

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 September 27, 2020

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 000-56114**

**UPJOHN INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**83-4364296**

(I.R.S. Employer Identification No.)

235 East 42<sup>nd</sup> Street, New York, New York 10017  
(Address of principal executive offices) (Zip Code)  
(212) 733-2323  
(Registrant's telephone number, including area code)

**Securities registered pursuant to Section 12(b) of the Act:**

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
None	N/A	N/A

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 every Interactive Data File required to be submitted 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 such files).

Yes  No

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Yes  No

As of November 10, 2020, there were 100 outstanding shares of the registrant's common stock, \$0.01 par value per share.

**The registrant meets the conditions set forth in General Instructions (H)(1)(a) and (b) of Form 10-Q and therefore is filing this form with the reduced disclosure format permitted by Form 10-Q.**

## TABLE OF CONTENTS

	Page
<a href="#"><u>EXPLANATORY NOTE</u></a>	3
<a href="#"><u>PART I. FINANCIAL INFORMATION</u></a>	
Item 1.	
Financial Statements	
<a href="#"><u>Condensed Consolidated Statements of Operations for the three-month and nine-month periods ended September 27, 2020, the three-month period ended September 29, 2019 and the period from February 14, 2019 (date of incorporation) to September 29, 2019</u></a>	4
<a href="#"><u>Condensed Consolidated Statements of Comprehensive Loss for the three-month and nine-month periods ended September 27, 2020, the three-month period ended September 29, 2019 and the period from February 14, 2019 (date of incorporation) to September 29, 2019</u></a>	5
<a href="#"><u>Condensed Consolidated Balance Sheets as of September 27, 2020 and December 31, 2019</u></a>	6
<a href="#"><u>Condensed Consolidated Statements of Equity for the three-month and nine-month periods ended September 27, 2020, the three-month period ended September 29, 2019 and the period from February 14, 2019 (date of incorporation) to September 29, 2019</u></a>	7
<a href="#"><u>Condensed Consolidated Statements of Cash Flows for the nine-month period ended September 27, 2020 and the period from February 14, 2019 (date of incorporation) to September 29, 2019</u></a>	8
<a href="#"><u>Notes to Condensed Consolidated Financial Statements</u></a>	9
<a href="#"><u>Report of Independent Registered Public Accounting Firm</u></a>	15
Item 2.	
<a href="#"><u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u></a>	16
Item 3.	
<a href="#"><u>Quantitative and Qualitative Disclosures About Market Risk</u></a>	18
Item 4.	
<a href="#"><u>Controls and Procedures</u></a>	18
<a href="#"><u>PART II. OTHER INFORMATION</u></a>	
Item 1.	
<a href="#"><u>Legal Proceedings</u></a>	18
Item 1A.	
<a href="#"><u>Risk Factors</u></a>	19
Item 2.	
<a href="#"><u>Unregistered Sales of Equity Securities and Use of Proceeds</u></a>	19
Item 3.	
<a href="#"><u>Defaults Upon Senior Securities</u></a>	20
Item 4.	
<a href="#"><u>Mine Safety Disclosures</u></a>	20
Item 5.	
<a href="#"><u>Other Information</u></a>	20
Item 6.	
<a href="#"><u>Exhibits</u></a>	20
<a href="#"><u>Signature</u></a>	21

## EXPLANATORY NOTE

On February 13, 2020, the United States Securities and Exchange Commission (the “SEC”) declared effective the Registration Statement on Form S-4, as amended (the “S-4 Registration Statement”) of Upjohn Inc. (the “Company” or “Upjohn”), to register shares of its common stock, par value \$0.01 per share, that will be issued and distributed in connection with the series of agreements entered into by Pfizer Inc. (“Pfizer”), Upjohn, Mylan N.V. (“Mylan”) and certain of their affiliates to combine Pfizer’s global, primarily off-patent branded and generic established medicines business (the “Upjohn Business”) with Mylan in an all-stock Reverse Morris Trust transaction (the “Transaction”), creating a new global pharmaceutical company. On June 30, 2020, the SEC declared effective the Registration Statement on Form 10, which includes an information statement (the “Form 10 Registration Statement” and, together with the S-4 Registration Statement, the “Registration Statements”), relating to the planned distribution by Pfizer, on a pro rata basis (based on the number of shares of Pfizer common stock held by holders of Pfizer common stock as of the record date), of all of the Company common stock held by Pfizer to Pfizer stockholders as of the record date. On August 6, 2020, the Company filed the final information statement, dated August 6, 2020 (the “Information Statement”), which is attached as Exhibit 99.1 to the Company’s Current Report on Form 8-K filed on August 6, 2020. In October 2020, Pfizer and Mylan announced that the U.S. Federal Trade Commission (the “FTC”) accepted a proposed consent order, which concluded the FTC’s review of the proposed combination of Mylan and the Upjohn Business, and that the parties have now obtained all required antitrust clearances for the proposed Transaction. Also, in October 2020, Pfizer announced that it had set the close of business on November 13, 2020 as the record date for the proposed spin-off and that the Transaction is expected to close on November 16, 2020, subject to customary closing conditions. A detailed description of the Upjohn Inc. capital stock and the Transaction is included in the Registration Statements. Upjohn was formed to effect the Transaction. Effective as of the closing of the Transaction, Upjohn will be renamed “Viatris” and will operate both Mylan and the Upjohn Business.

