

FINAL TRANSCRIPT

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PRESENTATION

Operator

Welcome to the Pfizer's third-quarter earnings call. We will now turn the call over to Mr. Chuck Triano. Please begin the call.

Chuck Triano - *Pfizer - SVP IR*

Good morning and thank you for joining us today to review Pfizer's third-quarter 2009 performance. I am here with Jeff Kindler, Frank D'Amelio, Ian Read, Martin Mackay and Amy Schulman.



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The financial charts that will be presented on this call can be viewed on our homepage at www.Pfizer.com in the Investor Presentations tab, by clicking on the link, Quarterly Corporate Performance Third-Quarter 2009.

We will keep our opening remarks brief and leave about 30 minutes for the Q&A session. Before we start I would like to remind you that our discussions during this conference call will include forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements. The factors that could cause actual results to differ are discussed in Pfizer's 2008 annual report on Form 10-K and in our reports on Form 10-Q and Form 8-K.

Also, the discussions during this conference call will include certain financial measures that were not prepared in accordance with the generally accepted accounting principles. Reconciliation of those non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in Pfizer's current report on Form 8-K dated today, October 20, 2009. These reports are available on our website, Pfizer.com, in the Investor's SEC Filing section.

I would also advise that Wyeth's third-quarter earnings release and conference call scheduled for October 22 will not occur.

With that, I will now turn the call over to Jeff Kindler, who will speak to the just completed Wyeth acquisition and then move to the third-quarter results.

Jeff Kindler - Pfizer - Chairman, CEO

Thanks, Chuck, good morning everyone and thanks for joining us today. As you know, we completed the acquisition of Wyeth last Thursday. This transformational step was made possible by, and builds upon, the changes we have been making at Pfizer over the last three years. As one combined company we have with the people, the products, the capabilities and the organization to accelerate every single one of the strategies that Pfizer has been advancing since soon after this management team came into place.

Pfizer is now a significantly more diversified company, with an expanded in-line portfolio offering treatments and preventive medicines for every stage of life. The combined company also has a robust pipeline of biopharmaceutical projects, including significant late-stage opportunities in Alzheimer's disease, oncology, pain, inflammation, and other important therapeutic areas.

We have an enhanced ability to innovate with more top scientists to even greater scientific and manufacturing capabilities. And with a global network of clinical development centers that is second to none.

Our operations in animal health, consumer healthcare, nutrition and Capsugel served to diversify Pfizer like never before. Now we move forward with integrating these two companies, a process that began immediately on the day after we completed the legal closing last Thursday. We were able to get started so fast, of course, because we began intensive integration planning soon after announcing the deal earlier this year, starting with the formation of the new leadership team.

Back in April we announced the new company's executive leaders. Since then we have been combining our Pfizer and Wyeth teams, and we now have terrific leaders in place from both companies at all levels of the new organization.

We have added two new members to our executive leadership team from Wyeth. Three of our business unit leaders are from Wyeth. And so is their Chief Information Officer, our head of Regulatory Strategy, and several of our Chief Scientific Officers. In all, 112 Wyeth senior executives have accepted offers to join Pfizer so far. Of these, 14 are joining as country managers or country business unit leaders. And 12 have agreed to join our research and development organization, a number that we expect to increase.

It has been especially gratifying to watch the close working relationships develop among these Wyeth and Pfizer leaders over the last several months. Their work together has enabled our integration planning to move quickly, just as the implementation



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of those plans is now also moving very quickly. In fact, we completed the integration planning and closed the transaction eight months and 21 days after announcing it. This is remarkably fast, given the scale and complexity of two major science companies operating in diverse markets around the world.

And as I said, the speed is continuing. For example, we held our first global town hall meeting with employees on day one at 2 AM in New York on Friday morning, just 14 hours after announcing the legal closing. And we did it at that hour so that we could reach our colleagues in Asia during their work day. Our leadership teams below the executive level are now in place across most of the company. And every employee in the company knows their reporting relationships.

The day after we closed last week we announced the sites from which our major operating teams will be led. This week we are communicating the changes in our US field force that will result from the acquisition, changes that will be fully implemented by the end of this year.

I want to emphasize, of course, that this is only the first round of decisions about our sites and staffing. We are now finalizing plans for our other sites. We intend to announce decisions about R&D sites in the next 30 to 60 days, and about manufacturing sites three to six months from now.

All of our plans have been carefully crafted to preserve the company's productivity, and most importantly, our ability to meet our commitments to investors and other stakeholders. For R&D that means delivering the late-stage pipeline. For sales and marketing that means meeting the needs of patients and other customers. And for manufacturing that means assuring a reliable supply of high quality medicines.

