Pfizer Reports Third-Quarter 2012 Results

Wednesday, October 31, 2012 - 09:30pm

Third-Quarter 2012 Revenues of $14.0 Billion, excluding Discontinued Operations Revenues of $564 Million from the Nutrition(1) Business Third-Quarter 2012 Adjusted Diluted EPS(2) of $0.53 and Reported Diluted EPS(3) of $0.43, Both Reflecting Previously Announced $0.02 Reduction Related to Over-the-Counter Nexium Agreement Narrows Ranges for 2012 Financial Guidance Components Board of Directors Authorizes New $10 Billion Share Repurchase Program Upon Sale of the Nutrition(1) Business Repurchased $1.8 Billion of Common Stock in Third-Quarter 2012; Repurchased $5.9 Billion through October 31, 2012

BUSINESS WIRE)--Pfizer Inc. (NYSE: PFE):

($ in millions, except per share amounts)	Third-Quarter			Year-to-Date		
	2012	2011(4)	Change	2012	2011(4)	Change
Reported Revenues	$ 13,976	$ 16,609	(16 %)	$ 43,918	$ 49,118	(11 %)
Adjusted Income(2)	3,949	4,696	(16 %)	12,964	14,055	(8 %)
Adjusted Diluted EPS(2)	0.53	0.60	(12 %)	1.72	1.77	(3 %)
Reported Net Income(3)	3,208	3,738	(14 %)	8,255	8,570	(4 %)
Reported Diluted EPS(3)	0.43	0.48	(10 %)	1.09	1.08	1 %

See end of text prior to tables for notes.

Pfizer Inc. (NYSE: PFE) today reported financial results for third-quarter 2012. Third-quarter 2012 revenues were $14.0 billion, a decrease of 16% compared with $16.6 billion in the year-ago quarter, which reflects an operational decline of $1.9 billion, or 12%, and the unfavorable impact of foreign exchange of $699 million, or 4%.

For third-quarter 2012, U.S. revenues were $5.6 billion, a decrease of 18% compared with the year-ago quarter. This decrease was primarily the result of the loss of exclusivity of Lipitor on November 30, 2011. International revenues were $8.3 billion, a decrease of 14% compared with the prior-year quarter, mainly due to the losses of exclusivity of Lipitor in developed Europe during second-quarter 2012 and the unfavorable impact of foreign exchange. U.S. revenues represented 40% of total revenues in third-quarter 2012 compared with 41% in the year-ago quarter, while international revenues represented 60% of total revenues in third-quarter 2012 compared with 59% in the year-ago quarter.

Financial Performance(5)

Third-Quarter Revenues

($ in millions)
Foreign

Favorable/(Unfavorable) 2012 2011 Change Exchange

Operational Primary Care $ 3,610 $ 5,948 (39 %) (2 %) (37 %) Specialty Care 3,406 3,799 (10 %) (5 %) (5 %) Established Products 2,383 2,230 7 % (4 %) 11 % Emerging Markets 2,389 2,438 (2 %) (8 %) 6 % Oncology 329 332 (1 %) (5 %) 4 % Biopharmaceutical 12,117 14,747 (18 %) (4 %) (14 %) Animal Health 1,017 1,041 (2 %) (6 %) 4 % Consumer Healthcare 780 767 2 % (4 %) 6 % Other(6) 62 54 15 % (4 %) 19 % Total $ 13,976 $ 16,609 (16 %) (4 %) (12 %)

See end of text prior to tables for notes.

Business Commentary

Primary Care unit revenues decreased 37% operationally in comparison with the same period last year, primarily due to the losses of exclusivity of Lipitor in the U.S. in November 2011, developed Europe during second-quarter 2012 and Japan in June 2011, as well as the resulting shift in the reporting of U.S. and Japan Lipitor revenues to the Established Products unit beginning January 1, 2012. These factors negatively impacted Primary Care unit revenues by approximately $2.0 billion, or 34%, operationally. Collectively, the decline in revenues for Lipitor and for certain other Primary Care unit products that lost exclusivity in various markets in 2012 and 2011, as well as the resulting shift in the reporting of certain product revenues to the Established Products unit, reduced Primary Care unit revenues by approximately $2.4 billion, or 40%, in comparison with third-quarter 2011. The impact of these declines was slightly offset by continued strong operational growth of Lyrica and Celebrex in developed markets and Viagra in the U.S.

Specialty Care unit revenues declined 5% operationally in comparison with third-quarter 2011. Revenues were positively impacted by the operational growth of Enbrel, Rebif and Benefix, and negatively impacted by the decline in the Prevnar/Prevenar franchise, primarily in the U.S. and developed Europe, as the pediatric catch-up dose opportunity in third-quarter 2011 was no longer available in third-quarter 2012 since all eligible patients have been vaccinated. Additionally, utilization of Prevnar/Prevenar in adults remains minimal at this time. Specialty Care unit revenues were also negatively impacted by approximately $260 million, or 7%, in comparison with third-quarter 2011 by the losses of exclusivity of Xalatan in developed Europe in January 2012 and Geodon in the U.S. in March 2012.

Established Products unit revenues increased 11% operationally in comparison with the prior-year period, primarily reflecting the inclusion of $320 million of U.S. and Japan branded Lipitor revenues in third-quarter 2012, as well as launches of generic versions of other Pfizer branded primary care and specialty care products. These increases were partially offset by the continuing decline of revenues of certain products that previously lost exclusivity and the impact of ongoing pricing pressures, primarily in South Korea and developed Europe. Total revenues from established products in both the Established Products and Emerging Markets units were $3.4 billion, with $1.0 billion generated in emerging markets.

Emerging Markets unit revenues grew 6% operationally in comparison with third-quarter 2011, primarily due to volume growth in China, Mexico and Russia as a result of more targeted promotional efforts for key innovative and established products, including Lipitor, Norvasc and Lyrica. Growth was partially offset by the timing of government purchases of Prevenar 13 in Turkey in comparison with the year-ago period.

Animal Health unit revenues increased 4% operationally in comparison with the same quarter last year, largely due to increased demand across the companion animal and global livestock portfolios in key geographies. Consumer Healthcare unit revenues increased 6% operationally in comparison with third-quarter 2011, primarily due to the addition of products from the acquisitions of Ferrosan Consumer Health in December 2011 and Alacer Corp. in February 2012.

Adjusted Expenses(2), Adjusted Income(2) and Adjusted Diluted EPS(2) Highlights

Third-Quarter Selected Costs and Expenses ($ in millions)
Foreign

(Favorable)/Unfavorable 2012 2011 Change
Exchange

Operational
Adjusted Cost of Sales(2)

$ 2,565 $ 3,057 (16%) (9%) (7%) As a Percent of Revenues
18.4%

18.4%

N/A N/A N/A Adjusted SI&A Expenses(2) 3,729 4,397 (15%)
(4%) (11%) Adjusted R&D Expenses(2) 1,935 2,023 (4%) (1%)
(3%) Total $ 8,229 $ 9,477 (13%) (5%) (8%)
See end of text prior to tables for notes.

Adjusted cost of sales(2), adjusted SI&A expenses(2) and adjusted R&D expenses(2) in the aggregate were $8.2 billion in third-quarter 2012, a decrease of 13% compared with

$9.5 billion in third-quarter 2011. Excluding the favorable impact of foreign exchange of $440 million, or 5%, these costs decreased 8%, primarily reflecting the benefits of cost-reduction and productivity initiatives as well as the impact of lower revenues. Savings in adjusted R&D expenses(2) were generated in third-quarter 2012 by the discontinuation of certain therapeutic areas and R&D programs in connection with our previously announced initiatives, which were partially offset by a $250 million payment to AstraZeneca to obtain the exclusive global over-the-counter rights to Nexium. Lower adjusted SI&A expenses(2) compared with the year-ago period reflect a reduction in the field force and a decrease in promotional spending, both partially in response to product losses of exclusivity, and more streamlined corporate support functions, as well as the favorable impact of foreign exchange. Adjusted cost of sales(2) and adjusted cost of sales(2) as a percent of revenues were favorably impacted by the benefits generated from the ongoing cost-reduction and productivity initiatives to streamline the manufacturing network and by foreign exchange, while unfavorably impacted by the decline in revenues contributing to a shift in geographic and business mix. Additionally, lower adjusted cost of sales(2) compared with the same period last year reflects reduced manufacturing volumes given the aforementioned products that lost exclusivity in various markets.

In third-quarter 2012, the effective tax rate on adjusted income(2) was 28.3%, compared with 31.2% in the third-quarter 2011. The third-quarter 2012 rate reflects the favorable impact of the change in the jurisdictional mix of earnings as well as the resolution of foreign audits pertaining to multiple tax years, partially offset by the unfavorable impact of the expiration of the U.S. research and development tax credit.

The diluted weighted-average shares outstanding for third-quarter 2012 were 7.5 billion shares, a reduction of approximately 302 million shares compared with third-quarter 2011. This decline was primarily due to the Company’s ongoing share-repurchase program.

As a result of the aforementioned factors, third-quarter 2012 adjusted income(2) was $3.9 billion, a decrease of 16% compared with $4.7 billion in the year-ago quarter, and adjusted diluted EPS(2) was $0.53, a decrease of 12% compared with $0.60 in third-quarter 2011.

Reported Net Income(3) and Reported Diluted EPS(3) Highlights

In addition to the aforementioned factors, third-quarter 2012 reported earnings in comparison with the same period in 2011 were favorably impacted by lower purchase

accounting adjustments, lower costs related to cost-reduction and productivity initiatives, lower acquisition-related costs and lower impairment charges. Third-quarter 2012 reported earnings in comparison with the year-ago quarter were unfavorably impacted by a $491 million charge resulting from an agreement-in-principle with the U.S. Department of Justice to resolve an investigation into Wyeth’s historical promotional practices in connection with Rapamune, higher costs associated with the potential separation of the Animal Health business as well as the non-recurrence of the gain on the sale of Capsugel(4) recorded in third-quarter 2011.