In this Quarterly Report on Form 10-Q for the quarterly period ended September 27, 2020, the Company is reporting its condensed consolidated balance sheet as of September 27, 2020, the related condensed consolidated statements of operations, comprehensive loss and equity for the three-month and nine-month periods ended September 27, 2020, the three-month period ended September 29, 2019, and the period from February 14, 2019 (date of incorporation) to September 29, 2019, the related condensed consolidated statements of cash flows for the nine-month period ended September 27, 2020 and the period from February 14, 2019 (date of incorporation) to September 29, 2019, and the related notes.

PART I. FINANCIAL INFORMATION

**Item 1. Financial Statements**

UPJOHN INC.  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(UNAUDITED)

(millions of dollars, except common share and per common share data)	Three Months Ended September 27, 2020	Three Months Ended September 29, 2019	Nine Months Ended September 27, 2020	Period From February 14, 2019 (Date of Incorporation) to September 29, 2019
Revenues	\$ —	\$ —	\$ —	\$ —
Operating expenses	—	—	—	—
Other (income)/deductions—net	221	—	222	—
Loss before benefit for taxes on income	(221)	—	(222)	—
Benefit for taxes on income	(52)	—	(52)	—
Net loss	\$ (169)	\$ —	\$ (170)	\$ —
Loss per common share—basic and diluted <sup>(a)</sup>	\$ (1,689,743)	\$ —	\$ (1,698,814)	\$ —
Weighted-average common shares—basic and diluted <sup>(a)</sup>	100	100	100	100

<sup>(a)</sup> All common shares issued and outstanding were held by Pfizer Inc. (see Note 1A. Organization and Basis of Presentation: Organization and Note 7. Equity).

Amounts may not add due to rounding.

See Notes to Condensed Consolidated Financial Statements, which are an integral part of these statements.

UPJOHN INC.  
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS  
(UNAUDITED)

(millions of dollars)	Three Months Ended September 27, 2020	Three Months Ended September 29, 2019	Nine Months Ended September 27, 2020	Period From February 14, 2019 (Date of Incorporation) to September 29, 2019
Net loss	\$ (169)	\$ —	\$ (170)	\$ —
Other comprehensive income/(loss) before tax	—	—	—	—
Tax provision/(benefit) on other comprehensive income/(loss)	—	—	—	—
Other comprehensive income/(loss)	—	—	—	—
Comprehensive loss attributable to Upjohn Inc.	\$ (169)	\$ —	\$ (170)	\$ —

Amounts may not add due to rounding.

See Notes to Condensed Consolidated Financial Statements, which are an integral part of these statements.

UPJOHN INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS

(millions of dollars, except common share and per common share data)	As of September 27, 2020 (Unaudited)	As of December 31, 2019
<u>Assets</u>		
Restricted short-term investments <sup>(a)</sup>	\$ 11,413	\$ —
Other current assets	—	—
Total current assets	11,413	—
Total assets	<u>\$ 11,413</u>	<u>\$ —</u>
<u>Liabilities and Equity</u>		
Other current liabilities	\$ 79	\$ —
Total current liabilities	79	—
Long-term debt	11,535	—
Total liabilities	<u>11,614</u>	<u>—</u>
Commitments and Contingencies		
Common stock, \$0.01 par value; 1,000 shares authorized; issued: 2020—100 shares; 2019—100 shares	—	—
Additional paid-in capital	(31)	—
Due from shareholder	—	—
Retained earnings/(deficit)	(170)	—
Accumulated other comprehensive income/(loss)	—	—
Total Upjohn Inc. shareholder's equity/(deficit)	<u>(201)</u>	<u>—</u>
Total liabilities and equity	<u>\$ 11,413</u>	<u>\$ —</u>

<sup>(a)</sup> Represents proceeds from the Upjohn and Upjohn Finance B.V. debt issuances. For additional information, see Note 5B. *Financial Instruments: Long-Term Debt*. Amounts may not add due to rounding.

See Notes to Condensed Consolidated Financial Statements, which are an integral part of these statements.

UPJOHN INC.  
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY  
(UNAUDITED)

(millions of dollars, except common shares)	Common Stock					Accum. Other Comp. Income/ (Loss)	Upjohn Inc. Shareholder's Equity/ (Deficit)
	Shares	Par Value	Add'l Paid-In Capital	Due from Share- holder	Retained Earnings/ (Deficit)		
Balance, June 28, 2020	100	\$ —	\$ —	\$ —	\$ (1)	\$ —	\$ (1)
Net loss					(169)		(169)
Other comprehensive income/(loss), net of tax						—	—
Net transfers—Pfizer <sup>(a)</sup>			(31)				(31)
Balance, September 27, 2020	100	\$ —	\$ (31)	\$ —	\$ (170)	\$ —	\$ (201)

(millions of dollars, except common shares)	Common Stock					Accum. Other Comp. Income/ (Loss)	Upjohn Inc. Shareholder's Equity/ (Deficit)
	Shares	Par Value	Add'l Paid-In Capital	Due from Share- holder	Retained Earnings/ (Deficit)		
Balance, June 30, 2019	100	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Net loss					—		—
Other comprehensive income/(loss), net of tax						—	—
Net transfers—Pfizer			—				—
Balance, September 29, 2019	100	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

(millions of dollars, except common shares)	Common Stock					Accum. Other Comp. Income/ (Loss)	Upjohn Inc. Shareholder's Equity/ (Deficit)
	Shares	Par Value	Add'l Paid-In Capital	Due from Share- holder	Retained Earnings/ (Deficit)		
Balance, January 1, 2020	100	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Net loss					(170)		(170)
Other comprehensive income/(loss), net of tax						—	—
Net transfers—Pfizer <sup>(a)</sup>			(31)				(31)
Balance, September 27, 2020	100	\$ —	\$ (31)	\$ —	\$ (170)	\$ —	\$ (201)

