



Third Quarter 2008 Earnings Teleconference

October 21, 2008



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Introduction

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Senior Vice President,
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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 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 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 21, 2008.
- 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)

	Third Quarter			Year To Date		
	2008	2007	Change	2008	2007	Change
Reported Revenues	\$11,973	\$11,990	--	\$35,950	\$35,548	1%
Reported Net Income	2,278	761	199%	7,838	5,420	45%
Reported Diluted EPS	0.34	0.11	209%	1.16	0.78	49%
Adjusted Revenues⁽¹⁾	12,159	11,950	2%	36,030	35,414	2%
Adjusted Income⁽¹⁾	4,180	3,963	5%	11,977	11,711	2%
Adjusted Diluted EPS⁽¹⁾	0.62	0.58	7%	1.77	1.68	5%

Adjusted Revenues⁽¹⁾, Income⁽¹⁾ and Diluted EPS⁽¹⁾ Increased On Both a Quarterly and Year to Date Basis

(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.



Certain Significant Items

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

	Third Quarter		Year to Date	
	2008	2007	2008	2007
Restructuring Charges	\$338	\$437	\$1,077	\$2,267
Implementation Costs	378	373	1,140	864
Total Cost-Reduction Initiatives	716	810	2,217	3,131
Exubera-Related Charges	--	2,804	--	2,804
Litigation-Related Matters	936	35	936	61
Returns Liabilities Adjustment	217	--	217	--
Other	162	10	246	19
Total Certain Significant Items	\$2,031	\$3,659	\$3,616	\$6,015

**Charges Related to Cost-Reduction Initiatives Declined;
Litigation-Related Matters and Returns Adjustment
Reduced Reported Diluted EPS**

Third-Quarter 2008 Quarterly Adjusted Income⁽¹⁾ Components



(\$ Millions, Except Per-Share Amounts)

	Third Quarter		
	2008	2007	Change
Revenues ⁽¹⁾	\$12,159	\$11,950	2%
Cost of Sales ⁽¹⁾	1,760	1,810	(3%)
SI & A Expenses ⁽¹⁾	3,429	3,638	(6%)
R&D Expenses ⁽¹⁾	1,769	1,730	2%
Provision for Income Taxes ⁽¹⁾	1,199	1,099	9%
Adjusted Income⁽¹⁾	\$4,180	\$3,963	5%
Adjusted Diluted EPS⁽¹⁾	\$0.62	\$0.58	7%

**Adjusted Diluted EPS⁽¹⁾ Growth Primarily Related to Higher Revenues and Lower Total Costs;
EPS Growth Outpacing Revenue Growth - Positive Leverage**

(1) See Slide 6 for definition.

Third-Quarter 2008 Year-to-Date Adjusted Income⁽¹⁾ Components



(\$ Millions, Except Per-Share Amounts)

	Year to Date		
	2008	2007	Change
Revenues ⁽¹⁾	\$36,030	\$35,414	2%
Cost of Sales ⁽¹⁾	5,596	5,427	3%
SI & A Expenses ⁽¹⁾	10,534	10,688	(1%)
R&D Expenses ⁽¹⁾	5,276	5,384	(2%)
Provision for Income Taxes ⁽¹⁾	3,274	3,271	--
Adjusted Income⁽¹⁾	\$11,977	\$11,711	2%
Adjusted Diluted EPS⁽¹⁾	\$1.77	\$1.68	5%

**Adjusted Revenues⁽¹⁾, Income⁽¹⁾ and Diluted EPS⁽¹⁾
Increased Year Over Year**

(1) See Slide 6 for definition.

Third-Quarter 2008 Factors Impacting Adjusted Income⁽¹⁾ Components



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

	Third Quarter						
	Adjusted ⁽¹⁾	Operational Result ⁽²⁾			Fx Impact		
Revenues⁽¹⁾	\$12,159	(\$412)		(3%)	\$621		5%
Cost of Sales⁽¹⁾	1,760	(128)		(7%)	79		4%
SI & A Expenses⁽¹⁾	3,429	(359)		(10%)	151		4%
R&D Expenses⁽¹⁾	1,769	28		2%	12		0%
Total	6,958	(459)		(6%)	242		3%

**Cost-Reduction Initiatives Generating Operational Savings;
Foreign Exchange Increased Adjusted Diluted EPS⁽¹⁾ by \$0.05**

(1) See Slide 6 for definition. (2) Operational results are defined as the change quarter over quarter in Adjusted Income and its Components⁽¹⁾ less Fx impact.