In third-quarter 2012, the effective tax rate on reported results was favorably impacted by a settlement with the U.S. Internal Revenue Service related to audits for multiple tax years. The settlement resulted in a favorable impact on net income of $1.1 billion representing tax and interest. The effective tax rate on reported results was also favorably impacted by the resolution of foreign audits as mentioned above and the change in jurisdictional mix of earnings, partially offset by the unfavorable impact of the non-deductibility of the aforementioned charge related to Rapamune, as well as the expiration of the U.S. research and development tax credit.

As a result of all these factors, third-quarter 2012 reported net income(3) was $3.2 billion, a decrease of 14% compared with $3.7 billion in the prior-year quarter, and reported diluted EPS(3) was $0.43, a decrease of 10% compared with $0.48 in third-quarter 2011.

Executive Commentary

Ian Read, Chairman and Chief Executive Officer, stated, “Overall, our results this quarter reflect continued product losses of exclusivity, most notably Lipitor in all major markets. Despite a challenging and dynamic environment, worldwide revenues from many of our key medicines, including Enbrel, Celebrex and Lyrica, continued to grow operationally. Additionally, we continued to perform well in emerging markets, most notably in China, given the breadth of our portfolio and focused investment.”

“With regard to our innovative core, I am very pleased with the recent U.S. Food and Drug Administration approval of Bosulif (bosutinib) for chronic myelogenous leukemia, as well as approval of Inlyta (axitinib) for advanced renal cell carcinoma and conditional marketing authorization of Xalkori (critzotinib) for advanced non-small cell lung cancer, both in the EU. I also look forward to regulatory action for tofacitinib in moderate-to-severe rheumatoid arthritis and Eliquis (apixaban) in atrial fibrillation in the U.S., EU and Japan as well as Bosulif in key international markets.”

“Additionally, we filed a registration statement with the Securities and Exchange Commission for the potential initial public offering of a minority stake in our Animal Health business, Zoetis. Given our demonstrated ability to advance our strategic initiatives, I believe we are well-positioned to deliver attractive returns for our shareholders over time,” Mr. Read concluded.

Frank D’Amelio, Chief Financial Officer, stated, “Given our financial performance to date, we are narrowing the ranges for certain components of our 2012 financial guidance. Further, the Board of Directors has authorized a new $10 billion share repurchase program to be utilized over time, upon the sale of the Nutrition(1) business to Nestlé, which we now expect to close in the next few months. This new program is in addition to the $4.1 billion authorization remaining under our current share repurchase program. So far this year, we have repurchased approximately $5.9 billion, or 255.1 million shares, of our common stock.”

2012 Financial Guidance(7)

Pfizer’s financial guidance, at current exchange rates(8), is summarized below. Since the Nutrition(1) business is presented as a discontinued operation, the full-year results of that business only impact the Reported Diluted EPS(3) and operating cash flow components of our 2012 financial guidance.

Reported Revenues $58.0 to $59.0 billion
(previously $58.0 to $60.0 billion)

Adjusted Cost of Sales(2) as a Percentage of Revenues 18.7% to 19.2%
(previously 19.5% to 20.5%)

Adjusted SI&A Expenses(2) $16.3 to $16.8 billion
(previously $16.3 to $17.3 billion)

Adjusted R&D Expenses(2) $7.0 to $7.25 billion
(previously $6.75 to $7.25 billion)

Adjusted Other (Income)/Deductions(2) Approximately $900 million
(previously approximately $1.0 billion)

Effective Tax Rate on Adjusted Income(2) Approximately 29% Reported Diluted EPS(3) $1.30 to $1.38

(previously $1.21 to $1.36)

Adjusted Diluted EPS(2) $2.14 to $2.17
(previously $2.12 to $2.22)

Operating Cash Flow Approximately $18.5 billion
(previously approximately $19.0 billion)

For additional details, please see the attached financial schedules, product revenue tables, supplemental information and disclosure notice.

(1)
On April 23, 2012, Pfizer announced that it entered into an agreement to sell the Nutrition business to Nestlé. The transaction is expected to close in the next few months, assuming the receipt of the required regulatory clearances and the satisfaction of other closing conditions. As a result of Pfizer’s decision to divest this business, the operating results of the Nutrition business are reported as Discontinued Operations – net of tax in the consolidated statements of income for all periods.

(2)
"Adjusted Income" and its components and "Adjusted Diluted Earnings Per Share (EPS)" are defined as reported U.S. generally accepted accounting principles (GAAP) net income(3) and its components and reported diluted EPS(3) excluding purchase accounting adjustments, acquisition-related costs, discontinued operations and certain significant items. Adjusted Cost of Sales, Adjusted Selling, Informational and Administrative (SI&A) expenses, Adjusted Research and Development (R&D) expenses and Adjusted Other (Income)/Deductions are income statement line items prepared on the same basis, and, therefore, components of the overall adjusted income measure. As described under Adjusted Income in the Management’s Discussion and Analysis of Financial Condition and Results of Operations section of Pfizer's Form 10-Q for the fiscal quarter ended July 1, 2012, management uses adjusted income, among other factors, to set performance goals and to measure the performance of the overall company. We believe that investors' understanding of our performance is enhanced by disclosing this measure. Reconciliations of certain GAAP reported to non-GAAP adjusted information for the third quarter and first nine months of 2012 and 2011, as well as reconciliations of full-year 2012 guidance for adjusted income and adjusted diluted EPS to full-year 2012 guidance for reported net income(3) and reported diluted EPS(3), are provided in the

materials accompanying this report. The adjusted income and its components and adjusted diluted EPS measures are not, and should not be viewed as, substitutes for U.S. GAAP net income and its components and diluted EPS.

(3) “Reported Net Income” is defined as net income attributable to Pfizer Inc. in accordance with U.S. GAAP. “Reported Diluted EPS” is defined as reported diluted EPS attributable to Pfizer Inc. common shareholders in accordance with U.S. GAAP. (4)

On August 1, 2011, Pfizer completed the sale of Capsugel to an affiliate of Kohlberg Kravis Roberts & Co. L.P. The operating results associated with Capsugel and the gain on the sale of Capsugel are reported as Discontinued operations – net of tax in the consolidated statements of income for the three and nine months ended October 2, 2011. Additionally, due to the acquisition of King Pharmaceuticals, Inc. (King), legacy King operations are reflected in the results beginning January 31, 2011. Therefore, in accordance with Pfizer’s domestic and international reporting periods, the operating results for the first nine months of 2011 reflect approximately eight months of King’s U.S. operations and approximately seven months of King’s international operations.

(5) For a description of each business unit, see Note 13A to Pfizer’s condensed consolidated financial statements included in Pfizer’s Form 10-Q for the fiscal quarter ended July 1, 2012. (6) Other includes revenues generated primarily from Pfizer CentreSource, Pfizer’s contract manufacturing and bulk pharmaceutical chemical sales organization. (7)
The 2012 financial guidance includes the revenues and expenses related to the Nutrition business, which is reflected as a discontinued operation, but does not include the gain on the pending sale of the Nutrition business. Does not assume the completion of any business-development transactions not completed as of September 30, 2012, including any one-time upfront payments associated with such transactions. Also excludes the potential effects of the resolution of litigation-related matters not substantially resolved as of September 30, 2012, except for charges for such matters that have been recorded during the first nine months of 2012.

(8) The current exchange rates assumed in connection with the 2012 financial guidance are a blend of the actual exchange rates in effect during the first nine months of 2012 and the mid-October 2012 exchange rates for the remainder of the year.

PFIZER INC. AND SUBSIDIARY COMPANIES CONSOLIDATED STATEMENTS OF INCOME(a) (UNAUDITED) (millions, except per common share data) Third Quarter % Incr. / Nine Months % Incr. / 2012 2011 (Decr.) 2012 2011 (Decr.)

Revenues $ 13,976 $ 16,609 (16) $ 43,918 $ 49,118 (11) Costs and expenses: Cost of sales(b) 2,665 3,409 (22) 8,162 10,449 (22)

Selling, informational and administrative expenses(b)

3,847 4,457 (14) 11,801 13,635 (13) Research and development expenses(b) 1,981 2,176 (9) 5,734 6,487 (12) Amortization of intangible assets(c) 1,228 1,389 (12) 3,939 4,138 (5) Restructuring charges and certain acquisition-related costs 302 1,090 (72) 1,089 2,458 (56) Other deductions--net 962 547 76 3,283 1,802 82
Income from continuing operations before provision/(benefit) for taxes on income

2,991 3,541 (16) 9,910 10,149 (2) Provision/(benefit) for taxes on income (119) 1,216 (110) 1,882 3,167 (41) Income from continuing operations 3,110 2,325 34 8,028 6,982 15 Discontinued operations:
Income from discontinued operations--net of tax 104 96 8 249 303 (18) Gain on sale of discontinued operations--net of tax - 1,328 (100) - 1,316 (100) Discontinued operations--net of tax 104 1,424 (93) 249 1,619 (85) Net income before allocation to noncontrolling interests 3,214 3,749 (14) 8,277 8,601 (4) Less: Net income attributable to noncontrolling interests 6 11 (45) 22 31 (29) Net income attributable to Pfizer Inc. $ 3,208 $ 3,738 (14) $ 8,255 $ 8,570 (4)
Earnings per common share--basic:(d)

Income from continuing operations attributable to Pfizer Inc. common shareholders

$ 0.42 $ 0.30 40 $ 1.07 $ 0.88 22 Discontinued operations--net of tax 0.01 0.18 (94) 0.03 0.21 (86) Net income attributable to Pfizer Inc. common shareholders $ 0.43 $ 0.48 (10) $ 1.10 $ 1.09 1
Earnings per common share--diluted:(d)

Income from continuing operations attributable to Pfizer Inc. common shareholders

$ 0.41 $ 0.30 37 $ 1.06 $ 0.88 20 Discontinued operations--net of tax 0.01 0.18 (94) 0.03 0.20 (85) Net income attributable to Pfizer Inc. common shareholders $ 0.43 $ 0.48 (10) $ 1.09 $ 1.08 1 Weighted-average shares used to calculate earnings per common share: Basic 7,436 7,770 7,483 7,877 Diluted 7,508 7,810 7,550 7,925
(a)

The above financial statements present the three and nine months ended September 30, 2012 and October 2, 2011. Subsidiaries operating outside the United States are included for the three and nine months ended August 26, 2012 and August 28, 2011.

