sup>(1)</sup></b>	<b>\$4,959</b>	<b>\$3,249</b>	<b>53%</b>
<b>Adjusted Diluted EPS<sup>(1)</sup></b>	<b>\$0.62</b>	<b>\$0.48</b>	<b>29%</b>

**Adjusted Income<sup>(1)</sup> and Adjusted Diluted EPS<sup>(1)</sup> Favorably Impacted by Legacy Wyeth Operations (net) and Foreign Exchange; Partially Offset by the Unfavorable Impact of Increases in Net Interest Expense, Effective Tax Rate and Shares Outstanding (EPS only)**






(1) See Slide 8 for definition.

(2) Adjusted Total Costs represents the total of Adjusted Cost of Sales<sup>(1)</sup>, Adjusted SI&A<sup>(1)</sup> and Adjusted R&D<sup>(1)</sup>.

# Impact of Foreign Exchange on Adjusted Income<sup>(1)</sup> Components



Compared with the year-ago quarter (\$ millions, except percentages)

	Second Quarter	
	Adjusted <sup>(1)</sup>	FX Impact
Revenues <sup>(1)</sup>	\$17,321	\$584  5%
Cost of Sales <sup>(1)</sup>	2,951	(99)  (6%)
SI&A Expenses <sup>(1)</sup>	4,727	126  4%
R&D Expenses <sup>(1)</sup>	2,182	21  1%
<b>Adjusted Total Costs<sup>(2)</sup></b>	<b>\$9,860</b>	<b>\$48  1%</b>

**Foreign Exchange Favorably Impacted Revenues but Unfavorably Impacted Adjusted Total Costs<sup>(2)</sup> Resulting in a Net Favorable Impact on Adjusted Diluted EPS<sup>(1)</sup> of \$0.04**

(1) See Slide 8 for definition. (2) See Slide 9 for definition.

Note: Certain amounts and percentages may reflect rounding adjustments.

# Biopharmaceutical Revenues



(\$ millions)

	Second Quarter <sup>(1)</sup>					
	2010	2009 <sup>(1)</sup>	Change	FX Impact	Total Operational Growth	Legacy Pfizer Operational Growth
Primary Care	\$5,923	\$5,160	15%	3%	12%	5%
Specialty Care	3,769	1,423	165%	5%	160%	8%
Established Products	2,730	1,670	63%	5%	58%	(10%)
Emerging Markets	2,250	1,455	55%	11%	44%	11%
Oncology	349	355	(2%)	2%	(4%)	(14%)
<b>Total</b>	<b>\$15,021</b>	<b>\$10,063</b>	<b>49%</b>	<b>5%</b>	<b>44%</b>	<b>3%</b>

**Legacy Pfizer Emerging Markets Operational Growth Was 11% in Q2 2010; Legacy Pfizer Operational Performance of Other Units Impacted by the Loss of Exclusivity of Certain Products**

(1) Revenues from South Korea in 2009 have been reclassified from Emerging Markets to the appropriate developed market units to conform to the current-year presentation.

Note: Certain amounts and percentages may reflect rounding adjustments.

# Diversified Revenues



(\$ millions)

	Second Quarter					
	2010	2009	Change	FX Impact	Total Operational Growth	Legacy Pfizer Operational Growth
Animal Health	\$893	\$648	38%	7%	31%	2%
Consumer Healthcare	678	—	N/A	N/A	N/A	N/A
Nutrition	476	—	N/A	N/A	N/A	N/A
Capsugel	195	185	5%	1%	4%	4%
<b>Total</b>	<b>\$2,242</b>	<b>\$833</b>	<b>169%</b>	<b>12%</b>	<b>157%</b>	<b>3%</b>

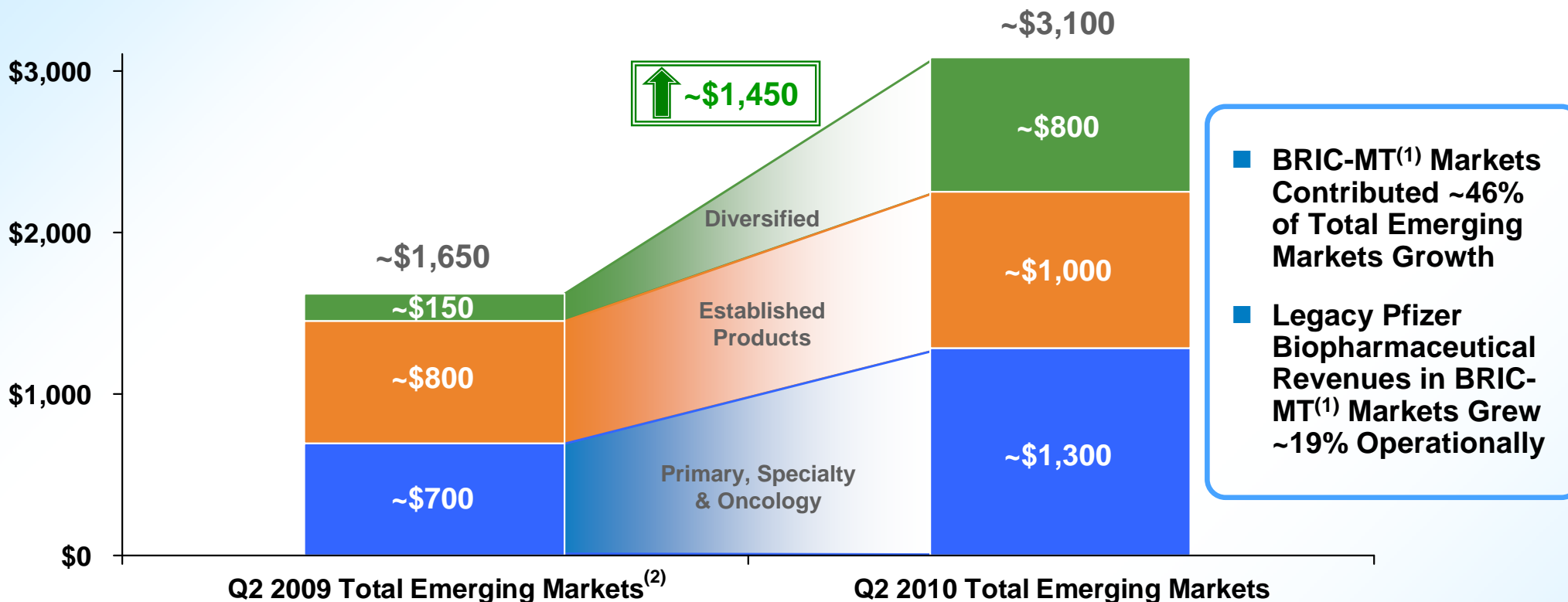
**Revenue Growth Driven Primarily by Addition of Legacy Wyeth Products and Positive Impact of Foreign Exchange**