(millions of dollars, except common shares)	Common Stock					Accum. Other Comp. Income/ (Loss)	Upjohn Inc. Shareholder's Equity/ (Deficit)
	Shares	Par Value	Add'l Paid-In Capital	Due from Share- holder	Retained Earnings/ (Deficit)		
Initial capitalization, February 14, 2019 (date of incorporation)	100	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Net loss					—		—
Other comprehensive income/(loss), net of tax						—	—
Net transfers—Pfizer			—				—
Balance, September 29, 2019	100	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

<sup>(a)</sup> See Note 4. Tax Matters and Note 8. Related Party Transactions.  
Amounts may not add due to rounding.

See Notes to Condensed Consolidated Financial Statements, which are an integral part of these statements.

UPJOHN INC.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)

(millions of dollars)	Nine Months Ended September 27, 2020	Period From February 14, 2019 (Date of Incorporation) to September 29, 2019
<u>Operating Activities</u>		
Net loss	\$ (170)	\$ —
Adjustments to reconcile net loss to net cash provided by operating activities:		
Amortization of bond discount and issuance costs	3	—
Currency remeasurement loss on euro notes	144	—
Benefit for taxes on income <sup>(a)</sup>	(52)	—
Other changes in assets and liabilities	77	—
Net cash provided by operating activities <sup>(b)</sup>	<u>1</u>	<u>—</u>
<u>Investing Activities</u>		
Net (purchases of)/proceeds from redemptions/sales of short-term investments <sup>(c)</sup>	<u>(11,413)</u>	<u>—</u>
Net cash used in investing activities	<u>(11,413)</u>	<u>—</u>
<u>Financing Activities</u>		
Proceeds from issuance of long-term debt <sup>(c)</sup>	11,478	—
Long-term debt issuance costs paid <sup>(c)</sup>	(88)	—
Financing activities with Pfizer <sup>(d)</sup>	21	—
Net cash provided by financing activities	<u>11,412</u>	<u>—</u>
Effect of exchange-rate changes on cash and cash equivalents	<u>—</u>	<u>—</u>
Net increase/(decrease) in cash and cash equivalents	<u>—</u>	<u>—</u>
Cash and cash equivalents, beginning	<u>—</u>	<u>—</u>
Cash and cash equivalents, end	<u>\$ —</u>	<u>\$ —</u>
<u>Supplemental Cash Flow Information</u>		
Cash paid during the period for:		
Income taxes	\$ —	\$ —
Interest	—	—

<sup>(a)</sup> See Note 4. Tax Matters and Note 8. Related Party Transactions.

<sup>(b)</sup> Represents interest income received on short term investments.

<sup>(c)</sup> Represents \$11.4 billion of proceeds from the long-term debt issuances in the second quarter of 2020, which are included in *Restricted short-term investments* in the condensed consolidated balance sheet. For additional information, see Notes 5A. Financial Instruments: Fair Value Measurements and 5B. Financial Instruments: Long-Term Debt.

<sup>(d)</sup> See Note 8. Related Party Transactions.

Amounts may not add due to rounding.

See Notes to Condensed Consolidated Financial Statements, which are an integral part of these statements.

UPJOHN INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

**Note 1. Organization and Basis of Presentation**

**A. Organization**

Upjohn Inc. (the “Company” or “Upjohn”), a Delaware corporation, was formed on February 14, 2019, and is currently a wholly-owned subsidiary of Pfizer Inc. (“Pfizer”). The Company has three wholly-owned subsidiaries: (i) Utah Acquisition Holdco Inc., a Delaware corporation formed on July 25, 2019; (ii) Utah Acquisition Sub Inc., a Delaware corporation formed on July 25, 2019; and (iii) Upjohn Finance B.V. (“Finco”), a Netherlands private limited liability company formed on May 8, 2020. The Company and its subsidiaries have not commenced operations, have no significant operating assets or liabilities and from February 14, 2019, its date of incorporation, through September 27, 2020 have not conducted any material activities other than those incidental to its formation and those undertaken in connection with the definitive agreement to combine the Company with Mylan N.V. (“Mylan”), such as the financing activities described in *Note 5B*.

On February 13, 2020, the United States Securities and Exchange Commission (the “SEC”) declared effective the Registration Statement on Form S-4, as amended (the “S-4 Registration Statement”) of the Company to register shares of its common stock, par value \$0.01 per share, that will be issued and distributed in connection with a series of agreements entered into by Pfizer, the Company, Mylan and certain of their affiliates to combine Pfizer’s global, primarily off-patent branded and generic established medicines business (the “Upjohn Business”) with Mylan in an all-stock Reverse Morris Trust transaction (the “Transaction”), creating a new global pharmaceutical company. On June 30, 2020, the SEC declared effective the Registration Statement on Form 10, which includes an information statement (the “Form 10 Registration Statement”) and, together with the S-4 Registration Statement, the “Registration Statements”), relating to the planned Distribution (as defined below) by Pfizer, on a pro rata basis (based on the number of shares of Pfizer common stock held by holders of Pfizer common stock as of the record date), of all of the Company common stock held by Pfizer to Pfizer stockholders as of the record date. On August 6, 2020, the Company filed the final information statement, dated August 6, 2020 (the “Information Statement”), which is attached as Exhibit 99.1 to the Company’s Current Report on Form 8-K filed on August 6, 2020.

