

Pfizer Provides Historical Consolidated Statements of Income with the Animal Health Business (Zoetis) Reported as a Discontinued Operation

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Statements Include First Quarter of 2013 and First and Second Quarters of 2012

For the information of investors, Pfizer Inc. (NYSE:PFE) is providing the unaudited condensed consolidated statements of income (statements of income) of Pfizer for the three months ended March 31, 2013, July 1, 2012 and April 1, 2012, with the financial results of its Animal Health business reported as a discontinued operation for all periods presented. These statements were derived from the historical statements of income of Pfizer for the respective periods. Pfizer's press release announcing its financial results for the three months ended June 30, 2013 will be issued on July 30, 2013.

On June 24, 2013, Pfizer completed the full disposition of Zoetis Inc. (Zoetis), which was achieved through a series of steps, including the formation of Zoetis, a separate company to which Pfizer transferred substantially all of its animal health assets and liabilities, an initial public offering of a 19.8% interest in Zoetis and an exchange offer for the remaining 80.2% interest. The financial results of Zoetis, the standalone public company, may differ from the financial results of the Animal Health business reflected in Pfizer's statements of income as a discontinued operation, as the components of this business differed from Zoetis.

This financial information is provided for informational purposes only and should be read in conjunction with Pfizer's statements of income and the accompanying notes and related *Management's Discussion and Analysis of Financial Condition and Results of Operations* included in Pfizer's Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2013, July 1, 2012 and April 1, 2012.

PFIZER INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME⁽¹⁾
(UNAUDITED)
(millions, except per common share data)

First-Quarter		Second-Quarter
2013	2012	2012

Revenues	\$ 12,410	\$ 13,845	\$ 13,968
Costs and expenses:			
Cost of sales ⁽²⁾	2,263	2,383	2,376
Selling, informational and administrative expenses ⁽²⁾	3,217	3,678	3,665
Research and development expenses ⁽²⁾	1,710	1,974	1,600
Amortization of intangible assets ⁽³⁾	1,219	1,403	1,275
Restructuring charges and certain acquisition-related costs	131	589	184
Other deductions—net	145	1,639	688
Income from continuing operations before provision for taxes on income	3,725	2,179	4,180
Provision for taxes on income	1,109	625	1,180
Income from continuing operations	2,616	1,554	3,000
Discontinued operations—net of tax	149	249	260
Net income before allocation to noncontrolling interests	2,765	1,803	3,260
Less: Net income attributable to noncontrolling interests	15	9	7
Net income attributable to Pfizer Inc.	<u>\$ 2,750</u>	<u>\$ 1,794</u>	<u>\$ 3,253</u>
Earnings per common share—basic:			
Income from continuing operations attributable to Pfizer Inc. common shareholders	\$ 0.36	\$ 0.20	\$ 0.40
Discontinued operations—net of tax	0.02	0.03	0.03
Net income attributable to Pfizer Inc. common shareholders	<u>\$ 0.38</u>	<u>\$ 0.24</u>	<u>\$ 0.44</u>
Earnings per common share—diluted:			
Income from continuing operations attributable to Pfizer Inc. common shareholders	\$ 0.36	\$ 0.20	\$ 0.40
Discontinued operations—net of tax	0.02	0.03	0.03
Net income attributable to Pfizer Inc. common shareholders	<u>\$ 0.38</u>	<u>\$ 0.24</u>	<u>\$ 0.43</u>
Weighted-average shares used to calculate earnings per common share:			
Basic	<u>7,187</u>	<u>7,537</u>	<u>7,476</u>
Diluted	<u>7,269</u>	<u>7,598</u>	<u>7,537</u>

EPS amounts may not add due to rounding.

- (1) These financial statements present the three months ended March 31, 2013, April 1, 2012 and July 1, 2012. Subsidiaries operating outside the United States are included for the three months ended February 24, 2013, February 26, 2012 and May 27, 2012.