Beginning in the second quarter of 2012, as a result of our decision to sell the Nutrition business, we report the operating results of the Nutrition business as Discontinued operations: Income from discontinued operations--net of tax for all periods presented.

On August 1, 2011, we completed the sale of our Capsugel business and recognized a gain on the sale in Discontinued operations: Gain on sale of discontinued operations--net of tax for the three and nine months ended October 2, 2011. The operating results of this business are reported as Discontinued operations: Income from discontinued operations--net of tax for the three and nine months ended October 2, 2011.

On January 31, 2011, we completed a tender offer for the outstanding shares of common stock of King Pharmaceuticals, Inc. (King) and, commencing from that date, our financial statements include the assets, liabilities, operating results and cash flows of King. As a result, and in accordance with our domestic and international reporting periods, our operating results for the nine months ended October 2, 2011 reflect approximately eight months of King’s U.S. operations and approximately seven months of King’s international operations.

Certain amounts and percentages may reflect rounding adjustments. See Supplemental Information that accompanies these materials for additional details. The financial results for the three and nine months ended September 30, 2012 are not necessarily indicative of the results which could ultimately be achieved for the full year.

(b) Exclusive of amortization of intangible assets, except as discussed in footnote (c) below.

(c)
Amortization expense related to 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 acquired 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.

(d) EPS amounts may not add due to rounding. 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)
Quarter Ended September 30, 2012

Purchase Accounting Adjustments

Acquisition- Related Costs(2)

Certain Significant Items(3)

Non-GAAP Adjusted(a)

GAAP Reported(1)

Discontinued Operations

Revenues $ 13,976 $ - $ - $ - $ - $ 13,976

Cost of sales(b) 2,665 2 (78) - (24) 2,565
Selling, informational and administrative expenses(b)

3,847 (2) (3) - (113) 3,729
Research and development expenses(b)

1,981 1 - - (47) 1,935 Amortization of intangible assets(c) 1,228 (1,186) - - - 42 Restructuring charges and certain acquisition-related costs 302 - (149) - (153) - Other deductions--net 962 45 - - (821) 186
Income from continuing operations before provision/(benefit) for taxes on income

2,991 1,140 230 - 1,158 5,519 Provision/(benefit) for taxes on income (119) 327 40 - 1,316 1,564 Income from continuing operations 3,110 813 190 - (158) 3,955 Discontinued operations--net of tax 104 - - (104) - - Net income attributable to noncontrolling interests 6 - - - - 6 Net income attributable to Pfizer Inc. 3,208 813 190 (104) (158) 3,949

Earnings per common share attributable to Pfizer Inc.--diluted(d)

0.43 0.11 0.03 (0.01) (0.02) 0.53

Nine Months Ended September 30, 2012

Purchase

Acquisition-

Certain

GAAP

Accounting

Related

Discontinued

Significant

Non-GAAP

Reported(1)

Adjustments

Costs(2)

Operations

Items(3)

Adjusted(a)

Revenues $ 43,918 $ - $ - $ - $ - $ 43,918 Cost of sales(b) 8,162 (9) (214) - (51) 7,888
Selling, informational and administrative expenses(b)

11,801 4 (8) - (174) 11,623 Research and development expenses(b) 5,734 3 (5) - (386) 5,346 Amortization of intangible assets(c) 3,939 (3,763) - - - 176 Restructuring charges and certain acquisition-related costs 1,089 - (423) - (666) - Other deductions--net 3,283 15 - - (2,644) 654
Income from continuing operations before provision/(benefit) for taxes on income

9,910 3,750 650 - 3,921 18,231 Provision/(benefit) for taxes on income 1,882 1,025 161 - 2,177 5,245 Income from continuing operations 8,028 2,725 489 - 1,744 12,986 Discontinued operations--net of tax 249 - - (249) - - Net income attributable to noncontrolling interests 22 - - - - 22 Net income attributable to Pfizer Inc. 8,255 2,725 489 (249) 1,744 12,964 Earnings per common share attributable to Pfizer Inc.--diluted(d) 1.09 0.36 0.06 (0.03) 0.23 1.72 (a) 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, we stress that 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. (b) Exclusive of amortization of intangible assets, except as discussed in footnote (c) below. (c)

Amortization expense related to 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 acquired 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.

(d) EPS amounts may not add due to rounding. See end of tables for notes (1), (2) and (3). Certain amounts may reflect rounding adjustments. 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) Quarter Ended October 2, 2011 Purchase Acquisition-Certain GAAP Accounting Related Discontinued Significant Non-GAAP Reported(1) Adjustments Costs(2) Operations Items(3) Adjusted(a) Revenues $ 16,609 $ - $ - $ - $ - $ 16,609 Cost of sales(b) 3,409 (286) (68) - 2 3,057
Selling, informational and administrative expenses(b)

4,457 (9) (18) - (33) 4,397 Research and development expenses(b) 2,176 3 (6) - (150) 2,023 Amortization of intangible assets(c) 1,389 (1,352) - - - 37 Restructuring charges and certain acquisition-related costs 1,090 - (202) - (888) - Other deductions--net 547 (53) - - (240) 254
Income from continuing operations before provision/(benefit) for taxes on income

3,541 1,697 294 - 1,309 6,841 Provision/(benefit) for taxes on income 1,216 445 54 - 419 2,134 Income from continuing operations 2,325 1,252 240 - 890 4,707 Discontinued operations--net of tax(d) 1,424 - - (1,424) - -
Net income attributable to noncontrolling interests

11 - - - - 11 Net income attributable to Pfizer Inc. 3,738 1,252 240 (1,424) 890 4,696 Earnings per common share attributable to Pfizer Inc.--diluted(e) 0.48 0.16 0.03 (0.18) 0.11 0.60

Nine Months Ended October 2, 2011

Purchase Accounting Adjustments

Acquisition- Related Costs(2)

Certain Significant Items(3)

GAAP Reported(1)

Discontinued Operations

Non-GAAP Adjusted(a)

Revenues $ 49,118 $ - $ - $ - $ - $ 49,118 Cost of sales(b) 10,449 (1,081) (410) - (7) 8,951 Selling, informational and administrative expenses(b) 13,635 (6) (41) - (39) 13,549 Research and development expenses(b) 6,487 - (9) - (398) 6,080 Amortization of intangible assets(c) 4,138 (4,039) - - - 99 Restructuring charges and certain acquisition-related costs 2,458 - (996) - (1,462) - Other deductions--net 1,802 (71) - - (1,269) 462 Income from continuing operations before provision/(benefit) for taxes on income 10,149 5,197 1,456 - 3,175 19,977 Provision/(benefit) for taxes on income 3,167 1,345 320 - 1,059 5,891 Income from continuing operations 6,982 3,852 1,136 - 2,116 14,086 Discontinued operations--net of tax(d) 1,619 - - (1,619) - - Net income attributable to noncontrolling interests 31 - - - - 31 Net income attributable to Pfizer Inc. 8,570 3,852 1,136 (1,619) 2,116 14,055 Earnings per common share attributable to Pfizer Inc.--diluted(e) 1.08 0.49 0.14 (0.20)

0.27 1.77 (a)
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, we stress that 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.

(b) Exclusive of amortization of intangible assets, except as discussed in footnote (c) below. (c)
Amortization expense related to 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 acquired 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.

(d) On August 1, 2011, we completed the sale of our Capsugel business. The gain recognized related to the sale of this business, as well as the operating results of this business, are included in GAAP Reported Discontinued operations—net of tax. (e) EPS amounts may not add due to rounding. See end of tables for notes (1), (2) and (3). Certain amounts may reflect rounding adjustments. PFIZER INC. AND SUBSIDIARY COMPANIES NOTES TO RECONCILIATION OF GAAP REPORTED TO NON-GAAP ADJUSTED INFORMATION CERTAIN LINE ITEMS* (UNAUDITED) 1)

The financial statements present the three and nine months ended September 30, 2012 and October 2, 2011. Subsidiaries operating outside the United States are included for the three and nine months ended August 26, 2012 and August 28, 2011.

Beginning in the second quarter of 2012, as a result of our decision to sell the Nutrition business, we report the operating results of the Nutrition business as Discontinued operations: Income from discontinued operations--net of tax for all periods presented.

On August 1, 2011, we completed the sale of our Capsugel business and recognized a gain on the sale in Discontinued operations: Gain on sale of discontinued operations--net of tax for the three and nine months ended October 2, 2011. The operating results of this business are reported as Discontinued operations: Income from discontinued operations--net of tax for the three and nine months ended October 2, 2011.

On January 31, 2011, we completed a tender offer for the outstanding shares of common stock of King Pharmaceuticals, Inc. (King) and, commencing from that date, our financial statements include the assets, liabilities, operating results and cash flows of King. As a result, and in accordance with our domestic and international reporting periods, our operating results for the nine months ended October 2, 2011 reflect approximately eight months of King’s U.S. operations and approximately seven months of King’s international operations.

2) Acquisition-related costs include the following:

	Third Quarter		Nine Months	
(millions of dollars)	2012	2011	2012	2011
Transaction costs(a)	$ -	$ 5	$ 1	$ 28
Integration costs(a)	87	184	295	562
Restructuring charges(a)	62	13	127	406
Additional depreciation--asset restructuring(b)	81	92	227	460
Total acquisition-related costs--pre-tax	230	294	650	1,456
Income taxes(c)	(40)	(54)	(161)	(320)
Total acquisition-related costs--net of tax	$ 190	$ 240	$ 489	$ 1,136

(a) Transaction costs represent external costs directly related to acquired businesses and primarily include expenditures for banking, legal, accounting and other similar services.