On July 29, 2019, Pfizer announced it had entered into a definitive agreement to combine the Company with Mylan. Under the terms of the Transaction, Pfizer will contribute the Upjohn Business, a business unit of Pfizer, to the Company and distribute its ownership interest in the Company to Pfizer stockholders via either a spin-off or a split-off (the “Distribution”). Pfizer intends to effect the Distribution by way of a spin-off. Immediately after the Distribution, the Company and Mylan will engage in a strategic combination transaction in which Mylan shareholders will receive shares of the Company’s common stock (the “Combination”). Pfizer stockholders would own 57% of the combined company and former Mylan shareholders would own 43% of the combined company on a fully diluted basis. The Transaction is generally expected to be tax free to Pfizer and Pfizer stockholders. The name of the new company to be formed by the planned combination of the Upjohn Business and Mylan will be “Viatris.” The voting common stock of the Company will be listed for trading on the NASDAQ under the symbol “VTRS.” The Company will make a cash payment to Pfizer equal to \$12 billion as partial consideration for the contribution of the Upjohn Business from Pfizer to the Company. In October 2020, Pfizer and Mylan announced that the U.S. Federal Trade Commission (the “FTC”) accepted a proposed consent order, which concluded the FTC’s review of the proposed combination of Mylan and the Upjohn Business, and that the parties have now obtained all required antitrust clearances for the proposed Transaction. Also, in October 2020, Pfizer announced that it had set the close of business on November 13, 2020 as the record date for the proposed spin-off and that the Transaction is expected to close on November 16, 2020, subject to customary closing conditions.

**B. Basis of Presentation**

The Company prepared the accompanying condensed consolidated financial statements following the requirements of the SEC for interim reporting. As permitted under those rules, certain footnotes or other financial information that are normally required by accounting principles generally accepted in the United States of America (“U.S. GAAP”) can be condensed or omitted.

The financial information included in the Company’s condensed consolidated financial statements is its condensed consolidated balance sheet as of September 27, 2020, the related condensed consolidated statements of operations, comprehensive loss and equity for the three-month and nine-month periods ended September 27, 2020, the three-month period ended September 29, 2019, and the period from February 14, 2019 (date of incorporation) to September 29, 2019, and the related condensed consolidated statements of cash flows for the nine-month period ended September 27, 2020 and the period from February 14, 2019 (date of incorporation) to September 29, 2019.

Revenues, expenses, assets and liabilities can vary during each quarter of the year. Therefore, the results and trends in these interim financial statements may not be representative of those for the full year.

The Company is responsible for the unaudited financial statements included in this Quarterly Report on Form 10-Q. The interim financial statements include all normal and recurring adjustments that are considered necessary for the fair statement of results for the interim periods presented. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with the consolidated financial statements and accompanying notes included in the Company’s 2019 Special Financial Report on Form 10-K.

UPJOHN INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

Certain amounts in the condensed consolidated financial statements and associated notes may not add due to rounding.

**Note 2. Significant Accounting Policies**

**A. Estimates and Assumptions**

In preparing the condensed consolidated financial statements, the Company uses certain estimates and assumptions that affect reported amounts and disclosures. These estimates and underlying assumptions can impact all elements of the Company's financial statements. For example, in the condensed consolidated statements of operations, estimates are used when allocating bond issuance costs in the form of amortization and determining provisions for taxes on income. In the condensed consolidated balance sheets, estimates are used in determining the valuation of assets, such as investments, which also impact the condensed consolidated statements of operations.

The Company's estimates are often based on complex judgments and assumptions that it believes to be reasonable, but that can be inherently uncertain and unpredictable. If the Company's estimates and assumptions are not representative of actual outcomes, its results could be materially impacted.

As future events and their effects cannot be determined with precision, the Company's estimates and assumptions may prove to be incomplete or inaccurate, or unanticipated events and circumstances may occur that might cause the Company to change those estimates and assumptions. The Company is subject to risks and uncertainties that may cause actual results to differ from estimated amounts. The Company regularly evaluates its estimates and assumptions using historical experience and expectations about the future. The Company adjusts its estimates and assumptions when facts and circumstances indicate the need for change.

**B. Fair Value**

The Company is often required to measure certain assets and liabilities at fair value, either upon initial recognition or for subsequent accounting or reporting. For example, the Company uses fair value when accounting for and reporting of certain financial instruments, such as short-term investments. The Company estimates fair value using an exit price approach, which requires, among other things, that it determine the price that would be received to sell an asset or paid to transfer a liability in an orderly market. The determination of an exit price is considered from the perspective of market participants, considering the highest and best use of non-financial assets and, for liabilities, assuming that the risk of non-performance will be the same before and after the transfer.

When estimating fair value, depending on the nature and complexity of the asset or liability, the Company may use one or all of the following techniques:

- Income approach, which is based on the present value of a future stream of net cash flows.
- Market approach, which is based on market prices and other information from market transactions involving identical or comparable assets or liabilities.
- Cost approach, which is based on the cost to acquire or construct comparable assets, less an allowance for functional and/or economic obsolescence.

The Company's fair value methodologies depend on the following types of inputs:

- Quoted prices for identical assets or liabilities in active markets (Level 1 inputs).
- Quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are directly or indirectly observable, or inputs that are derived principally from, or corroborated by, observable market data by correlation or other means (Level 2 inputs).
- Unobservable inputs that reflect estimates and assumptions (Level 3 inputs).

A single estimate of fair value can result from a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. For information about the risks associated with estimates and assumptions, see *Note 2A*.