On June 24, 2013, we completed the full disposition of our Animal Health business (Zoetis). The operating results of this business are reported as *Discontinued operations—net of tax* for all periods presented.

On November 30, 2012, we completed the sale of our Nutrition business. The operating results of this business are reported as *Discontinued operations—net of tax* for the three months ended April 1, 2012 and July 1, 2012.

- (2) Exclusive of amortization of intangible assets, except as discussed in footnote (3) below.
- (3) Amortization expense related to finite-lived acquired intangible assets that contribute to our ability to sell, manufacture, research, market and distribute products, compounds and intellectual property is included in *Amortization of intangible assets* as these intangible assets benefit multiple business functions. Amortization expense related to intangible assets that are associated with a single function is included in *Cost of sales*, *Selling, informational and administrative expenses* or *Research and development expenses*, as appropriate.

PFIZER INC. AND SUBSIDIARY COMPANIES
RECONCILIATION OF GAAP REPORTED TO NON-GAAP ADJUSTED INFORMATION
CERTAIN LINE ITEMS
(UNAUDITED)
(millions of dollars, except per common share data)

	Three Months Ended March 31, 2013					Non-GAAP Adjusted (4)
	Purchase	Acquisition-	Discontinued	Certain	Non-	
GAAP Reported (1)	Accounting Adjustments	Related Costs (2)	Operations	Significant Items ⁽³⁾	GAAP	
Revenues	\$ -	\$ -	\$ -	\$ -	\$12,410	
Cost of sales ⁽⁵⁾	5	(33)	-	(6)	2,229	
Selling, informational and administrative expenses ⁽⁵⁾	5	(2)	-	(42)	3,178	
Research and development expenses ⁽⁵⁾	1	-	-	(93)	1,618	
Amortization of intangible assets ⁽⁶⁾	(1,180)	-	-	-	39	
Restructuring charges and certain acquisition-related costs	-	(55)	-	(76)	-	
Other deductions—net	(50)	-	-	129	224	
Income from continuing operations before provision for taxes on income	1,219	90	-	88	5,122	
Provision for taxes on income	334	26	-	(96)	1,373	
Income from continuing operations	885	64	-	184	3,749	

Discontinued operations—net of tax	149	-	-	(149)	-	-
Net income attributable to noncontrolling interests	15	-	-	(6)	-	9
Net income attributable to Pfizer Inc.	2,750	885	64	(143)	184	3,740
Earnings per common share attributable to Pfizer Inc.—diluted	0.38	0.12	0.01	(0.02)	0.03	0.51

Three Months Ended April 1, 2012

	GAAP Reported (1)	Purchase Accounting Adjustments	Acquisition- Related Costs (2)	Discontinued Operations	Certain Significant Items ⁽³⁾	Non- GAAP Adjusted (4)
Revenues	\$13,845	\$ -	\$ -	\$ -	\$ -	\$13,845
Cost of sales ⁽⁵⁾	2,383	(7)	(76)	-	-	2,300
Selling, informational and administrative expenses ⁽⁵⁾	3,678	3	(1)	-	(16)	3,664
Research and development expenses ⁽⁵⁾	1,974	1	(5)	-	(302)	1,668
Amortization of intangible assets ⁽⁶⁾	1,403	(1,339)	-	-	-	64
Restructuring charges and certain acquisition-related costs	589	-	(91)	-	(498)	-
Other deductions—net	1,639	(91)	-	-	(1,244)	304
Income from continuing operations before provision for taxes on income	2,179	1,433	173	-	2,060	5,845
Provision for taxes on income	625	380	63	-	613	1,681
Income from continuing operations	1,554	1,053	110	-	1,447	4,164
Discontinued operations—net of tax	249	-	-	(249)	-	-
Net income attributable to noncontrolling interests	9	-	-	-	-	9
Net income attributable to Pfizer Inc.	1,794	1,053	110	(249)	1,447	4,155
Earnings per common share attributable to Pfizer Inc.—diluted	0.24	0.14	0.01	(0.03)	0.19	0.55

