



First Quarter 2010 Earnings Teleconference

May 4, 2010



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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 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 May 4, 2010.
- These reports are available on our website at 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		
	2010	2009	Change
Reported Revenues	\$16,750	\$10,867	54%
Reported Net Income⁽¹⁾	2,026	2,729	(26%)
Reported Diluted EPS⁽¹⁾	0.25	0.40	(38%)
Adjusted Income⁽²⁾	4,882	3,667	33%
Adjusted Diluted EPS⁽²⁾	0.60	0.54	11%

Reported Net Income⁽¹⁾ and Reported Diluted EPS⁽¹⁾ Favorably Impacted by Legacy Wyeth Operations (net); Unfavorably Impacted by Purchase Accounting Adjustments and 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⁽¹⁾ and its components and Reported Diluted EPS⁽¹⁾, excluding Purchase Accounting Adjustments, Acquisition-Related Costs, Discontinued Operations and Certain Significant Items.



Quarterly Adjusted Income⁽¹⁾ Components

(\$ millions, except per-share amounts)

	First Quarter		
	2010	2009	Change
Revenues⁽¹⁾	\$16,743	\$10,845	54%
Cost of Sales⁽¹⁾	2,935	1,314	123%
SI&A Expenses⁽¹⁾	4,375	2,833	54%
R&D Expenses⁽¹⁾	2,196	1,665	32%
Adjusted Total Costs⁽²⁾	9,506	5,812	64%
Provision for Income Taxes⁽¹⁾	2,110	1,551	36%
Adjusted Income⁽¹⁾	\$4,882	\$3,667	33%
Adjusted Diluted EPS⁽¹⁾	\$0.60	\$0.54	11%

Adjusted Income⁽¹⁾ and Adjusted Diluted EPS⁽¹⁾ Favorably Impacted by Legacy Wyeth Operations (net); Partially Offset by the Unfavorable Impact of Increases in Net Interest Expense and Shares Outstanding (EPS only)

(1) See Slide 6 for definition.






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

First-Quarter 2010



Impact of Foreign Exchange on Adjusted Income⁽¹⁾ Components

Compared with the year-ago quarter
(\$ millions, except per-share amounts)

	First Quarter	
	Adjusted ⁽¹⁾	FX Impact
Revenues⁽¹⁾	\$16,743	\$733  7%
Cost of Sales⁽¹⁾	2,935	266  20%
SI&A Expenses⁽¹⁾	4,375	156  6%
R&D Expenses⁽¹⁾	2,196	28  2%
Total	\$9,506	\$450  8%

Foreign Exchange Favorably Impacted Revenues but Unfavorably Impacted Adjusted Total Costs⁽²⁾ Resulting in a Net Favorable Impact on Adjusted Diluted EPS⁽¹⁾ of \$0.02

(1) See Slide 6 for definition. (2) See Slide 7 for definition.

Note: Certain amounts and percentages may reflect rounding adjustments.



Biopharmaceutical Revenues

(\$ millions)

	First Quarter					
	2010	2009	Change	FX Impact	Total Operational Growth	Legacy Pfizer Operational Growth
Primary Care	\$5,866	\$5,322	10%	4%	6%	(1%)
Specialty Care	3,521	1,463	141%	10%	131%	(2%)
Established Products	2,786	1,615	73%	6%	67%	(9%)
Emerging Markets	1,972	1,352	46%	9%	37%	1%
Oncology	361	350	3%	5%	(2%)	(13%)
Total	\$14,506	\$10,102	44%	6%	38%	(3%)

Legacy Pfizer Operational Performance Impacted by the Loss of Exclusivity of Certain Products and by the Reclassification of Certain Revenues among Various Units

Note: Certain amounts and percentages may reflect rounding adjustments.