Of course, as we have said, our plans do include reductions in our staffing levels. In that regard we will move quickly, act fairly, communicate openly and retain critical experience and talent. We will provide you with more information regarding these decisions as appropriate, and as always, we will consult employee representatives as local laws and regulations require.

These are exciting times at Pfizer. We have a lot of work ahead, but we are also privileged to have an abundance of talent and assets, and we are only just getting started. Where we are today is a tribute to the hard work of many, many colleagues across Pfizer and Wyeth, who put in long hours throughout the 8.5 months to be to make this transaction succeed. And I would like to extend my personal thanks to every one of them for their hard work.

I believe this achievement and the continued solid performance of our business demonstrate that the changes we have put in place at Pfizer over the last three years are the right ones. In particular, our business units continue to show an increased focus on targeted strategies aimed at meeting the unique needs of specific customer groups around the world.

In each of those business units, and across all of Pfizer, there is today much greater accountability, which is driving faster decision-making, improved productivity, more efficient and effective use of our owners' capital, and better opportunities to create shareholder value.

In short, the changes we have been making are producing results. We saw that in our operating performance for the third quarter. This quarter our colleagues were continuing to build our foundation for the future. They were planning the Wyeth acquisition and integration. And they were facing a challenging, competitive economic and operating environment. And yet, in the face of all that they delivered a solid quarter.

On a constant currency basis each of our pharmaceutical units, as well as our Animal Health business, grew revenues this quarter compared to a year ago, except for Primary Care, which was flat, and Established Products, which was down in the face of LOEs as expected.

As we have said before, the strategy of our Established Products unit is to recapture value for LOE products, and ultimately to stabilize and then grow revenue for this business. Less than two years after its creation, this unit is meeting our expectations



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by reducing the erosion in the base business, and progressing a portfolio that is designed to provide the foundation for future growth.

Let me note a few other highlights from the quarter. Global revenues for two of our most important products grew operationally this quarter. Lyrica posted 35% operational growth outside the United States, while Sutent grew by 21% operationally outside the US. Overall, revenues outside the United States grew 5% operationally, while US declined 2% compared to a year ago. And revenue from our many alliances with other companies grew 21% worldwide.

On the expense front we continued to make good progress in managing our costs. We reduced our adjusted total cost by 5% compared to the year ago quarter. 3% of this was due to operational improvements. During the fourth quarter we expect investments in high-growth opportunities to offset a portion of the 2009 cost reductions. These include increased investments in Established Products, in Emerging Markets, particularly in China, and in our late-stage development and product portfolios. All told, this quarter's results show that Pfizer is on the right track.

So let me sum up. Over the past three years we have made the tough decisions necessary to effect the changes that were needed to position the company for the dynamic business environment of the present and of the future. And now we have completed the transformational acquisition of Wyeth, which significantly strengthens our people, our pipeline, our assets, and our capabilities, and as a result, our ability to seize the powerful opportunities ahead of us. I have never felt better about Pfizer's future.

With that, I will turn it over to Frank D'Amelio.

Frank D'Amelio - Pfizer - CFO

Thanks, Jeff. Good morning everyone. The charts I am reviewing today are included in our webcast and will help facilitate the discussion of our third-quarter 2009 results. Now let me get to our financials. And it is important to note that actual results reflect Pfizer's stand-alone third-quarter and year-to-date financial results.

Reported revenues for the third quarter of 2009 were \$11.6 billion, a decrease of 3% year-over-year. This was driven by foreign exchange, which had an unfavorable impact on reported revenues of approximately \$610 million or 5%, which was partially offset by the non-recurrence of the \$217 million charge, or 2%, resulting from a one-time adjustment in the year ago quarter for prior-year's year's liabilities and product returns.

Net of these items, reported revenues were essentially flat. Third-quarter 2009 reported net income of \$2.9 billion and reported diluted EPS of \$0.43 both increased 26% compared with the year ago quarter. These increases were driven by the favorable impact of the non-recurrence of the after-tax charge of \$640 million recorded in the year-ago quarter, resulting from the agreements to resolve certain litigation involving our NSAID pain medicines, and lower costs associated with, and savings generated from, our cost reduction initiatives.

These factors were partially offset by lower revenues due to the negative impact of foreign exchange, the increase in the effective tax rate on reported results to approximately 28% from 17% in the year-ago quarter due to the increased tax costs associated with certain business decisions executed to finance the Wyeth acquisition, and higher net interest expense due to the issuance of notes to partially finance the Wyeth acquisition.