**C. Foreign Currency Translation**

The Company and Finco are U.S. dollar functional entities. The effects of converting non-functional currency monetary assets and liabilities into the functional currency are recorded in *Other (income)/deductions—net*, see *Note 3*.

**D. Investments**

The Company's short-term investments are comprised of equity securities with readily determinable fair values, which include money market funds primarily invested in U.S. Treasury and government debt. Equity securities with readily determinable fair values are carried at fair value, with changes in fair value reported in *Other (income)/deductions—net*. Realized gains or losses on sales of investments are determined by using the specific identification cost method. The Company regularly evaluates its financial assets for impairment.

UPJOHN INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

A single estimate of fair value and impairment reviews can involve a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. For information about the risks associated with estimates and assumptions, see *Note 2A*.

**E. Tax**

The Company did not generally file separate tax returns, as it was generally included in the tax grouping of other Pfizer entities within the respective entity's tax jurisdiction. The income tax benefit included in these condensed consolidated financial statements has been calculated using the separate return basis, as if the Company filed a separate tax return.

**Note 3. Other (Income)/Deductions—Net**

The following table provides the components of *Other (income)/deductions—net*:

(millions of dollars)	Three Months Ended September 27, 2020	Three Months Ended September 29, 2019	Nine Months Ended September 27, 2020	Period From February 14, 2019 (Date of Incorporation) to September 29, 2019
Interest income <sup>(a)</sup>	\$ (1)	\$ —	\$ (2)	\$ —
Interest expense <sup>(b)</sup>	71	—	76	—
Net interest expense	70	—	75	—
Foreign exchange (gain)/loss, net <sup>(c)</sup>	148	—	144	—
Other, net <sup>(d)</sup>	3	—	3	—
<i>Other (income)/deductions—net</i>	\$ 221	\$ —	\$ 222	\$ —

<sup>(a)</sup> Represents interest income earned on \$11.4 billion of proceeds from the debt issuances completed in June 2020 (see *Note 5B*) that are invested in money market funds and included in *Restricted short-term investments* (see *Note 5A*) in the condensed consolidated balance sheet as of September 27, 2020.

<sup>(b)</sup> Represents interest expense associated with the \$11.4 billion of senior unsecured notes issued in June 2020, which includes the stated interest expense on the notes and amortization of bond discount and issuance costs (see *Note 5B*).

<sup>(c)</sup> Represents net currency exchange losses related to the remeasurement of Euro denominated senior unsecured notes issued in June 2020 (see *Note 5B*).

<sup>(d)</sup> Primarily represents fees associated with financing arrangements (see *Note 5B*).

**Note 4. Tax Matters**

The Company recorded an income tax benefit of approximately \$52 million in the three months and nine months ended September 27, 2020, which reflects the jurisdictional mix of income and associated tax rates related to the debt issuances completed in June 2020 (see *Note 2E* and *Note 5B*). This amount is included in *Net transfers—Pfizer* in the condensed consolidated statements of equity to reflect the benefit Pfizer will receive from the losses generated by the Company.

**Note 5. Financial Instruments**

**A. Fair Value Measurements**

**Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis**

The following table presents the financial assets measured at fair value using a market approach on a recurring basis by balance sheet categories and fair value hierarchy level as defined in *Note 2B*:

(millions of dollars)	September 27, 2020		December 31, 2019	
	Total	Level 2	Total	Level 2
<b>Financial assets measured at fair value on a recurring basis:</b>				
<b>Short-term investments</b>				
Classified as equity securities with readily determinable fair values:				
Money market funds <sup>(a)</sup>	\$11,413	\$11,413	\$ —	\$ —
Total short-term investments	\$11,413	\$11,413	\$ —	\$ —

<sup>(a)</sup> As of September 27, 2020, \$11.4 billion of proceeds from the debt issuances completed in June 2020 (see *Note 5B*) are invested in money market funds and are included in *Restricted short-term investments* in the condensed consolidated balance sheet, pursuant to the terms of the transaction agreements. The money market funds are primarily invested in U.S. Treasury and government debt with readily determinable fair values (see *Note 3* and *Note 6*).

UPJOHN INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

Financial Assets and Liabilities Not Measured at Fair Value on a Recurring Basis

The following table presents the financial liabilities not measured at fair value on a recurring basis, including the carrying values and estimated fair values using a market approach:

(millions of dollars)	September 27, 2020			December 31, 2019		
	Carrying Value	Estimated Fair Value		Carrying Value	Estimated Fair Value	
		Total	Level 2		Total	Level 2
<b>Financial Liabilities:</b>						
Long-term debt	\$ 11,535	\$13,244	\$13,244	\$ —	\$ —	\$ —

B. Long-Term Debt

In connection with the Transaction, in June 2020, Upjohn and Finco completed privately placed debt offerings of \$7.45 billion and €3.60 billion aggregate principal amount of senior unsecured notes, respectively (the “Upjohn Debt Transactions”), and entered into other financing arrangements described below. The following table provides information about the senior unsecured notes issued in June 2020:

