



# Fourth Quarter 2009 Earnings Teleconference

February 3, 2010



# Fourth Quarter 2009 Earnings Teleconference

## 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 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 February 3, 2010.
- These reports are available on our website at [www.pfizer.com](http://www.pfizer.com) in the "Investors—SEC Filings" section.



# Fourth Quarter 2009 Earnings Teleconference

## Opening Remarks

Jeff Kindler

Chairman & Chief Executive Officer



# Fourth Quarter 2009 Earnings Teleconference

## Financial Review

Frank D'Amelio

Senior Vice President &  
Chief Financial Officer



# Income Statement Highlights

(\$ millions, except per-share amounts)

	Fourth Quarter			Full Year		
	2009	2008	Change	2009	2008	Change
<b>Reported Revenues</b>	\$16,537	\$12,346	34%	\$50,009	\$48,296	4%
<b>Reported Net Income<sup>(1)</sup></b>	767	266	188%	8,635	8,104	7%
<b>Reported Diluted EPS<sup>(1)</sup></b>	0.10	0.04	150%	1.23	1.20	3%
<b>Adjusted Income<sup>(2)</sup></b>	3,825	4,389	(13%)	14,202	16,366	(13%)
<b>Adjusted Diluted EPS<sup>(2)</sup></b>	0.49	0.65	(25%)	2.02	2.42	(17%)

**Quarterly Reported Net Income<sup>(1)</sup> & Diluted EPS<sup>(1)</sup> Favorably Impacted by Higher Revenues, Non-Recurrence of Certain Litigation-Related Charges and a Lower Effective Tax Rate; Largely Offset by the Wyeth Purchase Accounting Adjustments and Acquisition-Related Costs**

(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)

	Fourth Quarter		
	2009	2008	Change
<b>Revenues<sup>(1)</sup></b>	\$16,520	\$12,311	34%
<b>Cost of Sales<sup>(1)</sup></b>	2,886	1,444	100%
<b>SI&amp;A Expenses<sup>(1)</sup></b>	5,345	3,510	52%
<b>R&amp;D Expenses<sup>(1)</sup></b>	2,799	2,212	27%
<b>Adjusted Total Costs<sup>(2)</sup></b>	11,030	7,166	54%
<b>Provision for Income Taxes<sup>(1)</sup></b>	1,508	1,349	12%
<b>Adjusted Income<sup>(1)</sup></b>	<b>\$3,825</b>	<b>\$4,389</b>	<b>(13%)</b>
<b>Adjusted Diluted EPS<sup>(1)</sup></b>	<b>\$0.49</b>	<b>\$0.65</b>	<b>(25%)</b>

**Adjusted Income<sup>(1)</sup> and Adjusted Diluted EPS<sup>(1)</sup>  
Unfavorably Impacted by Higher Expenses from the Addition of Wyeth,  
Increased Investment in the Business, Higher Net Interest Expense and  
a Higher Effective Tax Rate, Partially Offset by Higher Revenues**

(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>.



## 2009 Financial Guidance vs. Actual

	Guidance <sup>(2), (3)</sup>	Actual	
<b>Reported Revenues</b>	\$49.0 to \$50.0 Billion	\$50.0 Billion	✓
<b>Reported Diluted EPS<sup>(1)</sup></b>	\$1.45 to \$1.50	\$1.23	
<b>Adjusted Diluted EPS<sup>(1)</sup></b>	\$2.00 to \$2.05	\$2.02	✓

**Achieved Reported Revenue and Adjusted Diluted EPS<sup>(1)</sup> Guidance; Actual Reported Diluted EPS<sup>(1)</sup> Lower than Guidance due to Inclusion of Wyeth Acquisition-Related Costs**

(1) See Slide 6 for definition.

(2) At October 2009 exchange rates.






(3) Did not assume the completion of any business-development transactions, including divestures, not completed as of September 27, 2009 other than the Wyeth acquisition and excluded the potential effects of litigation-related matters not substantially resolved as of September 27, 2009. The 2009 reported guidance did not reflect an estimate for any acquisition-related costs expected to be incurred in connection with the Wyeth acquisition.