Adjusted income of \$3.5 billion and adjusted diluted EPS of \$0.51 decreased year-over-year by 17% and 18%, respectively. These results reflect the unfavorable impact of lower revenues due to foreign exchange. The increase in the effective tax rate on adjusted income to 32% from 22% in the year ago quarter. Which partially offset by savings from cost reduction initiatives. Adjusted revenues of \$11.6 billion which exclude minimal amount of transition services from sale of consumer healthcare business declined 5% year over year. Adjusted cost of sales as percentage of revenue was 15.4% versus 14.5% in a prior year quarter. Primarily driven by negative impact of foreign exchange, which is partially offset by savings from cost reduction



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initiatives. Excluding foreign exchange, adjusted cost of sales as percentage of revenues was 14.3% in the third quarter 2009. Adjusted SI&A expenses decreased 6% or \$204 million Year over Year and Adjusted R&D expenses decreased 8% or \$150 million Year over Year. These decreases reflect savings from ongoing cost reduction initiatives and favorable impact of foreign exchange, which decreased SI&A and R&D expenses Year over Year by approximately \$126 million and \$36 million respectively. On an adjusted results basis, foreign exchange decreased third quarter revenues by approximately \$606 million or 5% Year over Year. In the year ago quarter, foreign exchange increased revenues by approximately \$620 million or 5% versus third quarter of 2007. Cost reduction initiatives as well as foreign exchange continued to favorably impact our overall adjusted total cost this quarter. Excluding the impact of foreign exchange, adjusted total cost decreased operationally by \$209 million, or 3%, year-over-year. However, while foreign exchange continued to lower SI&A and R&D expenses, it decreased revenues this quarter by 5% and decreased adjusted diluted EPS by \$0.05.

Now let's move to the results of our businesses. As you can see from the chart, our Pharmaceutical businesses and Animal Health continued to perform well, with Specialty Care, Oncology, Emerging Markets and Animal Health achieving operational revenue growth. In total business revenues increased 2%, excluding the impact of foreign exchange and the prior year's returns adjustment.

During the third quarter we continued to make progress on our ongoing cost reduction initiatives, achieving approximately \$210 million in net cost reductions versus the year-ago quarter on a constant currency basis. For the nine months of 2009 we realized a decrease of about \$950 million in adjusted total cost versus 2008 at constant currency.

During the first quarter we expect to make investments in business opportunities in Emerging Markets and Established Products and in support of our late-stage development in the product portfolios, among other things, which will offset a portion of these savings.

We remain on track to achieve our \$2 billion net cost reduction target on a constant currency basis by 2011, which is in addition to approximately \$4 billion in deal synergies related to the acquisition of Wyeth that we expect to realize by 2012.

These cost reduction initiatives continue to span essentially all divisions, functions, markets and sites across Pfizer. Broad categories of activity include manufacturing and research site exits, targeted workforce reductions and outsourcing.

We continue to have several opportunities for outsourcing, which include manufacturing, logistics, finance, facilities, legal and IT that are in various stages of implementation.

We are also continuing to size our workforce level with current market dynamics with the Pfizer standalone workforce level of 75,400 at quarter end. This represents a net decrease of about 6,500 compared with year-end 2008. Since the beginning of 2008 our total workforce decreased by approximately 11,200.

Now moving on to 2009 financial guidance. We have updated our '09 guidance to reflect the completion of the acquisition of Wyeth. We currently expect the '09 reported revenues for the combined company to be \$49 billion to \$50 billion. It is important to note that this guidance includes Wyeth's US revenues for the period of October 16 to December 31, 2009, and Wyeth's international revenues for the period of October 16 through November 30, 2009. And also takes into account the reduction of Animal Health revenues due to the divestitures to satisfy regulatory requirements, inventory, policy alignment and some other factors.

We also expect 2009 reported diluted EPS for the combined company of \$1.45 to \$1.50. Given the timing of the close, this guidance does not include an estimate for restructuring and integration charges. And we expect adjusted diluted EPS of \$2 to \$2.05. And adjusted diluted EPS guidance is based on estimated full-year weighted average shares outstanding of approximately 7 billion shares. We plan on providing full year 2010 guidance on our January earnings call.

So to summarize the key takeaways. We continue to deliver solid operational results, despite the challenging macroeconomic and operating environment. Revenues increased 2% year-over-year, excluding foreign exchange and the prior-year product



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returns adjustment. Reduced our costs by approximately \$210 million this quarter and \$950 million year-to-date on a constant currency basis due to operationally-related cost improvements. We expect to continue to invest in high-growth opportunities, which we expect to offset a portion of the 2009 cost reductions.