(millions of dollars/euros)	Maturity Date	Issue Currency	Principal	
			September 27, 2020	As of September 27, 2020
<u>Upjohn Inc. (Upjohn)</u> <sup>(a)</sup>				
1.125% U.S. dollar notes	June 22, 2022	U.S. dollar	\$	1,000
1.650% U.S. dollar notes	June 22, 2025	U.S. dollar		750
2.300% U.S. dollar notes	June 22, 2027	U.S. dollar		750
2.700% U.S. dollar notes	June 22, 2030	U.S. dollar		1,450
3.850% U.S. dollar notes	June 22, 2040	U.S. dollar		1,500
4.000% U.S. dollar notes	June 22, 2050	U.S. dollar		2,000
Total U.S. dollar notes issued in the second quarter of 2020			\$	7,450
<u>Upjohn Finance B.V. (Finco)</u> <sup>(a)</sup>				
0.816% Euro notes	June 23, 2022	Euro	€	750
1.023% Euro notes	June 23, 2024	Euro		750
1.362% Euro notes	June 23, 2027	Euro		850
1.908% Euro notes	June 23, 2032	Euro		1,250
Total Euro notes issued in the second quarter of 2020			€	3,600

<sup>(a)</sup> The notes may be redeemed by the Company at any time, in whole, or in part, at varying redemption prices plus accrued and unpaid interest. The weighted-average effective interest rates at issuance were 2.95% for the \$7.45 billion notes and 1.37% for the €3.60 billion notes. If the Transaction does not close on or prior to February 1, 2021, or if, prior to such date, Upjohn Inc. and Mylan notify the trustee for the U.S. dollar notes or Euro notes, as applicable, that (i) the business combination agreement entered into by Pfizer, the Company, Mylan and certain of their affiliates to combine the Upjohn Business with Mylan is terminated, or (ii) the Transaction will not otherwise be pursued, the notes must be redeemed at redemption prices equal to 101% of their respective principal amounts, plus accrued and unpaid interest.

The senior unsecured notes were offered in connection with the Transaction. The U.S. dollar notes were issued at a discount of approximately \$15 million, which will be amortized as interest expense over the life of the U.S. dollar notes. The Company incurred issuance costs of approximately \$89 million associated with the U.S. dollar notes and the euro notes, which will be amortized as interest expense over the life of the notes. The unamortized discount and issuance costs are presented in the condensed consolidated balance sheet as a deduction to the carrying value of *Long-term debt*.

The euro notes are exposed to changes in foreign exchange rates and there are no derivatives in place to mitigate that risk (see *Note 3*). The proceeds of the euro notes were converted to U.S. dollars at the time of issuance.

In June 2020, the Company (i) entered into a \$600 million delayed draw term loan agreement and (ii) entered into a revolving credit facility agreement for up to \$4 billion, \$1.5 billion of which will be available in a single draw at or around the closing of the Combination for the purpose of funding the \$12 billion cash payment by the Company to Pfizer as partial consideration for Pfizer’s contribution of the Upjohn Business to the Company (the “Cash Distribution”). The Company intends to use the net proceeds from the Upjohn Debt Transactions, together with the proceeds from the \$600 million term loan agreement and the

UPJOHN INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

revolving credit agreement to fund in full the Cash Distribution and related transaction fees and expenses. The Company intends to use any remaining balance of net proceeds from these financing transactions after the Cash Distribution for general corporate purposes.

The commitments under the Company's senior unsecured \$12 billion bridge facility were fully terminated upon completion of the Upjohn Debt Transactions on June 23, 2020.

The U.S. dollar notes are senior unsecured obligations of the Company. The euro notes are senior unsecured obligations of Finco. The U.S. dollar notes and euro notes are initially guaranteed on a senior unsecured basis by Pfizer. The guarantee by Pfizer will be automatically and unconditionally terminated and released without the consent of the holders of the notes upon the consummation of the Distribution. The Company has guaranteed the notes issued by Finco, and the Company will remain a guarantor of such notes following the Distribution. Following the Distribution and the Combination, the Company and Finco, as applicable, will remain the obligor with respect to such notes. Upon the consummation of the Combination, the Mylan entities (which will be subsidiaries of the Company following the Combination) that are issuers or guarantors of the outstanding senior unsecured notes issued by Mylan or Mylan Inc. will become guarantors of the U.S. dollar notes and euro notes, substantially concurrent with the Company's becoming a guarantor of the existing Mylan notes.

The following table provides the components of the Company's senior unsecured long-term debt, including the weighted-average annual stated interest rate by maturity:

(millions of dollars)	As of September 27, 2020
Notes due 2022 (0.981%)	\$ 1,872
Notes due 2024 (1.023%)	872
Notes due 2025 (1.650%)	750
Notes due 2027 (1.767%)	1,739
Notes due 2030 (2.700%)	1,450
Notes due 2032 (1.908%)	1,454
Notes due 2040 (3.850%)	1,500
Notes due 2050 (4.000%)	2,000
Total long-term debt, principal amount	11,638
Net unamortized discounts and debt issuance costs	(103)
Total long-term debt, carried at historical proceeds, as adjusted	\$ 11,535

**Note 6. Other Assets and Liabilities**

As of September 27, 2020, *Other current assets* of approximately \$0.3 million consist of an accrued interest receivable of \$0.3 million for income earned on the \$11.4 billion of proceeds from the debt issuances completed in June 2020 (see *Note 5B*) that are invested in money market funds and included in *Restricted short-term investments* (see *Note 5A*) in the condensed consolidated balance sheet as of September 27, 2020.

As of September 27, 2020, *Other current liabilities* of approximately \$79 million consist of amounts due for accrued interest payable of approximately \$74 million, and accrued expenses associated with financing arrangements (see *Note 5B*) of approximately \$5 million.

**Note 7. Equity**

As of September 27, 2020 and December 31, 2019, the Company is authorized to issue 1,000 shares of common stock, par value \$0.01 per share. As of September 27, 2020 and December 31, 2019, there were 100 shares of common stock, par value of \$0.01 per share, of the Company issued and outstanding. All such issued and outstanding shares of common stock were held by Pfizer. *Due from shareholder* includes a receivable from Pfizer totaling one U.S. dollar in connection with the issuance of the Company's common stock.