Diversified Revenues

(\$ millions)

	First Quarter					
	2010	2009	Change	FX Impact	Total Operational Growth	Legacy Pfizer Operational Growth
Animal Health	\$846	\$537	58%	10%	48%	17%
Consumer Healthcare	663	--	N/A	N/A	N/A	N/A
Nutrition	458	--	N/A	N/A	N/A	N/A
Capsugel	174	154	13%	5%	8%	8%
Total	\$2,141	\$691	210%	16%	194%	15%

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



Wyeth Integration Update

- Leadership Team Announced in April 2009; Headquarter Sites and Country Leadership Decisions Announced on Day 1
- All Colleague Reporting Relationships Known on Day 1
- Communicated Changes in U.S. Field Force in October 2009; Changes Fully Implemented by Year-End 2009
- Announced Decisions on R&D Sites in November 2009
- Announced New R&D Portfolio in January 2010
- Workforce Reduction of 2,700 During Q1 2010; Total Workforce Reduction of 6,900 Since Close of Wyeth Acquisition
- Plan to Announce Manufacturing Plant Network Strategy in Q2 2010

**Continue to Make Steady Progress on Integration of Wyeth Operations;
On Track to Achieve 2010 and Total Cost Reduction Targets**



Current and Anticipated Financial Impact of U.S. Healthcare Legislation

	2010	2011	2012
Revenues	~\$300 million	~\$900 million	~\$800 million

- Factors impacting 2010
 - Increase to base Medicaid rebate rate⁽¹⁾
 - Extension of Medicaid rebates to certain managed care organizations⁽²⁾
 - Expansion of Public Health Service (340B) program eligibility to include additional institutions⁽¹⁾

- Incremental factors impacting 2011 & 2012
 - Discount on branded pharmaceuticals for Medicare Part D participants in the “donut hole”⁽³⁾
 - Annual fee on branded pharmaceutical sales to government programs⁽³⁾

First-Quarter 2010 Revenues Unfavorably Impacted by \$56 Million due to U.S. Healthcare Legislation

(1) Effective January 1, 2010. (2) Effective March 23, 2010. (3) Effective January 1, 2011.



2010 Financial Guidance^{(1) (2)}

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

Reaffirm 2010 Financial Guidance; Absorbing Current and Anticipated Impact of U.S. Healthcare Legislation and Strengthening of the U.S. Dollar

(1) At average April 2010 exchange rates. (2) Excludes potential effects of business development transactions not completed as of April 4, 2010; resolution of litigation-related matters not substantially resolved as of April 4, 2010. (3) See Slide 6 for definition.



2012 Financial Targets⁽¹⁾

Reported Revenues	\$65.2 to \$67.7 billion <i>(previously \$66.0 to \$68.5 billion)</i>
Adjusted R&D⁽²⁾ Expenses	\$8.0 to \$8.5 billion
Adjusted Operating Margin⁽²⁾	High 30%s to Low 40%s
Adjusted Other (Income)/Deductions⁽²⁾	\$1.0 to \$1.2 billion
Effective Tax Rate on Adjusted Income⁽²⁾	Approximately 30%
Reported Diluted EPS⁽²⁾	\$1.58 to \$1.73
Adjusted Diluted EPS⁽²⁾	\$2.25 to \$2.35
Operating Cash Flow	\$19+ billion

**2012 Revenue Target Range Reduced by \$800 Million due to Anticipated Impact of U.S. Healthcare Legislation;
Reaffirm All Other Elements of Previous 2012 Financial Targets**

(1) At average April 2010 exchange rates. (2) See Slide 6 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 solid operational performance in a challenging environment; Positively impacted by legacy Wyeth operations
- On track to achieve operational cost-reduction targets
- Reaffirm 2010 financial guidance despite the impact of U.S. healthcare legislation and the strengthening of the U.S. dollar
- Update 2012 revenue target to a range of \$65.2 to \$67.7 billion, reflecting the anticipated impact of U.S. healthcare legislation
 - Reaffirm all other elements of 2012 financial targets, including Adjusted Diluted EPS⁽¹⁾ range of \$2.25 to \$2.35
- Given prevailing market conditions, we believe share repurchase represents an attractive investment opportunity and a prudent use of capital

Continue to Deliver Operationally While Advancing the Wyeth Integration

(1) See Slide 6 for definition.



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Q&A Session

May 4, 2010