We have updated our '09 guidance to reflect the completion of the acquisition of Wyeth. And as Jeff previously mentioned, we are quickly implementing our Wyeth integration plans, which we have developed over the past several months.

Some of the integration progress we made to date includes determining our organizational structure and aligning our businesses and functions, announcing our commercial and R&D leadership teams, which included leaders from both Wyeth and Pfizer. This allowed us to quickly put in place the teams supporting our business units and corporate functions. And in addition we have quickly made and communicated decisions about the locations of the headquarters of our businesses. As a result, the combined company was operational on day one.

Going forward we expect to make decisions about our R&D network in the next 30 to 60 days and decisions about our manufacturing plant network strategy in the next three to six months. With that, I will turn it over to Chuck.

Chuck Triano - Pfizer - SVP IR

Thanks, Frank. And, operator, at this point if we could please poll for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). David Reisinger, Morgan Stanley.

David Reisinger - Morgan Stanley - Analyst

I guess I have two questions. The first is for Jeff and the second is for Frank, and both of these are kind of high level. Jeff, can you please frame your vision for what you think the investment community will come to better appreciate about Pfizer over the next year? And, Frank, can you discuss cash repatriation requirements in the near term? Thank you.

Jeff Kindler - Pfizer - Chairman, CEO

I think that the real power of the changes that we have made over the last two years that is already starting to reflect itself in our results and will continue to do so is the benefit of our business unit structure. And I would just highlight two particular aspects of that.

First of all, by having leaders of these business units that are really keenly focused on their particular marketplaces and their particular customer needs, we are ensuring that we are identifying the opportunities for both growth and the appropriate cost structure for those businesses. We are allocating capital to those businesses based on the risks and returns that are appropriate to them, which vary depending upon the businesses. And we are really encouraging them to see opportunities for growth, as well as structuring their costs accordingly. I think you're going to find, and we already are seeing, that is creating a lot of opportunities that would have gotten lost in the larger company under the earlier structure.

Secondly, by having those business unit leaders have developed responsibility for late-stage development in close collaboration with research, but nevertheless, they are the ones that ultimately make the decision whether to make those very expensive



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decisions in late-stage development, I think there will be a greater discipline and customer focus and commercial evaluation of those decisions that I think will improve our R&D productivity when it comes to the real intense investment decisions that are made.

So I think the visibility that we have given to these business units, now we are and nine of them, thanks to the diversification that Wyeth has presented, we are going to see, and I hope the investors will continue to see, the benefit of being in nine different businesses. They are in different cycles. They are in different markets, different opportunities. I think that really will be of tremendous benefit to the shareholders going forward. And I think we are already seeing the benefit of that and we will continue to see it over the next couple of years.

Frank D'Amelio - Pfizer - CFO

Then relative to the second question on cash repatriation, I think the best way to answer that is just in terms of the tax rate, and because we will continue to have repatriation needs. Earlier in the year we gave guidance for 2009 that said that the adjusted tax rate would be approximately 30%. It is still approximately 30%. I think going forward, at least for the near term, we should expect that rates to remain at approximately 30%. So that factors in and incorporates our repatriation needs.

Operator

Chris Schott, JPMorgan.

Chris Schott - JPMorgan - Analyst

A couple of questions on Emerging Markets. First, can you just help us quantify a little bit what growth rates Pfizer is anticipating for its Emerging Market segment the next few years? I know you cited Emerging Markets as one of the core components where you kind of differ a little bit from where maybe Street consensus 2012 sales are. You talked about potential share gains in these markets. Is the growth you are expecting for Pfizer something meaningfully higher than the 9% organic growth we have seen these past two quarters?

And then second, margin contribution from these emerging market businesses, how should we think about that relative to Pfizer's overall operating margins?

And maybe just a very quick final question. Animal Health, can you just quantify the annual sales from the products that were divested from the last transaction?

Jeff Kindler - Pfizer - Chairman, CEO

Let's do this in three pieces. I am going to ask Ian to talk about Emerging Markets relative to the overall market growth. Then I will ask Frank to talk about margins for these business units in general and then on the Animal Health divestitures.

Ian Read - Pfizer - Group President, Pfizer BioPharmaceutical Businesses

We are growing in the Emerging Markets overall about 9% in the BRICK countries. Plus, I think Mexico and Korea or Turkey, we are growing at closer to 12%. The overall Emerging Market is growing at about 13%, and this is despite the economic turbulence we have had.

So overall I would expect Emerging Markets to at least continue to grow as a marketplace in their 13% to 15%. And our aim is to accelerate our growth, although to be truthful, 12% is pretty robust in those BRICK countries.