UPJOHN INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

**Note 8. Related Party Transactions**

Included in *Net transfers—Pfizer* in the condensed consolidated statements of equity are transactions between Upjohn and Pfizer and include (i) an income tax benefit of approximately \$52 million in the three months and nine months ended September 27, 2020, reflecting the benefit Pfizer will receive from the losses generated by the Company; and (ii) cash payments made by Pfizer on behalf of Upjohn of approximately \$21 million in the three months and nine months ended September 27, 2020 related to financing arrangements (see *Note 5B*). The cash payments made by Pfizer on behalf of Upjohn are reflected in the condensed consolidated statements of cash flows in *Financing activities with Pfizer* in the financing activities section.

**Report of Independent Registered Public Accounting Firm**

To the Stockholder and Board of Directors  
Upjohn Inc.:

*Results of Review of Interim Financial Information*

We have reviewed the condensed consolidated balance sheet of Upjohn Inc. and subsidiaries (the Company) as of September 27, 2020, the related condensed consolidated statements of operations, comprehensive loss and equity for the three-month and nine-month periods ended September 27, 2020, the three-month period ended September 29, 2019, and the period from February 14, 2019 (date of incorporation) to September 29, 2019, the related condensed consolidated statements of cash flows for the nine-month period ended September 27, 2020 and the period from February 14, 2019 (date of incorporation) to September 29, 2019, and the related notes (collectively, the consolidated interim financial information). Based on our reviews, we are not aware of any material modifications that should be made to the consolidated interim financial information for it to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2019, and the related consolidated statements of income, comprehensive income, equity, and cash flows for the period from February 14, 2019 (date of incorporation) to December 31, 2019 (not presented herein); and in our report dated May 7, 2020, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2019, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

*Basis for Review Results*

This consolidated interim financial information is the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our reviews in accordance with the standards of the PCAOB. A review of consolidated interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

**KPMG LLP**

KPMG LLP

New York, New York

November 10, 2020

## Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

### Overview of Upjohn Inc.

Upjohn Inc. (the “Company” or “Upjohn”), a Delaware corporation, was formed on February 14, 2019, and is currently a wholly-owned subsidiary of Pfizer Inc. (“Pfizer”). On February 13, 2020, the United States Securities and Exchange Commission (the “SEC”) declared effective the Registration Statement on Form S-4, as amended (the “S-4 Registration Statement”) of the Company to register shares of its common stock, par value \$0.01 per share, that will be issued and distributed in connection with a series of agreements entered into by Pfizer, the Company, Mylan N.V. (“Mylan”) and certain of their affiliates to combine Pfizer’s global, primarily off-patent branded and generic established medicines business (the “Upjohn Business”) with Mylan in an all-stock Reverse Morris Trust transaction (the “Transaction”), creating a new global pharmaceutical company. On June 30, 2020, the SEC declared effective the Registration Statement on Form 10, which includes an information statement (the “Form 10 Registration Statement” and, together with the S-4 Registration Statement, the “Registration Statements”), relating to the planned Distribution (as defined below). On August 6, 2020, the Company filed the final information statement, dated August 6, 2020 (the “Information Statement”), which is attached as Exhibit 99.1 to the Company’s Current Report on Form 8-K filed on August 6, 2020.

The Company has not commenced operations, has no significant operating assets or liabilities and from February 14, 2019, its date of incorporation, through September 27, 2020 has not conducted any material activities other than those incidental to its formation and those undertaken in connection with the definitive agreement to combine the Company with Mylan, such as financing activities.

On July 29, 2019, Pfizer, Upjohn, Mylan and certain of their affiliates entered into a series of agreements to combine the Upjohn Business with Mylan in an all-stock Reverse Morris Trust transaction, creating a new global pharmaceutical company. Under the terms of the Transaction, Pfizer will contribute the Upjohn Business to the Company and distribute its ownership interest in Upjohn to Pfizer stockholders via either a spin-off or a split-off (the “Distribution”) and, immediately thereafter, Upjohn will be combined with Mylan (the “Combination”). Pfizer intends to effect the Distribution by way of a spin-off. Pfizer stockholders would own 57% of the combined company and former Mylan shareholders would own 43% of the combined company on a fully diluted basis. The Transaction is generally expected to be tax free to Pfizer and Pfizer stockholders. The Company will make a cash payment to Pfizer equal to \$12 billion as partial consideration for the contribution of the Upjohn Business from Pfizer to the Company (the “Cash Distribution”). The Transaction was approved by Mylan shareholders in June 2020. In connection with the Transaction, in June 2020, Upjohn and Upjohn Finance B.V. (“Finco”) completed privately placed debt offerings of \$7.45 billion and €3.60 billion aggregate principal amount of senior unsecured notes, respectively (the “Upjohn Debt Transactions”), and entered into other financing arrangements. See the “Analysis of Financial Condition, Liquidity and Capital Resources” section below for more information about the completed financing activities. For more information regarding the Transaction, see the Registration Statements. In October 2020, Pfizer and Mylan announced that the U.S. Federal Trade Commission (the “FTC”) accepted a proposed consent order, which concluded the FTC’s review of the proposed combination of Mylan and the Upjohn Business, and that the parties have now obtained all required antitrust clearances for the proposed Transaction. Also, in October 2020, Pfizer announced that it had set the close of business on November 13, 2020 as the record date for the proposed spin-off and that the Transaction is expected to close on November 16, 2020, subject to customary closing conditions.

