

PFIZER INC
Form 10-Q
November 12, 2010
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended October 3, 2010

OR

TRANSITION REPORT PURSUANT TO SECTION 13
OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

COMMISSION FILE NUMBER 1-3619

PFIZER INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State of Incorporation)

13-5315170
(I.R.S. Employer Identification No.)

235 East 42nd Street, New York, New York 10017
(Address of principal executive offices) (zip code)
(212) 733-2323
(Registrant's telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (check one):

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Large Accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES NO

At November 8, 2010, 8,009,951,287 shares of the issuer's voting common stock were outstanding.

FORM 10-Q

For the Quarter Ended
October 3, 2010

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

PFIZER INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(millions, except per common share data)	Three Months Ended		Nine Months Ended	
	Oct. 3, 2010	Sept. 27, 2009	Oct. 3, 2010	Sept. 27, 2009
Revenues	\$ 16,171	\$ 11,621	\$ 50,248	\$ 33,472
Costs and expenses:				
Cost of sales(a)	3,896	1,789	11,997	4,953
Selling, informational and administrative expenses(a)	4,633	3,282	13,876	9,508
Research and development expenses(a)	2,194	1,632	6,607	5,032
Amortization of intangible assets	1,156	594	3,972	1,755
Acquisition-related in-process research and development charges	—	—	74	20
Restructuring charges and certain acquisition-related costs	499	193	2,091	1,206
Other deductions—net	2,353	160	3,038	175
Income from continuing operations before provision for taxes on income	1,440	3,971	8,593	10,823
Provision for taxes on income	564	1,092	3,198	2,952
Income from continuing operations	876	2,879	5,395	7,871
Discontinued operations—net of tax	(5)	2	(4)	6
Net income before allocation to noncontrolling interests	871	2,881	5,391	7,877
Less: Net income attributable to noncontrolling interests	5	3	24	9
Net income attributable to Pfizer Inc.	\$ 866	\$ 2,878	\$ 5,367	\$ 7,868
Earnings per share—basic:				
Income from continuing operations attributable to Pfizer Inc. common shareholders	\$ 0.11	\$ 0.43	\$ 0.67	\$ 1.17
Discontinued operations—net of tax	—	—	—	—
Net income attributable to Pfizer Inc. common shareholders	\$ 0.11	\$ 0.43	\$ 0.67	\$ 1.17
Earnings per share—diluted:				
Income from continuing operations attributable to Pfizer Inc. common shareholders	\$ 0.11	\$ 0.43	\$ 0.66	\$ 1.16

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Discontinued operations—net of tax	—	—	—	—
Net income attributable to Pfizer Inc. common shareholders	\$0.11	\$0.43	\$0.66	\$1.16

Weighted-average shares used to calculate earnings per common share:

Basic	8,027	6,730	8,045	6,727
Diluted	8,057	6,762	8,079	6,758

Cash dividends paid per common share	\$0.18	\$0.16	\$0.54	\$0.64
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(a) Includes amortization of certain intangible assets, as disclosed in Note 10B. Goodwill and Other Intangible Assets:
Other Intangible Assets.

See accompanying Notes to Condensed Consolidated Financial Statements.

PFIZER INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(millions of dollars)	Oct. 3, 2010 (Unaudited)	Dec. 31, 2009
Assets		
Cash and cash equivalents	\$2,176	\$1,978
Short-term investments	20,288	23,991
Accounts receivable, less allowance for doubtful accounts	14,302	14,645
Short-term loans	774	1,195
Inventories	8,771	12,403
Current deferred tax assets and other current assets	7,284	6,962
Assets held for sale	494	496
Total current assets	54,089	61,670
Long-term investments and loans	10,344	13,122
Property, plant and equipment, less accumulated depreciation	19,450	22,780
Goodwill	43,787	42,376
Identifiable intangible assets, less accumulated amortization	58,627	68,015
Noncurrent deferred tax assets and other noncurrent assets	5,118	4,986
Total assets	\$191,415	\$212,949
Liabilities and Shareholders' Equity		
Short-term borrowings, including current portion of long-term debt	\$5,158	\$5,469
Accounts payable	3,206	4,370
Dividends payable	1	1,454
Income taxes payable	1,620	10,107
Accrued compensation and related items	1,853	2,242
Current deferred tax liabilities and other current liabilities	12,334	13,583
Total current liabilities	24,172	37,225
Long-term debt	39,010	43,193
Pension benefit obligations	5,196	6,392
Postretirement benefit obligations	3,258	3,243
Noncurrent deferred tax liabilities	16,940	17,839
Other taxes payable	8,578	9,000
Other noncurrent liabilities	6,193	5,611
Total liabilities	103,347	122,503
Preferred stock	54	61
Common stock	443	443
Additional paid-in capital	70,678	70,497
Employee benefit trusts	(8) (333
Treasury stock	(22,707) (21,632
Retained earnings	42,873	40,426
Accumulated other comprehensive (loss)/income	(3,698) 552
Total Pfizer Inc. shareholders' equity	87,635	90,014
Equity attributable to noncontrolling interests	433	432
Total shareholders' equity	88,068	90,446

Total liabilities and shareholders' equity	\$ 191,415	\$ 212,949
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See accompanying Notes to Condensed Consolidated Financial Statements.

PFIZER INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended	
(millions of dollars)	Oct. 3, 2010	Sept. 27, 2009