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Frank D'Amelio - Pfizer - CFO

Then in terms of the second and third questions. On margins for Emerging Markets I think the way to think about that is clearly the gross margins there are somewhat lower than, I will call it, our traditional pharma business, whether it be Primary Care or the other places there.

But remember what we have said, it also has lower expenses, so that all-in our operating margins should still continue to be in the high 30s to low 40s, and that is no change from what we have said previously.

On Animal Health divestments, I had ballparked this earlier in the year, I will call it, at approximately 10% of what the overall sales of the combined business was. My guess is we will come in at or slightly higher than that, but in that rate. So not a whole lot of variability from that roughly 10%. My guess is it could be a little bit higher than that, but we will be in the zone.

Operator

Tim Anderson, Sanford Bernstein.

Tim Anderson - Sanford Bernstein - Analyst

A couple of questions. The first about long-term R&D spending for the combined entity. One of your European competitors, Sanofi, has talked about reducing R&D spend by about 20% in 2011 compared to 2008. And they're able to do that in the absence of a merger. I am wondering if there is any reason why Pfizer, with a merger in hand, wouldn't be able to achieve R&D spending reductions that are at least as big as this.

Second question is what Pfizer's long-term goal is as it relates to the structure of the Company. Is the goal for Pfizer to get bigger over time, and as such, Pfizer will be an even bigger consolidator of companies over the years, or alternatively could Pfizer go in a very different direction and actually be split up into separate companies that are really distinct publicly traded entities? My understanding is that internally, at least, you have considered this latter option, and I'm just wondering if that is still something that is ever being looked at.

Jeff Kindler - Pfizer - Chairman, CEO

I will comment and then others can add anything. First of all, with regard to R&D we have said that the combined R&D spend of the two companies will be less than the 2008 spent by each company separately added together. Beyond that, we will provide further guidance on that subject in January.

As far as this notion of getting bigger, first of all, we just took on a fairly significant increase to our size, and what we're focused on right now is integrating that. But I have said from the beginning that our approach here is to combine the power of scale with the spirit of small. We are not interested in size just for the sake of size. In fact, a lot of what we are doing, both in the research organization and in the BUs, is actually creating smaller organizational unit where small is powerful.

There are benefits to scale. There are benefits to scale in late-stage clinical development, for example. There are benefits to scale in certain parts of the world where an important part of going to market is a large footprint. I think that is of benefit to us, for example, in Emerging Markets. But there are also parts of the business where scale is a major impediment to us. I think that is the case in research, and that is the case in some of these business units where we want to really instill an entrepreneurial agile spirit.



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So we are trying to strike that balance between the two, and I think we are making tremendous progress. I think a lot of what some of these business units have done, and you should feel free to talk to the business unit leaders yourself when you have that opportunity, I think they will tell you that a lot of what they have achieved over the last year or two they have been able to achieve precisely because they are being given that autonomy to act in that way. So that is our objective.

Now in terms of the ultimate thinking about the portfolio, which I think is kind of -- lies behind your question, we like the portfolio of assets and companies that we have. We think each of them has the opportunity to contribute shareholder value. We think that each of them benefits from being part of Pfizer. And we see, in fact, the more we get into it, the more time we spend on it, we think they not only benefit from being part of Pfizer, they benefit from each other.

We have already had some preliminary conversations about where they can work together to create value. So we are on that course. But having said that we, as keepers of our owner's capital, always have the obligation to look at whether the mix of assets and portfolios that we have needs to be reviewed to determine whether certain assets should be reconsidered in terms of their place in our organization, what the best way of maximizing shareholder value is.

But we are going into this right now with a great deal of enthusiasm and excitement about the nine businesses that we have. So can we have the next question?

Operator

Catherine Arnold, Credit Suisse.

Catherine Arnold - Credit Suisse - Analyst

First of all, congratulations on the closure of your Wyeth transaction. I think it is fair to say that next year you will have more product news from your pipeline than you have had for quite some time. I wondered in that vein if you could just give us a little bit of insight on three projects. One, I wanted to know what the earliest might be that we will see the Prevnar 13 data in adults, because I think that the timing for the submission of that was early 2010?

Secondly, if you know any more on the IGF program, if you could give us an update there? And then when might we start seeing a Phase 3 program for Tanezumab report out next year?

Jeff Kindler - Pfizer - Chairman, CEO

Okay. I'm going to ask Martin, if you could take those three questions. So Prevnar in adults, IGF and Phase III on Tanezumab.