Three Months Ended July 1, 2012

	GAAP Reported (1)	Purchase Accounting Adjustments	Acquisition- Related Costs (2)	Discontinued Operations	Certain Significant Items ⁽³⁾	Non- GAAP Adjusted (4)
Revenues	\$13,968	\$ -	\$ -	\$ -	\$ -	\$13,968
Cost of sales ⁽⁵⁾	2,376	(2)	(54)	-	(27)	2,293
Selling, informational and administrative expenses ⁽⁵⁾	3,665	2	(4)	-	(15)	3,648
Research and development expenses ⁽⁵⁾	1,600	2	-	-	(37)	1,565
Amortization of intangible assets (6)	1,275	(1,214)	-	-	-	61
Restructuring charges and certain acquisition-related costs	184	-	(170)	-	(14)	-
Other deductions—net	688	59	-	-	(579)	168
Income from continuing operations before provision for taxes on income	4,180	1,153	228	-	672	6,233
Provision for taxes on income	1,180	310	50	-	237	1,777
Income from continuing operations	3,000	843	178	-	435	4,456
Discontinued operations—net of tax	260	-	-	(260)	-	-
Net income attributable to noncontrolling interests	7	-	-	-	-	7
Net income attributable to Pfizer Inc.	3,253	843	178	(260)	435	4,449
Earnings per common share attributable to Pfizer Inc.—diluted	0.43	0.11	0.02	(0.03)	0.06	0.59

See end of tables for notes (1) through (6).

Certain amounts may reflect rounding adjustments.

EPS amounts may not add due to rounding.

PFIZER INC. AND SUBSIDIARY COMPANIES
NOTES TO RECONCILIATION OF GAAP REPORTED TO NON-GAAP ADJUSTED INFORMATION
CERTAIN LINE ITEMS
(UNAUDITED)

- (1) These financial statements present the three months ended March 31, 2013, April 1, 2012 and July 1, 2012. Subsidiaries operating outside the United States are included for the three months ended February 24, 2013, February 26, 2012 and May 27, 2012.

On June 24, 2013, we completed the full disposition of our Animal Health business (Zoetis). The operating results of this business are reported as *Discontinued operations—net of tax* for all periods presented.

On November 30, 2012, we completed the sale of our Nutrition business. The operating results of this business are reported as *Discontinued operations—net of tax* for the three months ended April 1, 2012 and July 1, 2012.

(2) Acquisition-related costs include the following:

(millions of dollars)	First-Quarter		Second-Quarter
	2013	2012	2012
Integration costs ^(a)	\$ 36	\$ 95	\$ 105
Restructuring charges ^(a)	19	(4)	65
Additional depreciation—asset restructuring ^(b)	35	82	58
Total acquisition-related costs—pre-tax	90	173	228
Income taxes ^(c)	(26)	(63)	(50)
Total acquisition-related costs—net of tax	\$ 64	\$ 110	\$ 178

(a) Integration costs represent external, incremental costs directly related to integrating acquired businesses, and primarily include expenditures for consulting and the integration of systems and processes. Restructuring charges include employee termination costs, asset impairments and other exit costs associated with business combinations. All of these costs and charges are included in *Restructuring charges and certain acquisition-related costs*.

(b) Represents the impact of changes in the estimated useful lives of assets involved in restructuring actions related to acquisitions. Included in *Cost of sales* (\$33 million) and *Selling, informational and administrative expenses* (\$2 million) for the three months ended March 31, 2013. Included in *Cost of sales* (\$76 million), *Research and development expenses* (\$5 million) and *Selling, informational and administrative expenses* (\$1 million) for the three months ended April 1, 2012. Included in *Cost of sales* (\$54 million) and *Selling, informational and administrative expenses* (\$4 million) for the three months ended July 1, 2012.

(c) Included in *Provision for taxes on income*.