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. The sum of these costs and charges is 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 ($78 million) and Selling, informational and administrative expenses ($3 million) for the three months ended September 30, 2012. Included in Cost of sales ($214 million), Selling, informational and administrative expenses ($8 million) and Research and development expenses ($5 million) for the nine months ended September 30, 2012. Included in Cost of sales ($68 million), Selling, informational and administrative expenses ($18 million) and Research and development expenses ($6 million) for the three months ended October 2, 2011. Included in Cost of sales ($410 million), Selling, informational and administrative expenses ($41 million) and Research and development expenses ($9 million) for the nine months ended October 2, 2011.

(c) Included in Provision/(benefit) for taxes on income. 3)
Certain significant items include the following: Third Quarter Nine Months
(millions of dollars) 2012 2011 2012 2011 Restructuring charges(a) $ 153 $ 888 $ 666 $ 1,462
Implementation costs and additional depreciation--asset restructuring(b)

111 183 486 437 Certain legal matters(c) 725 132 1,983 657 Certain asset impairment charges(d) 54 106 543 595 Costs associated with the potential separation of the Animal Health business(e) 100 8 191 8 Other 15 (8) 52 16
Total certain significant items--pre-tax

1,158 1,309 3,921 3,175 Income taxes(f) (1,316) (419) (2,177) (1,059)
Total certain significant items--net of tax

$ (158) $ 890 $ 1,744 $ 2,116 (a) Included in Restructuring charges and certain acquisition-related costs, primarily related to our cost-reduction and productivity initiatives. (b)

Primarily related to our cost-reduction and productivity initiatives. Included in Cost of Sales ($19 million), Selling, informational and administrative expenses ($45 million) and Research and development expenses ($47 million) for the three months ended September 30, 2012. Included in Cost of Sales ($23 million), Selling, informational and administrative expenses ($77 million) and Research and development expenses ($386 million) for the nine months ended September 30, 2012. Included in Selling, informational and administrative expenses ($33 million) and Research and development expenses ($150 million) for the three months ended October 2, 2011. Included in Selling, informational and administrative expenses ($39 million) and Research and development expenses ($398 million) for the nine months ended October 2, 2011.

(c)
Included in Other deductions--net. In the third quarter of 2012, primarily includes a $491 million charge resulting from an agreement-in-principle with the U.S. Department of Justice to resolve an investigation into Wyeth’s historical promotional practices in connection with Rapamune. In the first nine months of 2012, primarily includes the aforementioned $491 million charge related to Rapamune, a $450 million settlement of a lawsuit by Brigham Young University related to Celebrex, and charges for hormone-replacement therapy litigation. In 2011, primarily includes charges for hormone-replacement therapy litigation.

(d)
Primarily included in Other deductions--net. In the first nine months of 2012, primarily includes certain intangible assets acquired in connection with our acquisitions of Wyeth and King, including in-process research and development (IPR&D) intangible assets. In the third quarter and first nine months of 2011, primarily includes certain intangible assets acquired in connection with our acquisition of Wyeth, including IPR&D intangible assets.

(e)
Costs incurred in connection with the potential initial public offering of a minority stake in our Animal Health business, Zoetis, Inc. Includes expenditures for banking, legal, accounting and similar services related to the potential transaction, as well as costs incurred associated with the potential separation of Animal Health employees, net assets and activities from Pfizer, such as consulting and systems costs. Included in Selling, informational and administrative expenses ($68 million) and Other deductions--net ($32 million) for the three months ended September 30, 2012. Included in Selling, informational and administrative expenses ($98 million) and Other deductions--net ($93 million) for the nine months ended September 30, 2012. Included in Selling, informational

and administrative expenses for the three and nine months ended October 2, 2011.

(f)
Included in Provision/(benefit) for taxes on income. Includes a settlement with the U.S. IRS related to audits for multiple tax years that favorably impacted GAAP Reported net income by $1.1 billion, representing tax and interest, for the three and nine months ended September 30, 2012.

*
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, we stress that 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.

PFIZER INC. BUSINESS REVENUES(1) FIRST NINE MONTHS OF 2012 AND 2011

(UNAUDITED) (millions of dollars)	2012	2011	Change	Foreign Exchange
Operational Primary Care	$ 11,725	$ 17,259	(32 %)	(1 %)	(31 %)
Specialty Care	10,483	11,425	(8 %)	(2 %)	(6 %)
Established Products	7,865	6,914	14 %	(2 %)	16 %
Emerging Markets	7,308	7,031	4 %	(6 %)	10 %
Oncology	940	982	(4 %)	(3 %)	(1 %)
Biopharmaceutical	38,321	43,611	(12 %)	(2 %)	(10 %)
Animal Health	3,128	3,078	2 %	(4 %)	6 %
Consumer Healthcare	2,276	2,218	3 %	(2 %)	5 %
Other	193	211	(9 %)	(1 %)	(8 %)
Total	$ 43,918	$ 49,118	(11 %)	(2 %)	(9 %)

(1) For a description of each business unit, see Note 13A to Pfizer's condensed

consolidated financial statements included in Pfizer's Form 10-Q for the fiscal quarter ended July 1, 2012. PFIZER INC. ADJUSTED SELECTED COSTS AND EXPENSES(1) FIRST NINE MONTHS OF 2012 AND 2011 (UNAUDITED)

($ in millions) (Favorable)/Unfavorable

	2012	2011	% Change		
				Foreign Exchange	
Operational					
Adjusted Cost of Sales(1)	$ 7,888	$ 8,951	(12%)	(8%)	(4%)
As a Percent of Revenues	18.0%	18.2%	N/A	N/A	N/A
Adjusted SI&A Expenses(1)	11,623	13,549	(14%)	(2%)	(12%)
Adjusted R&D Expenses(1)	5,346	6,080	(12%)	(1%)	(11%)
Total	$ 24,857	$ 28,580	(13%)	(4%)	(9%)

(1) Adjusted cost of sales, Adjusted selling, informational and administrative (SI&A) expenses and Adjusted research and development (R&D) expenses are defined as the corresponding reported U.S. generally accepted accounting principles (GAAP) income statement line items excluding purchase accounting adjustments, acquisition-related costs, discontinued operations and certain significant items. Reconciliations of certain GAAP reported to non-GAAP adjusted information for the third quarter and first nine months of 2012 and 2011 are provided in the materials accompanying this report. These adjusted income statement line item measures are not, and should not be viewed as, substitutes for the corresponding U.S. GAAP line items.

PFIZER INC.

REVENUES

THIRD QUARTER 2012 and 2011

(UNAUDITED)

(millions of dollars)

	WORLDWIDE			UNITED STATES			TOTAL INTERNATIONAL(a)		
	2012	2011	% Change	2012	2011	% Change	2012	2011	% Change
	Total	Oper.		Total		Oper.			
TOTAL REVENUES	$13,976	$16,609	(16%)	(12%)	$5,627	$6,879	(18%)	$8,349	$9,730	(14%)	(7%)

REVENUES FROM BIOPHARMACEUTICAL PRODUCTS: $12,117 $14,747 (18%) (14%) $4,769 $6,019 (21%) $7,348 $8,728 (16%) (9%) Lipitor(b) 749 2,602 (71%) (70%) 192 1,470 (87%) 557 1,132 (51%) (48%) Lyrica 1,036 961 8% 14% 430 379 13% 606 582 4% 14% Enbrel (Outside the U.S. and Canada) 893 957 (7%) 4% - - - 893 957 (7%) 4% Prevnar 13/Prevenar 13 868 1,006 (14%) (12%) 440 454 (3%) 428 552 (22%) (19%) Celebrex 676 643 5% 7% 438 405 8% 238 238 - 6% Viagra 517 493 5% 9% 287 244 18% 230 249 (8%) - Norvasc 319 350 (9%) (6%) 13 5 160% 306 345 (11%) (9%) Zyvox 328 321 2% 7% 158 154 3% 170 167 2% 11% Sutent 294 298 (1%) 7% 82 78 5% 212 220 (4%) 7% Premarin family 262 267 (2%) (1%) 237 241 (2%) 25 26 (4%) 3% Genotropin 212 215 (1%) 5% 59 46 28% 153 169 (9%) (2%) Xalatan/Xalacom 181 277 (35%) (29%) 9 9 - 172 268 (36%) (31%) BeneFIX 201 178 13% 18% 96 76 26% 105 102 3% 12% Detrol/Detrol LA 176 213 (17%) (15%) 112 136 (18%) 64 77 (17%) (10%) Vfend 187 171 9% 17% 21 -