Martin Mackay - Pfizer - President of PharmaTherapeutics R&D

Certainly, Catherine. Thanks for your question. We will be looking for Prevnar adult in the 2010 type of timeframe. In terms of Figitumumab, which is our IGF-1R antibody that you asked, as you know, we have as a result of a recommendation from an independent data safety monitoring committee, we have halted one of the studies -- suspended one of the studies. And we are really looking at those data now. Rather than speculate on how that goes, we will look at that over the next few days actually to see what transpires there.

And your third question was on Tanezumab. Again, we are looking -- we will see data towards the end of next year and looking for more in the 2011 timeframe.



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Along with many of our products, as you rightly say now, the timeframe over the next one to three years is going to be incredibly exciting, with both the Pfizer current cadre in Phase 3 and the Wyeth compounds coming in. It is going to be a very active time for submissions for us.

Operator

Seamus Fernandez, Leerink Swann.

Seamus Fernandez - *Leerink Swann - Analyst*

So just a couple of quick questions -- one is just housekeeping. Can you tell us whether or not we will see the Wyeth -- and when we would see the Wyeth numbers for the third quarter of this year? And is this in Pfizer's hands at this point to make that decision?

The second question is actually just on partnering and acquisition activity. You were somewhat restricted by the deal itself and the timing of the close to only \$750 million. As we move forward should we expect the partnering and acquisition activity to pick up? And is that an area where Pfizer is particularly excited?

Then just the last question. In terms of the timing of some other partnered products, in particular, Dimebon in Alzheimer's disease, and also the Dupuytren's contracture drug from Auxilium, can you just update us on the timing of potential international filing for the Auxilium product and when you would expect to see the first Phase 3 data for Dimebon?

Jeff Kindler - *Pfizer - Chairman, CEO*

I will let Frank take the first two questions and Martin take the Dimebon Auxilium question.

Frank D'Amelio - *Pfizer - CFO*

So let me answer your second question first on partnering and acquisition activity. I think first and foremost what is important is we just deployed \$68 billion of capital on the Wyeth acquisition. The most important thing we can do is obviously get that integrated as quickly, as efficiently, as effectively as possible and start to generate returns on that capital. So I think first and foremost we want to get that done.

But then in addition -- and it is an and -- and in addition to that we clearly will have, and will continue to do, additional business development. We don't view business development as a strategy in and of itself. We view business development as an enabler of the strategies that we have talked about, and so we continue to see it that way. And where it makes sense we will continue to do business development.

If you look in 2009, since we announced Wyeth, we have done some business development. The joint venture, the HIV joint venture with GSK. We had the partnership with Bausch & Lomb. All licensing agreements with Aurobindo. So we have done some business development, and we will continue to do business development.

On Wyeth's Q3 results, we are not planning on issuing Q3 results for Wyeth. You know, the deal closed on October 15, so obviously we will begin reflecting Wyeth result in the new company's results beginning on October 16, and therefore that will be incorporated into our Q4 results for the new company.



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Jeff Kindler - Pfizer - Chairman, CEO

Martin, on Dimebon and Auxilium?

Martin Mackay - Pfizer - President of PharmaTherapeutics R&D

Just briefly in terms of Dimebon, we are looking to second quarter next year to see a readout of our Phase 3 data. And Xiaflex for Dupuytren's contracture also early next year for the international piece.

Operator

Jami Rubin, Goldman Sachs.

Jami Rubin - Goldman Sachs - Analyst

Just a couple of questions. Jeff, if we can go back to the issue of scale. And if you can help us to understand the strategic importance of your non-pharma assets, I appreciate you get this question every time, but when you look at the combined company the new Pfizer's non-pharma assets represent about 15% of sales. That doesn't include vaccines and biologics, but consumer, nutritional and Animal Health. If you compare that to J&J, Abbott or Novartis, those companies which have obviously successfully diversified, have non-pharma assets that are well north of 40% to 50%. Maybe not Novartis yet, but on its way.

So my question is, is it your plan to build scale of these businesses through acquisitions, just given that your rankings in some of these businesses are relatively low, or are these businesses being set up for divestitures?

And then my second question -- and I am sorry, Frank, for you -- just in thinking about the numbers for the fourth quarter and next year, just to be clear, your third quarter number that you reported adjusted is it -- am I correct in assuming that this number did not include net interest expense from Wyeth, and that the net interest expense from Wyeth will be included in the fourth quarter?

Frank D'Amelio - Pfizer - CFO

So on the second question the answer is yes. It was not included preclose because we hadn't acquired the assets yet. Now that we have acquired those assets that will be included in adjusted on a going forward basis. But the short answer is yes.