Fourth-Quarter 2009



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

Compared with the Year-Ago Quarter  
(\$ millions, except per-share amounts)

	Fourth Quarter			
	Adjusted <sup>(1)</sup>		FX Impact	
<b>Revenues<sup>(1)</sup></b>	\$16,520	\$469		4%
<b>Cost of Sales<sup>(1)</sup></b>	2,886	568		39%
<b>SI&amp;A Expenses<sup>(1)</sup></b>	5,345	135		4%
<b>R&amp;D Expenses<sup>(1)</sup></b>	2,799	17		1%
<b>Total</b>	<b>\$11,030</b>	<b>\$720</b>		<b>10%</b>

**Foreign Exchange Favorably Impacted Revenues but Unfavorably Impacted Costs Resulting in Decreased Adjusted Diluted EPS<sup>(1)</sup> of \$0.02**

(1) See Slide 6 for definition.

Note: Certain amounts and percentages may reflect rounding adjustments.



# Biopharmaceutical Revenues

(\$ millions)

	Fourth Quarter					
	2009	2008	Change	FX Impact	Total Operational Growth	Legacy Pfizer Operational Growth
Primary Care	\$6,521	\$5,930	10%	4%	6%	1%
Specialty Care	2,934	1,595	84%	5%	79%	9%
Established Products	2,749	1,749	57%	6%	51%	1%
Emerging Markets	1,974	1,582	25%	1%	24%	10%
Oncology	428	385	11%	5%	6%	(2%)
<b>Total</b>	<b>\$14,606</b>	<b>\$11,241</b>	<b>30%</b>	<b>4%</b>	<b>26%</b>	<b>4%</b>

**Revenue Growth Driven by Addition of Legacy Wyeth Products and Foreign Exchange; Legacy Pfizer Units Continue to Perform Well**



## Diversified Revenues

(\$ millions)

	Fourth Quarter					
	2009	2008	Change	FX Impact	Total Operational Growth	Legacy Pfizer Operational Growth
Animal Health	\$901	\$783	15%	4%	11%	1%
Consumer Healthcare	494	--	*	--	100%	--
Capsugel	223	203	10%	5%	5%	5%
Nutrition	191	--	*	--	100%	--
<b>Total</b>	<b>\$1,809</b>	<b>\$986</b>	<b>83%</b>	<b>5%</b>	<b>78%</b>	<b>1%</b>

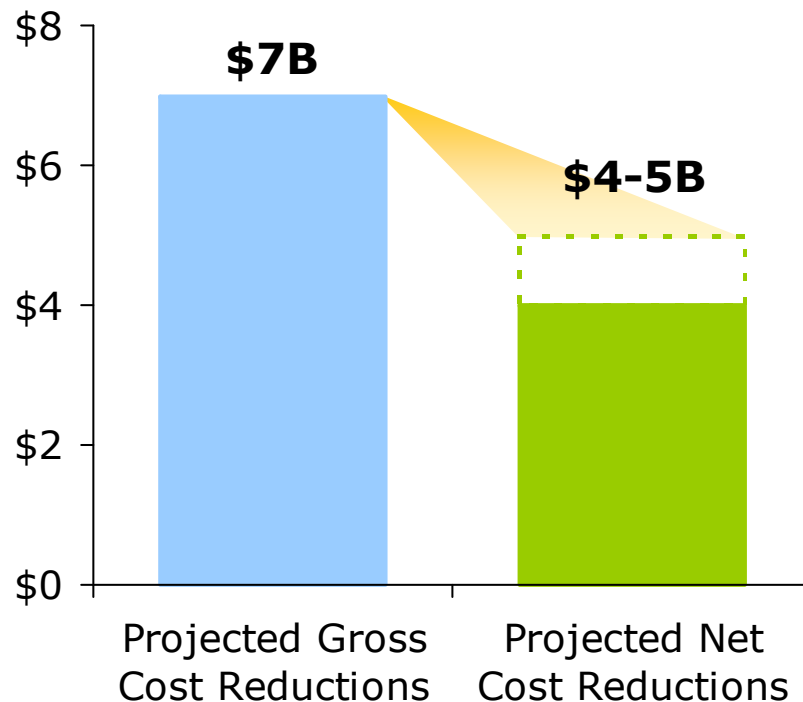
**Revenue Growth Driven by Addition of Legacy Wyeth Products and Foreign Exchange**

\* Calculation not meaningful.



# Meaningful Cost Reductions Projected Through 2012

(\$ billions)



- Cost reductions expected to be achieved half from SI&A and half from R&D and manufacturing
- Projected cost reductions at 2008 average foreign exchange rates compared with the 2008 pro-forma adjusted total costs<sup>(1)</sup> of Pfizer and legacy Wyeth
- ~\$2-3B to be reinvested in:
  - Emerging markets
  - Established products
  - In-line product support
  - Expected new product launches

**On-Track to Achieve Projected Net Reduction of \$4-5B After Absorbing Reinvestment in the Business**

(1) See Slide 7 for definition.