100%

166 171 (3%) 3% Chantix/Champix 146 156 (6%) (3%) 62 68 (9%) 84 88 (5%) 1% Pristiq 152 146 4% 6% 120 119 1% 32 27 19% 32% Refacto AF/Xyntha 150 140 7% 17% 28 32 (13%) 122 108 13% 25% Revatio 135 140 (4%) 1% 78 80 (3%) 57 60 (5%) 6% Zoloft 129 139 (7%) (3%) 17 15 13% 112 124 (10%) (5%) Medrol 113 127 (11%) (7%) 24 33 (27%) 89 94 (5%) 1% Zosyn/Tazocin 109 149 (27%) (24%) 39 75 (48%) 70 74 (5%) 1% Effexor 107 165 (35%) (31%) 37 52 (29%) 70 113 (38%) (31%) Geodon/Zeldox 57 263 (78%) (76%) 26 217 (88%) 31 46 (33%) (21%) Zithromax/Zmax 89 93 (4%) (1%) 3 4 (25%) 86 89 (3%) 1% Prevnar/Prevenar (7-valent) 81 98 (17%) 10% - - - 81 98 (17%) 10% Fragmin 91 95 (4%) 4% 11 9 22% 80 86 (7%) 3% Relpax 92 86 7% 11% 56 47 19% 36 39 (8%) 2% Rapamune 92 96 (4%) 1% 49 47 4% 43 49 (12%) (2%) Cardura 79 92 (14%) (9%) 2 1 100% 77 91 (15%) (9%) Aricept(c) 71 117 (39%) (34%) - - - 71 117 (39%) (34%) Tygacil 82 76 8% 15% 37 38 (3%) 45 38 18% 34% EpiPen 67 59 14% 14% 52 47 11% 15 12 25% 23% Xanax XR 66 77 (14%) (6%) 13 13 - 53 64 (17%) (7%) BMP2 58 83 (30%) (30%) 58 77 (25%) - 6 (100%) (100%) Caduet 68 150 (55%) (53%) 13 80 (84%) 55 70 (21%) (16%) Sulperazon 62 51 22% 22% - - - 62 51 22% 22% Diflucan 61 72 (15%) (9%) 1 - 100% 60 72 (17%) (11%) Dalacin/Cleocin 74 51 45% 50% 40 15 167% 34 36 (6%) (1%) Neurontin 52 67 (22%) (18%) 12 14 (14%) 40 53 (25%) (17%) Unasyn 54

58 (7%) (3%) - 3 (100%) 54 55 (2%) 1% Aromasin 51 85 (40%) (36%) 3 8 (63%) 48 77 (38%) (34%) Arthrotec 50 61 (18%) (15%) 28 32 (13%) 22 29 (24%) (19%) Inspra 51 51 - 12% 1 1 - 50 50 - 13% Toviaz 52 49 6% 10% 29 26 12% 23 23 - 8% Metaxalone/Skelaxin 55 57 (4%) (5%) 55 57 (4%) - - - - Methotrexate 50 51 (2%) 5% - - - 50 51 (2%) 5% Protonix 50 65 (23%) (23%) 50 65 (23%) - - - - Alliance Revenue(d) 879 919 (4%) (3%) 687 571 20% 192 348 (45%) (42%) All other biopharmaceutical products 1,643 1,611 2% 8% 564 476 18% 1,079 1,135 (5%) 3% All other established products(e) 1,407 1,406 - 6% 453 388 17% 954 1,018 (6%) 2% REVENUES FROM OTHER PRODUCTS: ANIMAL HEALTH $1,017 $1,041 (2%) 4% $451 $433 4% $566 $608 (7%) 4% CONSUMER HEALTHCARE $780 $767 2% 6% $388 $408 (5%) $392 $359 9% 18% OTHER(f) $62 $54 15% 19% $19 $19 - $43 $35 23% 28%

(a)

Total International represents Developed Europe region + Developed Rest of World region + Emerging Markets region. Details for these regions are located on the following page.

(b)

Lipitor lost exclusivity in the U.S. in November 2011 and various other markets in 2011 and 2012. This loss of exclusivity reduced branded worldwide revenues by $1.9 billion in the third quarter of 2012, in comparison with the third quarter of 2011.

(c)

Represents direct sales under license agreement with Eisai Co., Ltd.

(d)

Includes Enbrel (in the U.S. and Canada), Aricept, Exforge, Rebif and Spiriva.

(e)

Includes sales of generic atorvastatin. All other established products is a subset of All other biopharmaceutical products.

(f)

Includes revenues generated primarily from Pfizer CentreSource, our contract manufacturing and bulk pharmaceutical chemical sales organization.

Certain amounts and percentages may reflect rounding adjustments.

PFIZER INC.

REVENUES

DETAIL OF INTERNATIONAL REVENUES BY GEOGRAPHIC REGION

THIRD QUARTER 2012 and 2011

(UNAUDITED)

(millions of dollars)

	DEVELOPED EUROPE(a)			DEVELOPED REST OF WORLD(b)			EMERGING MARKETS(c)		
	2012	2011	% Change	2012	2011	% Change	2012	2011	% Change
	Total	Oper.		Total	Oper.		Total	Oper.	
TOTAL INTERNATIONAL REVENUES	$2,976	$4,027	(26%)	(16%)	$2,529	$2,807	(10%)	(8%)	$2,844	$2,896	(2%)	7%
REVENUES FROM BIOPHARMACEUTICAL PRODUCTS - INTERNATIONAL:	$2,672	$3,723	(28%)	(18%)	$2,287	$2,567	(11%)	(10%)	$2,389	$2,438	(2%)	6%
Lipitor(d)	130	595	(78%)	(75%)	207	337	(39%)	(38%)	220	200	10%	14%
Lyrica	324	326	(1%)	13%	185	162	14%	17%	97	94	3%	15%
Enbrel (Outside Canada)	555	626	(11%)	1%	148	139	6%	8%	190	192	(1%)	12%
Prevnar 13/ Prevenar 13	161	192	(16%)	(5%)	63	84	(25%)	(24%)	204	276	(26%)	(28%)
Celebrex	37	46	(20%)	(9%)	119	112	6%	10%	82	80	3%	9%
Viagra	92	102	(10%)	1%	48	57	(16%)	(14%)	90	90	-	7%
Norvasc	27	38	(29%)	(14%)	150	187	(20%)	(20%)	129	120	8%	12%
Zyvox	73	78	(6%)	5%	37	38	(3%)	-	60	51	18%	27%
Sutent	103	119	(13%)	(2%)	44	42	5%	5%	65	59	10%	25%
Premarin family	2	3	(33%)	-	11	7	57%	22%	12	16	(25%)	(7%)
Genotropin	71	90	(21%)	(9%)	56	55	2%	2%	26	24	8%	16%
Xalatan/Xalacom	57	126	(55%)	(49%)	73	94	(22%)	(21%)	42	48	(13%)	(2%)
BeneFIX	63	69	(9%)	4%	33	25	32%	31%	9	8	13%	25%
Detrol/Detrol LA	29	38	(24%)	(16%)	24	25						

(4%) 4% 11 14 (21%) (14%) Vfend 68 78 (13%) - 42 34 24% 14% 56 59 (5%) 2% Chantix/Champix 27 37 (27%) (21%) 44 39 13% 18% 13 12 8% 18% Pristiq - - - - 22 17 29% 41% 10 10 - 20% Refacto AF/Xyntha 93 99 (6%) 6% 18 9 100% 138% 11 -

100%

* Revatio 34 37 (8%) 6% 13 12 8% 17% 10 11 (9%) - Zoloft 13 17 (24%) (18%) 67 74 (9%) (8%) 32 33 (3%) 9% Medrol 21 24 (13%) (4%) 12 11 9% 9% 56 59 (5%) - Zosyn/Tazocin 10 15 (33%) (20%) 3 4 (25%) - 57 55 4% 7% Effexor 26 48 (46%) (38%) 18 39 (54%) (51%) 26 26 - 12% Geodon/Zeldox 15 18 (17%) (11%) 4 7 (43%) - 12 21 (43%) (38%) Zithromax/Zmax 11 15 (27%) (13%) 35 37 (5%) (3%) 40 37 8% 11% Prevnar/Prevenar (7-valent) - 4 (100%) (100%) 70 94 (26%) (27%) 11 - 100%

*

Fragmin

45 45 - 9% 18 21 (14%) (5%) 17 20 (15%) (5%) Relpax 17 20 (15%) (5%) 15 15 - 14% 4 4 - 25% Rapamune 13 15 (13%) - 5 4 25% - 25 30 (17%) (3%) Cardura 22 30 (27%) (14%) 31 37 (16%) (18%) 24 24 - 8% Aricept(e) 18 61 (70%) (66%) 44 45 (2%) 5% 9 11 (18%) (9%) Tygacil 17 16 6% 19% 2 1 100% 100% 26 21 24% 43% EpiPen - - - - 15 12 25% 25% - - - - Xanax XR 22 26 (15%) (4%) 10 12 (17%) (8%) 21 26 (19%) (12%) BMP2 - 6 (100%) (100%) - - - - - - - - Caduet 3 4 (25%) - 37 51 (27%) (25%) 15 15 - 14%
Sulperazon

-
-

-

-

9

11

(18%)

(18%)

53

40

33%

32%

Diflucan 14 21 (33%) (24%) 10 13 (23%) (17%) 36 38 (5%) (3%) Dalacin/Cleocin 7 9 (22%) (11%) 7 7 - (14%) 20 20 - 5% Neurontin 14 17 (18%) (6%) 10 14 (29%) (21%) 16 22 (27%) (23%) Unasyn 9 8 13% 25% 17 21 (19%) (15%) 28 26 8% 4% Aromasin 17 42 (60%) (52%) 13 17 (24%) (28%) 18 18 - 6% Arthrotec 8 12 (33%) (25%) 12 13 (8%) - 2 4 (50%) (50%) Inspra 31 33 (6%) 9% 15 13 15% 15% 4 4 - 25% Toviaz 17 18 (6%) 6% 3 3 - - 3 2 50% 50% Metaxalone/Skelaxin - - -
-

- - - - - - - - - Methotrexate 9 12 (25%) (17%) 40 38 5% 8% 1 1 - 100% Protonix - -
-

-

- - - - - - - - -
Alliance Revenue(f)

53 131 (60%) (55%) 128 196 (35%) (33%) 11 21 (48%) (43%) All other biopharmaceutical products 294 357 (18%) (7%) 300 282 6% 5% 485 496 (2%) 10% All other established products(g) 246 294 (16%) (4%) 271 283 (4%) (3%) 437 441 (1%) 10% REVENUES FROM OTHER PRODUCTS - INTERNATIONAL: $304 $304 -

14%

$242 $240 1%
5%

$455 $458 (1%) 9%
*

Calculation not meaningful.

(a)

Developed Europe region includes the following markets: Western Europe, Finland and the Scandinavian countries.