Jeff Kindler - Pfizer - Chairman, CEO

This is a really interesting question and a good conversation to have. First of all let me say, obviously we are not in a position, for all the reasons you pointed out, to have the relative weighting toward the non-pharma business that some other companies do.

However, I think it is also important to think of the rankings of these companies in a different way. For example, our Animal Health business is going to be, and is, one of the top Animal Health companies. Independent of its weighting within Pfizer, it is an extremely important Animal Health business.

These businesses also have the opportunity -- we have already seen that in the past and I think we are going to see it more in the future -- they have the opportunity to create interdependent value for want of a better -- I'll probably have to come up with a better phrase than that -- relationships with the other businesses. The opportunity, for example, to market a full range of



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products in places like China that includes nutrition, vaccines, consumer products and the rest creates a footprint in a marketplace like that that I think gives us terrific benefits.

Now it is early days, and I am not today putting forth the specifics around that, but I think those are benefits to the company as a whole that we need to explore and give these businesses the opportunity to grow.

So I think there is lots of benefits to having those inside of the company. So the short answer is, no, we are not setting them up to be sold; we are setting them up to grow. We are giving the businesses the opportunity to do that. Having said that, like every other business in this company, they will compete for capital based on appropriate hurdle rates based on the risks and returns that they present.

And the combination of all of these businesses together I think will give the overall company a unique platform. But it is ultimately incumbent upon us and the leadership to allocate capital appropriately among them, and to encourage them to grow appropriately.

Then as I said earlier in response to Tim, it is our responsibility as stewards of our owners' capital to make portfolio judgments as we go forward. But going into this we are excited about all these businesses, not just as individual businesses, but also for the opportunities they may create among each other. Next question please.

Operator

Eric Lo, Banc of America.

Eric Lo - Banc of America - Analyst

With regards to the dividend -- I know you guys have a December Board meeting to discuss the dividend -- but going forward will the dividend increases continue to be an annual occurrence, or may we expect to see it occur more than once a year?

And second question is with regards to the Animal Health business, the business has been improving overall, but what is your long-term growth outlook for that business?

And the last question I have is with regard to IMS recently raised their overall outlook for US and global drug sales for the next five years. Do you agree with this outlook? And more specifically for Pfizer, what type of impact or benefit are you expecting from the economy over the next three to four quarters?

Jeff Kindler - Pfizer - Chairman, CEO

Regarding the dividend, our historical practice has been to review it once a year. With regard to Animal Health and IMS, let me ask Ian to address that.

Ian Read - Pfizer - Group President, Pfizer BioPharmaceutical Businesses

So Animal Health we see it as a growth business. With the products we have acquired from Wyeth we have a great platform, both in livestock and companion animal and in vaccines. And frankly we will be a large company in that segment and expect to grow it.

Vis-a-vis IMS' revised forecast, I really think it is too early to tell. This is the third revision of the forecast by IMS, and they have basically taken it back to the forecast pre economic turbulence. I think it is far too soon to make that call. In Europe, where we



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have one payer systems, they are setting their budget for next year. They tend to react slower than perhaps the US in the healthcare arena. Not clear as to how they will set their budgets for healthcare next year and the impact on us.

In the US I remain concerned by the unemployment. The unemployment takes people out of insurance. It puts them into the cash market. And we've certainly seen on genericized segments where the managed care has the tools and more so in this economic environment to make shifts towards generic usage. So a long answer to say I think there is a lot too early to call the final consequences of the economic downturn on the pharmaceutical market.

Operator

[Parura Perez], UBS.

Parura Perez - UBS - Analyst

Just a couple for you. Firstly, given some of the recent hiccups or setbacks you have had on the oncology pipeline, can you talk about your outlook for the oncology business unit for next couple of years?

And then, Frank, can you provide a rough estimate of the EPS contribution from the (inaudible) business for the fourth quarter of this year. I am sorry, if I missed out, if you addressed it already.

Jeff Kindler - Pfizer - Chairman, CEO

I will make a comment about oncology, but I might also ask Ian and Martin to weigh in on this. Oncology is a very tough field. And we are doing a tremendous number of experiments with Sutent, as well as other products. So, yes, we have had some setbacks. We have also had some successes.

And we are very optimistic about our portfolio. We think we have a very strong pipeline. And it is in the nature of this field, we are going to have some failures and some successes. But I'm very optimistic, because I believe we not only have a strong pipeline, I believe we have established a really world-class business.

And this is an example of something I was referring to earlier. The leadership that we have with Garry Nicholson and Mace Rothenberg, as well as on the research side, Neil Gibson and Bob Abrams, who joined us from Wyeth. I think these are world-class people. Both the pipelines from the two companies, as well as our alliances with outside organizations, academia and otherwise, I think will serve us very well to create a very strong oncology business. You want to add anything to this?