N/A – Not Applicable

# Broader Portfolio Driving Revenue Expansion in Emerging Markets



(\$ millions, except percentages)



**Pfizer's Total Revenue in Emerging Markets Increased by ~90% Since Q2 2009<sup>(2)</sup>; Legacy Wyeth Products Made Significant Contributions to Growth in Emerging Markets**

(1) BRIC-MT markets include Brazil, Russia, India, China, Mexico and Turkey.

(2) Revenues from South Korea biopharmaceutical product sales in Q2 2009 have been reclassified from Emerging Markets to the appropriate developed market units to conform to the current-year presentation.

# 2010 Financial Guidance<sup>(1)(2)</sup>



<b>Reported Revenues</b>	\$67.0 to \$69.0 Billion
<b>Adjusted Cost of Sales<sup>(3)</sup> as a Percentage of Revenues</b>	19.0% to 20.0%
<b>Adjusted SI&amp;A Expenses<sup>(3)</sup></b>	\$19.0 to \$20.0 Billion
<b>Adjusted R&amp;D Expenses<sup>(3)</sup></b>	\$9.1 to \$9.6 Billion
<b>Adjusted Other (Income)/Deductions<sup>(3)</sup></b>	\$1.2 to \$1.4 Billion
<b>Effective Tax Rate on Adjusted Income<sup>(3)</sup></b>	Approximately 30%
<b>Reported Diluted EPS<sup>(3)</sup></b>	\$0.95 to \$1.10
<b>Adjusted Diluted EPS<sup>(3)</sup></b>	\$2.10 to \$2.20

**Reaffirm All Elements of 2010 Financial Guidance;  
Anticipate Adjusted Diluted EPS<sup>(3)</sup> will be in the Upper-End of Range;  
Anticipate Expenses will be in the Lower-End of Ranges**

(1) At average actual exchange rates in effect through the end of Q2 2010 plus mid-July 2010 exchange rates for the remainder of the year

(2) Excludes potential effects of business development transactions not completed as of July 4, 2010; resolution of litigation-related matters not substantially resolved as of July 4, 2010.

(3) See Slide 8 for definition.

# 2012 Financial Targets<sup>(1)</sup>



<b>Reported Revenues</b>	\$65.2 to \$67.7 billion
<b>Adjusted R&amp;D<sup>(2)</sup> Expenses</b>	\$8.0 to \$8.5 billion
<b>Adjusted Operating Margin<sup>(2)</sup></b>	High 30%s to Low 40%s
<b>Adjusted Other (Income)/Deductions<sup>(2)</sup></b>	\$1.0 to \$1.2 billion
<b>Effective Tax Rate on Adjusted Income<sup>(2)</sup></b>	Approximately 30%
<b>Reported Diluted EPS<sup>(2)</sup></b>	\$1.58 to \$1.73
<b>Adjusted Diluted EPS<sup>(2)</sup></b>	\$2.25 to \$2.35
<b>Operating Cash Flow</b>	\$19+ billion

**Reaffirm All Elements of 2012 Financial Targets Reflecting Confidence  
in Future Business Performance**

(1) At mid-July 2010 exchange rates.

(2) See Slide 8 for definition.

Note: Given the longer-term nature of these targets, they are subject to greater variability and less certainty as a result of potential material impacts related to foreign exchange fluctuations, macroeconomic activity including inflation, and industry-specific challenges including changes to government healthcare policy, among others.

# Key Takeaways



- ✓ Quarterly results reflect strong operational performance of more balanced business mix and product portfolio in a challenging environment; Positively impacted by legacy Wyeth operations
- ✓ Reaffirm all elements of 2010 financial guidance with Adjusted Diluted EPS<sup>(1)</sup> expected to be in the upper-end of the range and expenses in the lower-end of the ranges
- ✓ Reaffirm 2012 financial targets
- ✓ On track to achieve operational cost-reduction targets
- ✓ Repurchased approximately \$500 million of shares during Q2 2010 and will remain opportunistic regarding additional repurchase opportunities
- ✓ Targeting industry average dividend payout ratio in about 3 years

**Continue to Deliver Operationally While Advancing the Wyeth Integration**

(1) See Slide 8 for definition.

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# **Q&A Session**

**August 3, 2010**