(b)

Developed Rest of World region includes the following markets: Australia, Canada, Japan, New Zealand and South Korea.

(c)

Emerging Markets region includes, but is not limited to, the following markets: Asia (excluding Japan and South Korea), Latin America, Middle East, Africa, Central and Eastern Europe and Turkey.

(d)

Lipitor lost exclusivity in various international markets in 2011 and 2012. This loss of exclusivity reduced branded international revenues by $579 million in the third quarter of 2012, in comparison with the third quarter of 2011.0

(e)

Represents direct sales under license agreement with Eisai Co., Ltd.

(f)

Includes Enbrel (in Canada), Aricept, Exforge, Rebif and Spiriva.

(g)

All other established products is a subset of All other biopharmaceutical products.

Certain amounts and percentages may reflect rounding adjustments.

PFIZER INC.

REVENUES

NINE MONTHS 2012 and 2011

(UNAUDITED)

(millions of dollars)

	WORLDWIDE			UNITED STATES			INTERNATIONAL(a)		
	2012	2011	% Change	2012	2011	% Change	2012	2011	% Change
Total Oper.									
Total									
Total Oper. TOTAL REVENUES	$43,918	$49,118	(11%)	$17,303	$20,603	(16%)	$26,615	$28,515	(7%)
(2%) REVENUES FROM BIOPHARMACEUTICAL PRODUCTS:	$38,321	$43,611	(12%)	$14,899	$18,246	(18%)	$23,422	$25,365	(8%)
(4%) Lipitor(b)	3,364	7,578	(56%)	871	4,187	(79%)	2,493	3,391	(26%)
(25%) Lyrica	3,026	2,695	12%	1,229	1,116	10%	1,797	1,579	14%
20% Enbrel (Outside the U.S. and Canada)	2,780	2,741	1%						
8%									

- - - 2,780 2,741 1% 8% Prevnar 13/Prevenar 13 2,725 2,823 (3%) (1%) 1,423 1,533 (7%) 1,302 1,290 1% 5% Celebrex 1,969 1,856 6% 7% 1,266 1,179 7% 703 677 4% 7% Viagra 1,498 1,458 3% 5% 822 732 12% 676 726 (7%) (3%) Norvasc 1,001 1,081 (7%) (7%) 38 23 65% 963 1,058 (9%) (9%) Zyvox 996 965 3% 6% 490 486 1% 506 479 6% 11% Sutent 913 870 5% 10% 255 218 17% 658 652 1% 8% Premarin family 797 757 5% 6% 724 683 6% 73 74 (1%) 6% Genotropin 619 654 (5%) (2%) 150 144 4% 469 510 (8%) (4%) Xalatan/Xalacom 617 960 (36%) (33%) 30 159 (81%) 587 801 (27%) (24%) BeneFIX 577 518 11% 14% 272 223 22% 305 295 3% 8% Detrol/Detrol LA 576 668 (14%) (12%) 362 422 (14%) 214 246 (13%) (10%) Vfend 543 558 (3%) 1% 64 64 - 479 494 (3%) 1% Chantix/Champix 496 545 (9%) (7%) 234 248 (6%) 262 297 (12%) (9%) Pristiq 461 422 9% 10% 365 348 5% 96 74 30% 36% Refacto AF/Xyntha 420 380 11% 16% 79 75 5% 341 305 12% 19% Revatio 414 393 5% 8% 250 229 9% 164 164 - 7% Zoloft 398 420 (5%) (4%) 49 46 7% 349 374 (7%) (5%) Medrol 388 383 1% 4% 105 116 (9%) 283 267 6% 9% Zosyn/Tazocin 378 490 (23%) (21%) 175 267 (34%) 203 223 (9%) (5%) Effexor 342 537 (36%) (34%) 102 207 (51%) 240 330 (27%) (24%) Geodon/Zeldox 322 753 (57%) (56%) 218 627 (65%) 104 126 (17%) (10%) Zithromax/Zmax 318 335 (5%) (4%) 9 17 (47%) 309 318 (3%) (2%) Prevnar/Prevenar (7-valent) 303 406 (25%) (22%) - - - 303 406 (25%) (22%) Fragmin 283 283 - 6% 36 32 13% 247 251 (2%) 5% Relpax 266 250 6% 8% 160 142 13% 106 108 (2%) 4% Rapamune 259 285 (9%) (6%) 140 139 1% 119 146 (18%) (13%) Cardura 254 289 (12%) (9%) 4 4 - 250 285 (12%) (9%) Aricept(c) 249 335 (26%) (22%) - - - 249 335 (26%) (22%) Tygacil 249 224 11% 16% 115 112 3% 134 112 20% 28% EpiPen(d) 217 160 36% 36% 182 133 37% 35 27 30% 33% Xanax XR 203 232 (13%) (7%) 38 41 (7%) 165 191 (14%) (7%) BMP2 192 277 (31%) (31%) 192 260 (26%) - 17 (100%) (98%) Caduet 191 435 (56%) (55%) 26 235 (89%) 165 200 (18%) (16%) Sulperazon 191 155 23% 22% - - - 191 155 23% 22% Diflucan 185 201 (8%) (5%) 4 3 33% 181 198 (9%) (5%) Dalacin/Cleocin 176 139 27% 31% 72 35 106% 104 104 - 5% Neurontin 172 222 (23%) (19%) 37 51 (27%) 135 171 (21%) (17%) Unasyn 165 172 (4%) (2%) 2 4 (50%) 163 168 (3%) (1%) Aromasin 162 294 (45%) (43%) 10 53 (81%) 152 241 (37%) (34%) Arthrotec 159 182 (13%) (11%) 90 96 (6%) 69 86 (20%) (15%) Inspra 156 142 10% 16% 4 3 33% 152 139 9% 16% Toviaz 150 137 9% 13% 82 72 14% 68 65 5% 11% Metaxalone/Skelaxin(d) 149 145 3% 2% 149 145 3% - - - - Methotrexate

148 133 11% 11% - - - 148 133 11% 11% Protonix 140 168 (17%) (17%) 140 168 (17%) - - - - Alliance Revenue(e) 2,577 2,678 (4%) (3%) 1,908 1,628 17% 669 1,050 (36%) (35%) All other biopharmaceutical products 5,187 4,827 7% 11% 1,926 1,541 25% 3,261 3,286 (1%) 5% All other established products(f) 4,509 4,207 7% 11% 1,633 1,287 27% 2,876 2,920 (2%) 4% REVENUES FROM OTHER PRODUCTS: ANIMAL HEALTH $3,128 $3,078 2% 6% $1,289 $1,205 7% $1,839 $1,873 (2%) 5% CONSUMER HEALTHCARE $2,276 $2,218 3% 5% $1,054 $1,087 (3%) $1,222 $1,131 8% 13% OTHER(g) $193 $211 (9%) (8%) $61 $65 (6%) $132 $146 (10%) (7%)

(a)

Total International represents Developed Europe region + Developed Rest of World region + Emerging Markets region. Details for these regions are located on the following page.

(b)

Lipitor lost exclusivity in the U.S. in November 2011 and various other markets in 2011 and 2012. This loss of exclusivity reduced branded worldwide revenues by $4.2 billion in the first nine months of 2012, in comparison with the first nine months of 2011.

(c)

Represents direct sales under license agreement with Eisai Co., Ltd.

(d)

Legacy King product. King's operations are included in our financial statements commencing from the acquisition date of January 31, 2011.

(e)

Includes Enbrel (in the U.S. and Canada), Aricept, Exforge, Rebif and Spiriva.

(f)

Includes sales of generic atorvastatin. All other established products is a subset of All other biopharmaceutical products.

(g)

Includes revenues generated primarily from Pfizer CentreSource, our contract manufacturing and bulk pharmaceutical chemical sales organization.

Certain amounts and percentages may reflect rounding adjustments.

PFIZER INC.

REVENUES

DETAIL OF INTERNATIONAL REVENUES BY GEOGRAPHIC REGION

NINE MONTHS 2012 and 2011

(UNAUDITED)

(millions of dollars)

	DEVELOPED EUROPE(a)			DEVELOPED REST OF WORLD(b)			EMERGING MARKETS(c)		
	2012	2011	% Change	2012	2011	% Change	2012	2011	% Change
	Total	Oper.							
	Total	Oper.							
	Total	Oper.							
TOTAL INTERNATIONAL REVENUES	$10,025	$12,078	(17%)	(11%)	$7,830	$7,974	(2%)	(2%)	$8,760	$8,463	4%	10%
REVENUES FROM BIOPHARMACEUTICAL PRODUCTS - INTERNATIONAL:	$9,026	$11,064	(18%)	(12%)	$7,088	$7,270	(3%)	(3%)	$7,308	$7,031	4%	10%
Lipitor(d)	1,042	1,804	(42%)	(39%)	777	955	(19%)	(20%)	674	632	7%	9%
Lyrica	955	931	3%									