Ian Read - Pfizer - Group President, Pfizer BioPharmaceutical Businesses

I will add something and Martin perhaps wants to as well. We have, to just echo Jeff, we have gone out of our way to build a very strong oncology organization. It is a global BU. It is led by Garry Nicholson, who has long experience in this. We have Mace Rothenberg and lots of other really critical people.

21 products -- 22 products between biologics and small molecules in development. Several first-in-class. We have a large commitment to this area and intend to be successful in that. That being said, there are ups and downs. It's a high-risk, high-reward area to work in. And in Sutent we have had a couple of setbacks, but we still have six Phase 3 trials in Sutent still to report out.

You know we had some very good news on the ALK/CMET inhibitor. And I intend to be -- I continue to be very encouraged by the strength of our portfolio and the strength of our organization.



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Martin Mackay - Pfizer - President of PharmaTherapeutics R&D

I completely concur with Jeff and Ian on this one. Having watched this portfolio grow from the late '90s, it has never been healthier. And for sure some results and clinical trials go against you; that is the nature of the business. But I look overall and see the strength of Garry Nicholson leading this business, the pipeline that we have, and some of the innovative trials we are running. Ian mentioned the cMET/ALK trial, which I think will transform the way it that we treat patients in this particular condition. We have never been in a better position in oncology.

Frank D'Amelio - Pfizer - CFO

And that was the Q4. He just wanted to know about Q4. Yes, so on the Q4, I think the way to think about it is, we increased our EPS guidance for the year to \$2 to \$2.05. Really two factors in that. One was stand-alone Pfizer contributed towards that increase, as did Wyeth. But I want to balance the Wyeth piece with -- remember what I said in my compared remarks, which was it was based on 7 billion shares, because you do a weighted average calculation for the year. Come January 1 of 2010, that number will increase to 8 billion shares.

Operator

Scott Braunstein, JPMorgan.

Scott Braunstein - JPMorgan - Analyst

I respect that you guys just closed the Wyeth deal, but last I checked this is still about selling products, so how about you guys give us the revenue over the next few days -- think about giving us the revenue for the Wyeth product? That would be very helpful. Thanks.

Frank D'Amelio - Pfizer - CFO

So we will be providing starting with Q4, and effective October 16, all the level of detail that we currently provide today. So if you look at our earnings release we have tables attached to that, and there is a couple of specific schedules that go into detail with the Wyeth products. We will incorporate the Wyeth products into those schedules on a going forward basis, and provide not only the total product sales, but US split, the international split for the quarter, year-to-date, just like we do today. So we fully plan on providing that level of detail.

Operator

Tony Butler, Barclays Capital.

Tony Butler - Barclays Capital - Analyst

Martin, a question for you. As you have traveled the globe visiting a number of R&D sites, I am curious if you have done so with Dr. Dohlsten, your new partner. And more importantly, as you all are making recommendations on site closures, how are the two of you sitting down to collaborate on who are the best people to keep? And how do you incentivize those individuals were they to actually work at a site which is being shut down to perhaps move to another site? Because as you know, I am very big on the critical nature of the people and how I think that the best R&D people should remain. Because, like Scott said, it really is about the future products. Thanks.



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Martin Mackay - Pfizer - President of PharmaTherapeutics R&D

Thank you very much, Tony. And you know you and I are completely at one on this. We can talk about organization charts and structures and processes and government, what it comes down to at the end of the day is great people in our organization.

Jeff alluded to this in his opening. The fact that we were really able to hit the ground running in January when we announced the deal, and then naming people and really outstanding talent such as Michael Dohlsten, Emilio Emini, Manny Pangalos, has allowed us over this last period to work diligently on the people side of things, as well as on the portfolio and the site part.

You asked the question about traveling to sites. Michael and I have been to many sites together, including as recently as yesterday we gave a global webcast from Collegeville. We are acutely aware that the people will make the difference in running projects and areas, and we have both been particularly impressed with the talent on both sides of the company so far.

Frank mentioned that within 30 to 60 days we will make announcements. That will include people, that will include sites. It will include portfolio. And again having been through this on a number of occasions now, we have never moved at such speed and such diligently -- with such diligence over that period. I am very confident that what Michael and I are building is completely fit for purpose, and that you're going to see a number of really high-impact medicines coming out of this portfolio over the next few years.

Chuck Triano - Pfizer - SVP IR

Okay, with that I would thank everybody for joining us today. Have a good day.

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