

## Standardization and Quality

Every day, the global financial community uses Capital IQ's Compustat data for the vital company, index and industry information that supports their financial models and proprietary company and industry analysis. From global finance giants to boutique hedge funds, institutional investment professionals count on Compustat for transparent, unbiased data. Our superior knowledge in data collection, standardization and presentation has allowed Compustat to provide top-quality data and industry-leading products for over 45 years, thus, allowing our clients to make their investment decisions with confidence.

### Data Collection and Standardization

Transparent data is the underlying factor for producing superior company and market analysis. Our research team rigorously examines original company sources by carefully extracting financial information, removing reporting biases and reconciling data discrepancies.

Our in-depth collection process includes:

- Aligning data in accordance with Financial Accounting Standards Board (FASB), Securities & Exchange Commission (SEC) and GAAP (including IFRS) guidelines and principles
- Using staff analysts with expertise in global accounting practices that ensure the quality of data integrated from third-party partners
- Extracting valuable information from the financial statement notes for added insight
- Completing comprehensive data reviews for logic, reasonability, acceptable value, data integration and trends, and performing over 17,000 system-based validity checks on annual and quarterly data sets

Companies often present their financial results in a variety of formats, making it difficult to construct parallel company comparisons on an "apples-to-apples" basis. After collecting data from a diverse set of sources, we standardize it by financial statement and by specific data item definition, preparing information so that it is comparable across companies, industries and time periods.

### Key Advantages

- Efficiently identify companies with similar characteristics, such as capital structure and operating performance
- Leverage and integrate minimally normalized, unbiased Global data sets that reflect the varieties of actual reporting practices used around the globe for accurate research
- Connect to the highest quality fundamental and market data ready to use in your proprietary system or incorporated into other Capital IQ solutions

**Example: Standardization review of Pfizer Inc's 2009 Income Statement per 10K filing.**

<b>As Reported per 10-K Filing</b>	
<b>PFIZER INC</b>	<b>Year Ended December 31, 2009</b> (In Millions of US\$)
Revenues	50,009
Cost and Expenses:	
Cost of Sales	8,888
Selling Information and administrative expenses	14,875
Research and Development expenses	7,845
Amortization of intangible assets	2,877
Acquisition-related in-process research and development charges	68
Restructuring charges and acquisition-related costs	4,337
Other (income)/deductions—net	(292)
Income from continuing operations before provision for taxes on income	10,827
Provision for taxes on income	2,197
Income from continuing operations	8,630
Discontinued operations—net of tax	14

Compustat extracts the information buried in the notes of the financial statements. The following demonstrates a few of the most common types of standardization that can occur for a company: footnoting companies for corporate actions like acquisitions, breaking out special items that may be reported in other data items usually from the source notes, and using source document notes to extract further detail like interest expense/income, etc.

<b>As Analyzed and Noted by Compustat</b>	
<b>PFIZER INC</b>	<b>Year Ended December 31, 2009</b> (In Millions of US\$)
Sales	49,934
Cost of Goods Sold	6,769
Gross Profit	43,165
Selling, General & Administrative Expense	22,413
Operating Income Before Depreciation	20,752
Depreciation, Depletion, and Amortization	4,757
Operating Profit	15,995
Interest Expense	1,267
Non-Operating Income/Expense	1,710
Special Items	(5611)
Pretax Income	10,827
Total Income Taxes	2,197
Minority Interest	9
Income Before Extraordinary Items & Discontinued Operations	8,621

This example is for illustration purposes only and should not be considered a recommendation or endorsement of the company whose data is illustrated.

*Reduced by an amount of depreciation which should be allocated to SGA.*

*"Depreciation and amortization" (per C/F).*

*"Interest expense" (per note 6).*

*Restructuring charges (-\$392 per pg 34) and acquisition-related costs (-\$3,945, which is derived from I/S Restructuring and Acquisition of -\$4,337 less -\$392 of restructuring, total reported on (I/S) + Acquisition-related in-process R&D charges (I/S) -\$68 + Implementation costs (-410 pg 34)/(-\$144 b/o from COGS, -\$182 b/o from SGA, -\$78 b/o from R&D, -\$6 b/o from non-op pg 34) + Certain legal matters (-294 pg 34)(b/o non-op) + Net interest expense Pending Wyeth acquisition (-589 pg 34)(b/o non-op) + Gain related to ViiV Healthcare Limited (482 pg 34) (b/o non-op) + Other significant items (Asset impairment charges -\$294 + Other Italy exit charges -\$20 = -\$314 pg 34) (+\$75 b/o from revenue, -64\$ b/o from COGS, +\$3 b/o from SGA, -\$328 b/o from non-op)—all amounts reported on 10K, MDA pg 34 and per NW Reconciliation of reported net income).*

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