



# Third Quarter 2009 Earnings Teleconference

October 20, 2009



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## Introduction

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## 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 Registration Statement on Form S-4 filed on July 17, 2009, Pfizer's 2008 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 October 20, 2009.
- 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)

	Third Quarter		
	2009	2008	Change
<b>Reported Revenues</b>	\$11,621	\$11,973	(3%)
<b>Reported Net Income<sup>(1)</sup></b>	2,878	2,278	26%
<b>Reported Diluted EPS<sup>(1)</sup></b>	0.43	0.34	26%
<b>Adjusted Income<sup>(2)</sup></b>	3,461	4,180	(17%)
<b>Adjusted Diluted EPS<sup>(2)</sup></b>	0.51	0.62	(18%)

**Reported Net Income<sup>(1)</sup> and Diluted EPS<sup>(1)</sup> Favorably Impacted by Lower Costs Associated with Cost-Reduction Initiatives and Non-Recurrence of a Charge Relating to Certain Legal Matters in 2008; Partially Offset by Lower Revenues Due to Foreign Exchange and a Higher Effective Tax Rate, Among Other Items**

- (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.

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

(\$ Millions, Except Per-Share Amounts)

	Third Quarter		
	2009	2008	Change
<b>Revenues<sup>(1)</sup></b>	\$11,603	\$12,159	(5%)
<b>Cost of Sales<sup>(1)</sup></b>	1,787	1,760	1%
<b>SI&amp;A Expenses<sup>(1)</sup></b>	3,225	3,429	(6%)
<b>R&amp;D Expenses<sup>(1)</sup></b>	1,619	1,769	(8%)
<b>Adjusted Total Costs<sup>(2)</sup></b>	6,631	6,958	(5%)
<b>Provision for Income Taxes<sup>(1)</sup></b>	1,616	1,199	35%
<b>Adjusted Income<sup>(1)</sup></b>	<b>\$3,461</b>	<b>\$4,180</b>	<b>(17%)</b>
<b>Adjusted Diluted EPS<sup>(1)</sup></b>	<b>\$0.51</b>	<b>\$0.62</b>	<b>(18%)</b>

**Adjusted Income<sup>(1)</sup> and Adjusted Diluted EPS<sup>(1)</sup> Were Unfavorably Impacted by Lower Revenue Due to Foreign Exchange and a Higher Effective Tax Rate, Partially Offset by Savings from Cost-Reduction Initiatives**

(1) See Slide 6 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>.

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# Factors Impacting Adjusted Income<sup>(1)</sup> Components

Compared with the Year-Ago Quarter  
(\$ Millions, Except Per-Share Amounts)

	Third Quarter					
	Adjusted <sup>(1)</sup>	Operational Impact			Fx Impact	
<b>Revenues<sup>(1)</sup></b>	\$11,603	\$50		--	(\$606)	(5%)
<b>Cost of Sales<sup>(1)</sup></b>	1,787	(17)		(1%)	44	2%
<b>SI&amp;A Expenses<sup>(1)</sup></b>	3,225	(78)		(2%)	(126)	(4%)
<b>R&amp;D Expenses<sup>(1)</sup></b>	1,619	(114)		(6%)	(36)	(2%)
<b>Total</b>	<b>\$6,631</b>	<b>(\$209)</b>		<b>(3%)</b>	<b>(\$118)</b>	<b>(2%)</b>

**Continued Cost Reductions Generated by Ongoing Initiatives; Foreign Exchange, While Favorable to Costs (excl. COGS), Decreased Revenues by 5% and Adjusted Diluted EPS<sup>(1)</sup> by \$0.05**

(1) See Slide 6 for definition.

Note: Certain amounts and percentages may reflect rounding adjustments.