11% 526 381 38% 38% 316 267 18% 26% Enbrel (Outside Canada) 1,691 1,758 (4%) 4% 451 391 15% 13% 638 592 8% 17% Prevnar 13/ Prevenar 13 496 545 (9%) (2%) 201 171 18% 19% 605 574 5% 8% Celebrex 121 134 (10%) (2%) 341 307 11% 12% 241 236 2% 7% Viagra 267 296 (10%) (4%) 152 158 (4%) (3%) 257 272 (6%) (1%) Norvasc 91 127 (28%) (22%) 488 575 (15%) (17%) 384 356 8% 10% Zyvox 224 229 (2%) 6% 115 108 6% 6% 167 142 18% 25% Sutent 325 353 (8%) (1%) 128 122 5% 5% 205 177 16% 26% Premarin family 7 8 (13%) (13%) 27 24 13% 12% 39 42 (7%) 2% Genotropin 224 267 (16%) (10%) 166 162 2% 1% 79 81 (2%) 5% Xalatan/Xalacom 220 385 (43%) (39%) 232 270 (14%) (15%) 135 146 (8%) 1% BeneFIX 182 193 (6%) 1% 98 82 20% 18% 25 20 25% 30% Detrol/Detrol LA 97 119 (18%) (14%) 74 82 (10%) (9%) 43 45 (4%) 2% Vfend 203 226 (10%) (3%) 118 108 9% 5% 158 160 (1%) 4% Chantix/Champix 94 134 (30%) (27%) 132 124 6% 6% 36 39 (8%) 3% Pristiq - - - - 62 48 29% 33% 34 26 31% 42% Refacto AF/Xyntha 274 279 (2%) 5% 44 25 76% 83% 23 1 * * Revatio 100 105 (5%) 3% 40 34 18% 18% 24 25 (4%) 8% Zoloft 44 61 (28%) (23%) 207 217 (5%) (6%) 98 96 2% 8% Medrol 70 78 (10%) (3%) 36 35 3% - 177 154 15% 18% Zosyn/Tazocin 37 49 (24%) (18%) 11 11 - - 155 163 (5%) (1%) Effexor 84 141 (40%) (35%) 80 114 (30%) (30%) 76 75 1% 7% Geodon/Zeldox 46 58 (21%) (14%) 15 17 (12%) - 43 51 (16%) (8%) Zithromax/Zmax 45 61 (26%) (20%) 134 131 2% 1% 130 126 3% 5% Prevnar/Prevenar (7-valent) - 22 (100%) (100%) 258 277 (7%) (10%) 45 107 (58%) (44%) Fragmin 135 132 2% 8% 58 57 2% 9% 54 62 (13%) (5%) Relpax 50 56 (11%) (4%) 43 40 8% 8% 13 12 8% 17% Rapamune 39 45 (13%) (7%) 13 13 - - 67 88 (24%) (17%) Cardura 72 94 (23%) (18%) 102 116 (12%) (14%) 76 75 1% 7% Aricept(e) 93 171 (46%) (42%) 126 125 1% 5% 30 39 (23%) (15%) Tygacil 50 49 2% 10% 5 4 25% 25% 79 59 34% 44% EpiPen(f) - - - - 35 27 30% 33% - - - - Xanax XR 65 80 (19%) (11%) 33 36 (8%) (8%) 67 75 (11%) (1%) BMP2 - 17 (100%) (100%) - - - - - - - - Caduet 10 13 (23%) (15%) 108 143 (24%) (24%) 47 44 7% 11% Sulperazon - - - - 27 32 (16%) (19%) 164 123 33% 33% Diflucan 47 59 (20%) (14%) 30 35 (14%) (14%) 104 104 - 3% Dalacin/Cleocin 23 26 (12%) (4%) 21 19 11% 5% 60 59 2% 10% Neurontin 45 58 (22%) (17%) 31 42 (26%) (24%) 59 71 (17%) (11%) Unasyn 27 26 4% 12% 55 61 (10%) (10%) 81 81 - 1% Aromasin 57 142 (60%) (56%) 41 51 (20%) (22%) 54 48 13% 17% Arthrotec 26 37 (30%) (24%) 35 37 (5%) (3%) 8 12 (33%) (25%) Inspra 96 92 4% 13% 44 37 19% 16% 12 10 20% 30% Toviaz 54 52 4% 12%

7 7 - 17% 7 6 17% 17% Metaxalone/Skelaxin(f) - - - - - - - - - - - - - Methotrexate 28 33 (15%) (9%) 117 98 19% 16% 3 2 50% 50% Protonix - - - - - - - - - - - - - Alliance Revenue(g) 204 433 (53%) (50%) 414 557 (26%) (26%) 51 60 (15%) (5%) All other biopharmaceutical products 966 1,086 (11%) (4%) 830 804 3% 2% 1,465 1,396 5% 13%

All other established products(h)

769 883 (13%) (6%) 786 806 (2%) (3%) 1,321 1,231 7% 16% REVENUES FROM OTHER PRODUCTS - INTERNATIONAL: $999 $1,014 (1%) 6% $742 $704 5% 7% $1,452 $1,432 1% 8%
*

Calculation not meaningful.

(a)

Developed Europe region includes the following markets: Western Europe, Finland and the Scandinavian countries.

(b)

Developed Rest of World region includes the following markets: Australia, Canada, Japan, New Zealand and South Korea.

(c)

Emerging Markets region includes, but is not limited to, the following markets: Asia (excluding Japan and South Korea), Latin America, Middle East, Africa, Central and Eastern Europe and Turkey.

(d)

Lipitor lost exclusivity in various international markets in 2011 and 2012. This loss of exclusivity reduced branded international revenues by $914 million in the first nine months of 2012, in comparison with the first nine months of 2011.

(e)

Represents direct sales under license agreement with Eisai Co., Ltd.

(f)

Legacy King product. King's operations are included in our financial statements commencing from the acquisition date of January 31, 2011.

(g)

Includes Enbrel (in Canada), Aricept, Exforge, Rebif and Spiriva.

(h)

All other established products is a subset of All other biopharmaceutical products.

Certain amounts and percentages may reflect rounding adjustments.

PFIZER INC. SUPPLEMENTAL INFORMATION

1. Change in Reported Cost of Sales

Reported cost of sales decreased 22% in both the third quarter and in the first nine months of 2012, compared to the same periods in 2011. The decreases were primarily due to a decline in revenues reflecting reduced manufacturing volumes related to products that lost exclusivity in various markets. The decreases were also due to lower purchase accounting adjustments in 2012, lower costs related to our cost-reduction and productivity initiatives, as well as the benefits generated from the ongoing productivity initiatives to streamline the manufacturing network, and favorable foreign exchange of 8% for the third quarter of 2012 and 7% for the first nine months of 2012. The decreases were partially offset by an unfavorable impact caused by a shift in geographic and business mix.

Reported cost of sales as a percentage of revenues decreased 1.4 percentage points to 19.1% in the third quarter of 2012, compared to the same period in 2011, reflecting the aforementioned factors.

2. Change in Reported Selling, Informational & Administrative (SI&A) Expenses and Reported Research & Development (R&D) Expenses

Reported SI&A expenses decreased 14% in the third quarter of 2012 and 13% in the first nine months of 2012, compared to the same periods in 2011. The decreases were primarily due to savings generated from a reduction in the field force and a decrease in promotional spending, both partially in response to product losses of exclusivity, more streamlined corporate support functions, and the impact of lower revenues, as well as the favorable impact of foreign exchange of 4% for the third quarter of 2012 and 2% for the first nine months of 2012, partially offset by costs associated with the potential separation of Animal Health employees, net assets and activities from Pfizer.

Reported R&D expenses decreased 9% in the third quarter of 2012 and 12% in the first nine months of 2012, compared to the same periods in 2011, primarily due to savings generated by the discontinuation of certain therapeutic areas and R&D programs in connection with our previously announced cost-reduction and productivity initiatives, which were partially offset by a $250 million payment to AstraZeneca to obtain the exclusive global over-the-counter rights to Nexium. In addition, charges related to those initiatives were lower in the third quarter of 2012 and in the first nine months of 2012 than in the same periods in 2011.

3. Other Deductions – Net

($ in millions) Third Quarter Nine Months

2012 2011 2012 2011

Interest income(a) $ (108) $ (109) $ (275) $ (331) Interest expense(a) 382 423 1,151 1,285 Net interest expense 274 314 876 954 Royalty-related income (132) (136) (353) (447) Net gain on asset disposals (19) (21) (45) (47) Certain legal matters, net(b) 726 132 2,014 619 Certain asset impairment charges(c) 49 145 561 625 Costs associated with the potential separation of the Animal Health business(d) 32 -- 93 -- Other, net 32 113 137 98 Other deductions––net $ 962 $ 547 $ 3,283 $ 1,802 (a) Interest income decreased slightly in the third quarter of 2012 due to lower cash balances mostly offset by higher interest rates earned on investments. Interest income decreased in the first nine months of 2012 due to lower interest rates earned on investments.

Interest expense decreased in both periods in 2012 due to lower debt balances and the effective conversion of some fixed-rate liabilities to floating-rate liabilities. (b)

In the third quarter of 2012, primarily includes a $491 million charge resulting from an agreement-in-principle with the U.S. Department of Justice to resolve an investigation into Wyeth’s historical promotional practices in connection with Rapamune. In the first nine months of 2012, primarily includes the aforementioned $491 million charge related to Rapamune, a $450 million settlement of a lawsuit by Brigham Young University related to Celebrex, and charges for hormone-replacement therapy litigation. In 2011, primarily includes charges for hormone-replacement therapy litigation.

(c) In the first nine months of 2012, primarily includes certain intangible assets acquired in connection with our acquisitions of Wyeth and King, including in-process research and development (IPR&D) intangible assets. In the third quarter and first nine months of 2011, primarily includes certain intangible assets acquired in connection with our acquisition of Wyeth, including IPR&D intangible assets. (d)
Costs incurred in connection with the potential initial public offering of a minority stake in our Animal Health business, Zoetis, Inc. Includes expenditures for banking, legal, accounting and similar services related to the potential transaction.

4. Effective Tax Rate

Reported The effective tax rate on reported results was (4.0)% in the third quarter of 2012 compared with 34.3% in the third quarter of 2011, and 19.0% in the first nine months of 2012 compared with 31.2% in the first nine months of 2011. The effective tax rates on reported results for the third quarter and first nine months of 2012 were favorably impacted by a settlement with the U.S. Internal Revenue Service related to audits for multiple tax years. The settlement resulted in a favorable impact on net income for both periods of $1.1 billion representing tax and interest. The tax rates in both periods in 2012 compared to the same periods in 2011 were also favorably impacted by the resolution of foreign audits pertaining to multiple tax years and the change in the jurisdictional mix of earnings, partially offset by the unfavorable impact of the non-deductibility of a $491 million charge resulting from an agreement-in-principle with the U.S. Department of Justice to resolve an investigation into Wyeth’s historical promotional practices in connection with Rapamune, as well as the expiration of the U.S. research and development tax credit.