Third-Quarter 2008 Cumulative Progress on Cost-Reduction Target



Period	Cost Reduction (2006 Currency Rates)
FY2007	\$600 million
Q108	170 million
Q208	465 million
Q308	485 million
Total	\$1.7 billion

- Achieved initial cost-reduction guidance in Q3
- Now expect to realize total adjusted cost⁽¹⁾ reduction of at least \$2.0 billion on a constant currency basis⁽²⁾ for 2008 vs. 2006
 - Cost reductions were achieved more quickly than anticipated
 - Continue to look for additional opportunities to reduce cost base
- Reduction even after inflation and reinvestment in the business

Cumulative Absolute Cost Reduction of \$1.7 Billion

(1) Adjusted Total Costs represents the total of Adjusted Cost of Sales⁽³⁾, Adjusted SI&A⁽³⁾ and Adjusted R&D⁽³⁾.

(2) At 2006 exchange rates. (3) See slide 6 for definition.



Quarterly Select Product Highlights

(\$ Millions)

	Worldwide		U.S.		International	
	2008	Change	2008	Change	2008	Change
In-Line Products⁽¹⁾						
Lipitor	\$3,142	(1%)	\$1,569	(13%)	\$1,573	16%
Lyrica	675	45%	379	40%	296	51%
Celebrex	625	8%	450	4%	175	21%
Viagra	509	13%	236	13%	273	13%
Xalatan/Xalacom	450	12%	138	5%	312	15%
Detrol/Detrol LA	298	1%	198	(2%)	100	9%
Zyvox	281	21%	161	12%	120	35%
Geodon/Zeldox	258	13%	210	13%	48	13%
New Products⁽²⁾						
Sutent	226	49%	62	4%	164	79%
Chantix/Champix	182	(24%)	96	(49%)	86	60%
LOE Products⁽³⁾						
Norvasc	562	(12%)	22	(53%)	540	(9%)
Camptosar	122	(50%)	(3)	*	125	17%
Zyrtec/Zyrtec D	0	*	0	*	-	-

**Key Products Continue to Perform Well;
Label Changes Continue to Impact Chantix U.S. Results**

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

(2) Represents revenues for pharmaceutical products launched since 2006.

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

* Calculation not meaningful.



2008 Financial Guidance

	Guidance ⁽⁴⁾
Revenues	\$48.0 to \$49.0 Billion <i>(Previously \$47.0 to \$49.0 Billion)</i>
Adjusted Total Costs⁽¹⁾	Decrease of at least \$2 Billion versus 2006 on a constant currency basis ⁽³⁾ <i>(Previously a decrease of at least \$1.5 to \$2 Billion versus 2006 on a constant currency basis ⁽³⁾)</i>
Adjusted Cost of Sales⁽²⁾ as a Percentage of Revenues	15.0% to 15.5%
Adjusted SI&A Expenses⁽²⁾	\$14.4 to \$14.7 Billion <i>(Previously \$14.4 to 14.9 Billion)</i>
Adjusted R&D Expenses⁽²⁾	\$7.3 to \$7.6 Billion
Reported Diluted EPS⁽⁶⁾	\$1.61 to \$1.71 <i>(Previously \$1.73 to \$1.88)</i>
Adjusted Diluted EPS⁽²⁾	\$2.36 to \$2.41 <i>(Previously \$2.35-\$2.45)</i>
Effective Tax Rate⁽⁵⁾	21.5% to 22.0%
Cash Flows from Operations	\$17.0 to \$18.0 Billion

Narrowed Range for 2008 Revenue and Adjusted Diluted EPS⁽²⁾ Guidance

(1) See Slide 11 for definition. (2) See Slide 6 for definition. (3) At 2006 exchange rates. (4) Except as noted, at October 2008 exchange rates. (5) On Adjusted Income⁽²⁾. (6) Excludes potential effects of business development transactions not completed as of September 28, 2008 and of litigation-related matters not substantially resolved as of September 28, 2008.



Key Takeaways

- Increased lower end of 2008 revenue and adjusted diluted EPS⁽¹⁾ guidance ranges
- Steady growth from several key products – including Lyrica, Celebrex, Viagra, Sutent, Xalatan, Zyvox and Geodon
- Continuing to execute on our plan to reduce adjusted total costs⁽²⁾
 - Achieved \$1.7 billion in adjusted total cost⁽²⁾ reductions
 - Now expect to realize an adjusted total cost⁽²⁾ reduction of at least \$2.0 billion on a constant currency basis⁽²⁾ for 2008 vs. 2006

**Solid Second Quarter Results;
Substantial Progress with Cost-Reduction Initiatives;
Adjusted EPS⁽¹⁾ Growth Outpacing Revenue Growth**



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Q&A Session