# Business Revenues

(\$ Millions)

	Third Quarter				
	2009	2008	Change	Fx Impact	Operational Impact
Primary Care	\$5,511	\$5,769	(4%)	(4%)	--
Specialty Care	1,573	1,529	3%	(3%)	6%
Oncology	371	389	(5%)	(7%)	2%
Established Products	1,618	1,834	(12%)	(3%)	(9%)
Emerging Markets	1,604	1,672	(4%)	(13%)	9%
Returns Adjustment	--	(217)	*	*	*
<b>Total Pharmaceutical</b>	<b>10,677</b>	<b>10,976</b>	<b>(3%)</b>	<b>(5%)</b>	<b>2%</b>
<b>Animal Health</b>	<b>678</b>	<b>708</b>	<b>(4%)</b>	<b>(6%)</b>	<b>2%</b>
Other	266	289	(8%)	(3%)	(5%)
<b>Total Revenue</b>	<b>\$11,621</b>	<b>\$11,973</b>	<b>(3%)</b>	<b>(5%)</b>	<b>2%</b>

**Specialty Care, Emerging Markets, Oncology and Animal Health Businesses Generated Operational Growth During Q3**

\* Calculation not meaningful.



## Progress On Cost Reduction Initiatives

Period	Cost Reduction
FY2007	\$600 million <sup>(1)</sup>
FY2008	2,170 million <sup>(1)</sup>
Q109	330 million <sup>(2)</sup>
Q209	410 million <sup>(2)</sup>
<b>Q309</b>	<b>210 million<sup>(2)</sup></b>

- Net cost reductions totaling approx. \$210 million realized in Q309
  - Total YTD reduction of \$950 million
  
- In Q409, a portion of the reductions achieved to date in 2009 are expected to be invested in high-growth opportunity areas:
  - Emerging Markets
  - Established Products
  - Late stage development and product portfolios

### Continued Steady Progress on Our Cost Reduction Initiatives

(1) On a constant currency basis vs. 2006.

(2) On a constant currency basis vs. 2008.



# Updated 2009 Financial Guidance

## Guidance<sup>(2), (3)</sup>

### Reported Revenues

\$49.0 to \$50.0 Billion  
(Previously \$45.0 to \$46.0 Billion)

### Reported Diluted EPS<sup>(1)</sup>

\$1.45 to \$1.50  
(Previously \$1.30 to \$1.45)

### Adjusted Diluted EPS<sup>(1)</sup>

\$2.00 to \$2.05  
(Previously \$1.90 to \$2.00)

## Guidance Updated to Reflect Completion of Wyeth Transaction; Guidance for 2010 to be Provided in January

- (1) See Slide 6 for definition. (2) At October 2009 exchange rates. (3) Includes projected results of operations for approximately 1.5 months of the fourth calendar quarter of 2009 for Wyeth's international operations and approximately 2.5 months of the fourth calendar quarter of 2009 for Wyeth's U.S. operations. Does not assume the completion of any other business development transactions, including divestitures, not completed as of September 27, 2009 and excludes the potential effects of litigation-related matters not substantially resolved as of September 27, 2009. The reported financial guidance includes estimated amounts dependent upon certain valuations and other studies of assets acquired and liabilities assumed from Wyeth that are not complete; as such, estimated purchase accounting impacts are preliminary and subject to change. Differences between preliminary estimates reflected in this guidance and the final acquisition accounting will likely occur and could have a material impact on this guidance. The reported financial guidance also reflects certain costs incurred in connection with the Wyeth acquisition since the announcement of the agreement to acquire Wyeth on January 26, 2009 through the acquisition close date including, but not limited to, pre-integration, transaction and financing costs. Due to the recent timing of the acquisition close, the 2009 reported guidance does not reflect an estimate for any restructuring or integration charges expected to be incurred in connection with the acquisition of Wyeth.



## Key Takeaways

- Excluding foreign exchange, results consistent with our expectations in a challenging macroeconomic and operating environment
  - Revenues were up 2% vs. Q308 excluding foreign exchange and the prior year product returns adjustment
- Net cost reductions of approximately \$950 million YTD recognized from operational improvements
  - Includes \$210M realized in Q309
  - Investments in high-growth opportunities are expected to offset a portion of the 2009 reductions
- Updated guidance reflects completion of Wyeth acquisition
- Beginning to implement Wyeth integration plan

**Continue to Execute Operationally While  
Advancing Wyeth Integration**



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## Q&A Session

October 20, 2009