Adjusted In third-quarter 2012, the effective tax rate on adjusted income(1) was 28.3% compared with 31.2% in third-quarter 2011, and 28.8% in the first nine months of 2012 compared with 29.5% in the first nine months of 2011. The tax rates in both periods in 2012 compared to the same periods in 2011 reflect the favorable impact of the change in the jurisdictional mix of earnings, as well as the resolution of the aforementioned foreign audits, partially offset by the unfavorable impact of the expiration of the U.S. research and development tax credit.

5. Reconciliation of 2012 Adjusted Income(1) and Adjusted Diluted EPS(1) Guidance to 2012 Reported Net Income Attributable to Pfizer Inc. and Reported Diluted EPS Attributable to Pfizer Inc. Common Shareholders Guidance(a)

Full-Year 2012 Guidance
(Billions of dollars, except per share amounts)

Net Income(b) Diluted EPS(b)
Income/(Expense)

Adjusted Income/Diluted EPS(1) Guidance ~$16.1 - $16.4 ~$2.14 - $2.17
Purchase Accounting Impacts of Transactions Completed as of 9/30/12

(3.6) (0.48) Acquisition-Related Costs (0.5 - 0.7) (0.07 - 0.09) Non-Acquisition-Related Restructuring Costs(c) (1.4 - 1.6) (0.18 - 0.21) Other Certain Significant Items incurred as of 9/30/12
Income from Discontinued Operations(d)

(0.9)
0.4

(0.12)
0.06

Reported Net Income Attributable to Pfizer Inc./Diluted EPS Guidance

~$9.7 - $10.4 ~$1.30 - $1.38 (a)
The current exchange rates assumed in connection with the 2012 financial guidance are a blend of the actual exchange rates in effect during the first nine months of 2012 and the mid-October 2012 exchange rates for the remainder of the year.

(b)
Includes revenues and expenses related to the Nutrition business, which is reflected as a discontinued operation, but does not include the gain on the pending sale of the Nutrition business. Does not assume the completion of any business-development transactions not completed as of September 30, 2012, including any one-time upfront payments associated with such transactions. Also excludes the potential effects of the resolution of litigation-related matters not substantially resolved as of September 30, 2012, except for charges for such matters that have been recorded during the first nine months of 2012.

(c) Includes amounts related to our initiatives to reduce R&D spending, including our realigned R&D footprint, and amounts related to other cost-reduction and productivity initiatives. These amounts are included in Certain Significant Items. (d) Income attributable to Pfizer's Nutrition business.

_____

(1)

"Adjusted income" and "adjusted diluted earnings per share (EPS)" are defined as reported U.S. generally accepted accounting principles (GAAP) net income attributable to Pfizer Inc. and reported diluted EPS attributable to Pfizer Inc. common shareholders excluding purchase accounting adjustments, acquisition-related costs, discontinued operations and certain significant items. As described under Adjusted Income in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of Pfizer's Form 10-Q for the fiscal quarter ended July 1, 2012, management uses Adjusted income, among other factors, to set performance goals and to measure the performance of the overall company. We believe that investors' understanding of our performance is enhanced by disclosing this measure. The Adjusted income and Adjusted diluted EPS measures are not, and should not be viewed as, substitutes for U.S. GAAP net income and diluted EPS.

DISCLOSURE NOTICE: The information contained in this earnings release and the attachments is as of November 1, 2012. We assume no obligation to update forward-looking statements contained in this earnings release and the attachments as a result of new information or future events or developments.

This earnings release and the attachments contain forward-looking statements about our future operating and financial performance, business plans and prospects, in-line

products and product candidates, strategic review, capital allocation, business development plans, and share-repurchase and dividend-rate plans that involve substantial risks and uncertainties. You can identify these statements by the fact that they use future dates or use words such as “will,” “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “target,” “forecast,” “goal,” “objective,” “aim” and other words and terms of similar meaning. Among the factors that could cause actual results to differ materially from past results and future plans and projected future results are the following:

the outcome of research and development activities, including, without limitation, the ability to meet anticipated clinical trial commencement and completion dates, regulatory submission and approval dates, and launch dates for product candidates; decisions by regulatory authorities regarding whether and when to approve our drug applications, as well as their decisions regarding labeling, ingredients and other matters that could affect the availability or commercial potential of our products; the speed with which regulatory authorizations, pricing approvals and product launches may be achieved; the outcome of post-approval clinical trials, which could result in the loss of marketing approval for a product or changes in the labeling for, and/or increased or new concerns about the safety or efficacy of, a product that could affect its availability or commercial potential; the success of external business-development activities; competitive developments, including the impact on our competitive position of new product entrants, in-line branded products, generic products, private label products and product candidates that treat diseases and conditions similar to those treated by our in-line drugs and drug candidates; the implementation by the FDA of an abbreviated legal pathway to approve biosimilar products, which could subject our biologic products to competition from biosimilar products in the U.S., with attendant competitive pressures, after the expiration of any applicable exclusivity period and patent rights; the ability to meet generic and branded competition after the loss of patent protection for our products or competitor products; the ability to successfully market both new and existing products domestically and internationally; difficulties or delays in manufacturing; trade buying patterns; the impact of existing and future legislation and regulatory provisions on product exclusivity; trends toward managed care and healthcare cost containment; the impact of the U.S. Budget Control Act of 2011 (the Budget Control Act) and the deficit-reduction actions to be taken pursuant to the Budget Control Act in order to achieve the deficit-reduction targets provided for therein, and the impact of any broader deficit-reduction efforts; the impact of U.S. healthcare legislation enacted in 2010 – the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act - and of any modification or repeal of any of the provisions thereof; U.S. legislation or regulatory

action affecting, among other things: pharmaceutical product pricing, reimbursement or access, including under Medicaid, Medicare and other publicly funded or subsidized health programs; the importation of prescription drugs from outside the U.S. at prices that are regulated by governments of various foreign countries; direct-to-consumer advertising and interactions with healthcare professionals; and the use of comparative effectiveness methodologies that could be implemented in a manner that focuses primarily on the cost differences and minimizes the therapeutic differences among pharmaceutical products and restricts access to innovative medicines; legislation or regulatory action in markets outside the U.S. affecting pharmaceutical product pricing, reimbursement or access, including, in particular, continued government-mandated price reductions for certain biopharmaceutical products in certain European and emerging market countries; the exposure of our operations outside the U.S. to possible capital and exchange controls, expropriation and other restrictive government actions, changes in intellectual property legal protections and remedies, as well as political unrest and unstable governments and legal systems; contingencies related to actual or alleged environmental contamination; claims and concerns that may arise regarding the safety or efficacy of in-line products and product candidates; any significant breakdown, infiltration, or interruption of our information technology systems and infrastructure; legal defense costs, insurance expenses, settlement costs, the risk of an adverse decision or settlement and the adequacy of reserves related to product liability, patent protection, government investigations, consumer, commercial, securities, antitrust, environmental and tax issues, ongoing efforts to explore various means for resolving asbestos litigation, and other legal proceedings; our ability to protect our patents and other intellectual property, both domestically and internationally; interest rate and foreign currency exchange rate fluctuations; governmental laws and regulations affecting domestic and foreign operations, including, without limitation, tax obligations and changes affecting the tax treatment by the U.S. of income earned outside of the U.S. that may result from pending and possible future proposals; any significant issues involving our largest wholesaler customers, which account for a substantial portion of our revenues; the possible impact of the increased presence of counterfeit medicines in the pharmaceutical supply chain on our revenues and on patient confidence in the integrity of our medicines; any significant issues that may arise related to the outsourcing of certain operational and staff functions to third parties, including with regard to quality, timeliness and compliance with applicable legal requirements and industry standards; changes in U.S. generally accepted accounting principles; uncertainties related to general economic, political, business, industry, regulatory and market conditions including, without limitation, uncertainties related to the impact on us, our customers, suppliers and lenders and counterparties to our foreign-exchange and interest-rate agreements of challenging

global economic conditions and recent and possible future changes in global financial markets; and the related risk that our allowance for doubtful accounts may not be adequate; any changes in business, political and economic conditions due to actual or threatened terrorist activity in the U.S. and other parts of the world, and related U.S. military action overseas; growth in costs and expenses; changes in our product, segment and geographic mix; our ability and the ability of Nestlé to satisfy the conditions to closing the sale of our Nutrition business to Nestlé at all or within the anticipated time period; and whether and when the Company's new $10 billion share repurchase program will go into effect, which is contingent upon the closing of the sale of the Nutrition business to Nestlé; the possibility that the potential initial public offering (IPO) of a minority ownership stake in our Animal Health business will not be consummated at all or within the anticipated time period, including as the result of regulatory, market or other factors; and, if the IPO is consummated, the impact of the strategic alternative that we decide to pursue with regard to our remaining ownership stake in the Animal Health business; and the impact of acquisitions, divestitures, restructurings, product recalls and withdrawals and other unusual items, including (i) our ability to realize the projected benefits of our acquisition of King Pharmaceuticals, Inc., and (ii) our ability to realize the projected benefits of our cost-reduction and productivity initiatives, including those related to our research and development organization.

A further list and description of risks, uncertainties and other matters can be found in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 and in our reports on Form 10-Q, in each case including in the sections thereof captioned "Forward-Looking Information and Factors That May Affect Future Results" and "Item 1A. Risk Factors", and in our reports on Form 8-K.

This earnings release may include discussion of certain clinical studies relating to various in-line products and/or product candidates. These studies typically are part of a larger body of clinical data relating to such products or product candidates, and the discussion herein should be considered in the context of the larger body of data.

This earnings release does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, which will be made only by prospectus.

Pfizer Inc. Media Joan Campion, 212-733-2798 or Investors Suzanne Harnett, 212-733-8009 or Jennifer Davis, 212-733-0717