(3) Certain significant items include the following:

(millions of dollars)	First-Quarter		Second-Quarter
	2013	2012	2012

Restructuring charges ^(a)	\$	76	\$	498	\$	14
Implementation costs and additional depreciation—asset restructuring ^(b)		139		318		56
Gain associated with the transfer of certain product rights to an equity-method investment ^(c)		(490)		-		-
Certain legal matters ^(d)		(87)		775		483
Certain asset impairment charges ^(e)		394		412		77
Costs associated with the Zoetis IPO ^(f)		18		32		29
Other		38		25		13
Certain significant items—pre-tax		88		2,060		672
Income taxes ^(g)		96		(613)		(237)
Certain significant items—net of tax	\$	184	\$	1,447	\$	435

- (a) Primarily relates to our cost-reduction and productivity initiatives. Included in *Restructuring charges and certain acquisition-related costs*.
- (b) Primarily relates to our cost-reduction and productivity initiatives. Included in *Research and development expenses* (\$93 million), *Selling, informational and administrative expenses* (\$40 million) and *Cost of sales* (\$6 million) for the three months ended March 31, 2013. Included in *Research and development expenses* (\$302 million) and *Selling, informational and administrative expenses* (\$16 million) for the three months ended April 1, 2012. Included in *Cost of sales* (\$4 million), *Selling, informational and administrative expenses* (\$15 million) and *Research and development expenses* (\$37 million) for the three months ended July 1, 2012.
- (c) Included in *Other deductions—net*. Represents the gain associated with the transfer of certain product rights to Pfizer's 49%-owned equity-method investment in China.
- (d) Included in *Other deductions—net*. In first-quarter 2013, primarily includes an \$80 million insurance recovery related to a certain litigation matter. In first-quarter 2012, primarily relates to a \$450 million settlement of a lawsuit by Brigham Young University related to Celebrex and charges related to hormone-replacement therapy litigation. In second-quarter 2012, primarily includes charges related to hormone-replacement therapy litigation.

- (e) Included in *Other deductions—net*. In first-quarter 2013, significantly relates to developed technology, for use in the development of bone and cartilage and acquired in connection with our acquisition of Wyeth. In first-quarter 2012, primarily relates to an in-process research and development intangible asset compound targeting autoimmune diseases and acquired in connection with our acquisition of Wyeth, and certain other intangible asset impairments.
 - (f) Included in *Other deductions—net*. Costs incurred in connection with the initial public offering of an approximate 19.8% ownership interest in Zoetis. Includes expenditures for banking, legal, accounting and similar services.
 - (g) Included in *Provision for taxes on income*.
- (4) Non-GAAP Adjusted income and its components and Non-GAAP Adjusted diluted EPS are not, and should not be viewed as, substitutes for U.S. GAAP net income and its components and diluted EPS. Despite the importance of these measures to management in goal setting and performance measurement, Non-GAAP Adjusted income and its components and Non-GAAP Adjusted diluted EPS are Non-GAAP financial measures that have no standardized meaning prescribed by U.S. GAAP and, therefore, have limits in their usefulness to investors. Because of the non-standardized definitions, Non-GAAP Adjusted income and its components and Non-GAAP Adjusted diluted EPS (unlike U.S. GAAP net income and its components and diluted EPS) may not be comparable to the calculation of similar measures of other companies. Non-GAAP Adjusted income and its components and Non-GAAP Adjusted diluted EPS are presented solely to permit investors to more fully understand how management assesses performance.
- (5) Exclusive of amortization of intangible assets, except as discussed in footnote (6) below.
- (6) Amortization expense related to finite-lived acquired intangible assets that contribute to our ability to sell, manufacture, research, market and distribute products, compounds and intellectual property is included in *Amortization of intangible assets* as these intangible assets benefit multiple business functions. Amortization expense related to intangible assets that are associated with a single function is included in *Cost of sales, Selling, informational and administrative expenses* or *Research and development expenses*, as appropriate.

Media: Joan Campion, 212-733-2798 Investors: Suzanne Harnett, 212-733-8009