# Progress On Pfizer Stand-Alone Cost Reduction Initiatives

Period	Activity	Amount
Q1 to Q3 2009	Net Reductions Achieved	\$950 million <sup>(1)</sup>
Q4 2009	Net Reinvestment	\$750 million <sup>(1)</sup>
Full-Year 2009	Net Reductions Achieved	\$200 million <sup>(1)</sup>

- Total full-year 2009 reduction of ~\$200 million
- During Q4 2009, a portion of the reductions achieved in Q1–Q3 2009 were invested in the following areas:
  - Emerging markets
  - Established products
  - In-line product support
  - Late-stage development portfolio

**Continued Progress on Cost Reduction Initiatives While Investing in the Business**

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



## 2010 Financial Guidance

	Guidance <sup>(2)(3)</sup>
<b>Reported Revenues</b>	\$67.0 to \$69.0 Billion
<b>Adjusted Cost of Sales<sup>(1)</sup> as a Percentage of Revenues</b>	19.0% to 20.0%
<b>Adjusted SI&amp;A Expenses<sup>(1)</sup></b>	\$19.0 to \$20.0 Billion
<b>Adjusted R&amp;D Expenses<sup>(1)</sup></b>	\$9.1 to \$9.6 Billion
<b>Adjusted Other (Income)/Deductions<sup>(1)</sup></b>	\$1.2 to \$1.4 Billion
<b>Effective Tax Rate on Adjusted Income<sup>(1)</sup></b>	Approximately 30%
<b>Reported Diluted EPS<sup>(1)</sup></b>	\$0.95 to \$1.10
<b>Adjusted Diluted EPS<sup>(1)</sup></b>	\$2.10 to \$2.20

**Adjusted Diluted EPS<sup>(1)</sup> Projection Declined About \$0.06  
Given the Recent Strengthening of the U.S. Dollar**

(1) See Slide 6 for definition. (2) At late January 2010 exchange rates. (3) Excludes potential effects of business-development transactions not completed as of December 31, 2009; resolution of litigation-related matters not substantially resolved as of December 31, 2009; and potential impact of healthcare reform in the U.S.



## 2012 Financial Targets

	Previous	Current <sup>(2)</sup>
<b>Reported Revenues</b>	Comparable to pro forma 2008 results of ~\$70 billion	\$66.0 to \$68.5 billion
<b>Adjusted R&amp;D<sup>(1)</sup> Expenses</b>	--	\$8.0 to \$8.5 billion
<b>Adjusted Operating Margin<sup>(1)</sup></b>	High 30%s to Low 40%s	High 30%s to Low 40%s
<b>Adjusted Other (Income)/Deductions<sup>(1)</sup></b>	--	\$1.0 to \$1.2 billion
<b>Effective Tax Rate on Adjusted Income<sup>(1)</sup></b>	--	Approximately 30%
<b>Reported Diluted EPS<sup>(1)</sup></b>	--	\$1.58 to \$1.73
<b>Adjusted Diluted EPS<sup>(1)</sup></b>	Comparable to Pfizer 2008 results of \$2.42	\$2.25 to \$2.35
<b>Operating Cash Flow</b>	\$20+ billion	\$19+ billion

**Targets Subject to Greater Variability and Uncertainty  
Due to Macro Factors; Reflect Animal Health Divestitures, ViiV HIV  
Joint Venture and Return of Relistor Rights**

(1) See Slide 6 for definition. (2) At late January 2010 exchange rates

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, industry-specific challenges including changes to government healthcare policy, among others.



## Key Takeaways

- Achieved 2009 revenue and adjusted diluted EPS<sup>(1)</sup> guidance
- Realized \$200 million in operational net cost reductions on a Pfizer stand-alone basis after significant investment in the business
- Provided 2010 financial guidance
  - Continue to balance investment in the business with cost reduction initiatives
- Updated 2012 financial targets
  - Added targets for adjusted R&D expenses<sup>(1)</sup>, adjusted other (income)/deductions<sup>(1)</sup>, effective tax rate on adjusted income<sup>(1)</sup> and reported diluted EPS<sup>(1)</sup>

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

(1) See Slide 6 for definition.



# Fourth Quarter 2009 Earnings Teleconference

## Q&A Session

February 3, 2010