### Analysis of Financial Condition, Liquidity and Capital Resources

#### Selected Measures of Liquidity and Capital Resources

The following table provides certain relevant measures of liquidity and capital resources of the Company:

(millions of dollars)	September 27, 2020	December 31, 2019
Selected financial assets:		
<i>Restricted short-term investments</i> <sup>(a)</sup>	\$ 11,413	\$ —
Debt:		
<i>Long-term debt</i> <sup>(a)</sup>	11,535	\$ —
Selected net financial liabilities	\$ (122)	\$ —

<sup>(a)</sup> As of September 27, 2020, \$11.4 billion of proceeds from the Upjohn Debt Transactions (see Notes to Condensed Consolidated Financial Statements—Note 5B. *Financial Instruments: Long-Term Debt*) are invested in money market funds and are included in *Restricted short-term investments* in the condensed consolidated balance sheet. As of September 27, 2020, Long-term debt reflects net currency exchange losses of \$144 million related to the remeasurement of the Euro denominated senior unsecured notes issued in June 2020 (see Notes to Condensed Consolidated Financial Statements—Note 3. *Other (Income)/Deductions—net* and Note 5B. *Financial Instruments: Long-Term Debt*).

In June 2020, in connection with the Transaction, the Company (i) incurred \$11.4 billion of debt in the Upjohn Debt Transactions, (ii) entered into a \$600 million delayed draw term loan agreement and (iii) entered into a revolving credit facility agreement for up to \$4 billion, \$1.5 billion of which will be available in a single draw at or around the closing of the Combination for the purpose of funding the Cash Distribution. The Company intends to use the net proceeds from the Upjohn Debt Transactions, together with the proceeds from the \$600 million term loan agreement and the revolving credit agreement

to fund in full the Cash Distribution and related transaction fees and expenses. The Company intends to use any remaining balance of net proceeds from these financing transactions after the Cash Distribution for general corporate purposes. In the interim, the \$11.4 billion of proceeds of the Upjohn Debt Transactions are classified as *Restricted short-term investments* in the condensed consolidated balance sheet as of September 27, 2020, pursuant to the terms of the transaction agreements. The euro notes are exposed to changes in foreign exchange rates and there are no derivatives in place to mitigate that risk. The proceeds of the euro notes were converted to U.S. dollars at the time of issuance.

The commitments under the Company's senior unsecured \$12 billion bridge facility were fully terminated upon completion of the Upjohn Debt Transactions on June 23, 2020.

The U.S. dollar notes are senior unsecured obligations of the Company. The euro notes are senior unsecured obligations of Finco. The U.S. dollar notes and euro notes are initially guaranteed on a senior unsecured basis by Pfizer. The guarantee by Pfizer will be automatically and unconditionally terminated and released without the consent of the holders of the notes upon the consummation of the Distribution. The Company has guaranteed the notes issued by Finco, and the Company will remain a guarantor of such notes following the Distribution. Following the Distribution and the Combination, the Company and Finco, as applicable, will remain the obligor with respect to such notes. Upon the consummation of the Combination, the Mylan entities (which will be subsidiaries of the Company following the Combination) that are issuers or guarantors of the outstanding senior unsecured notes issued by Mylan or Mylan Inc. will become guarantors of the U.S. dollar notes and euro notes, substantially concurrent with the Company's becoming a guarantor of the existing Mylan notes. If the Transaction does not close on or prior to February 1, 2021, or if, prior to such date, the Company and Mylan notify the trustee for the U.S. dollar notes or euro notes, as applicable, that (i) the business combination agreement entered into by Pfizer, the Company, Mylan and certain of their affiliates to combine the Upjohn Business with Mylan is terminated, or (ii) the Transaction will not otherwise be pursued, the notes must be redeemed at redemption prices equal to 101% of their respective principal amounts, plus accrued and unpaid interest.

For additional information regarding the Upjohn Debt Transactions and other financing arrangements of the Company, see Notes to Condensed Consolidated Financial Statements—*Note 5B. Financial Instruments: Long-Term Debt*.

In connection with its formation on February 14, 2019, the Company's Board of Directors authorized the Company to issue 100 shares of the Company's common stock to Pfizer for a total price of one U.S. dollar.

### Contractual Obligations

Payments due under contractual obligations as of September 27, 2020, mature as follows:

(millions of dollars)	Total	Years				
		2020	2021	2022-2023	2024-2025	Thereafter
Long-term debt <sup>(a)</sup>	\$11,535	\$ —	\$ —	\$ 1,865	\$ 1,611	\$ 8,059
Interest payments on long-term debt obligations <sup>(b)</sup>	4,598	109	297	515	464	3,212

<sup>(a)</sup> Long-term debt consists of senior unsecured notes, carried at historical proceeds, as adjusted (see Notes to Condensed Consolidated Financial Statements—*Note 5B. Financial Instruments: Long-Term Debt*).

<sup>(b)</sup> The Company's calculations of expected interest payments incorporate only current period assumptions for interest rates and foreign currency translation rates (see Notes to Condensed Consolidated Financial Statements—*Note 5B. Financial Instruments: Long-Term Debt*) and assume that interest is accrued through the maturity date or expiration of the related instrument.

### Forward-Looking Information and Factors That May Affect Future Results

This report and other written or oral statements that the Company makes from time to time contain forward-looking statements. Such forward-looking statements involve substantial risks and uncertainties. The Company has tried, wherever possible, to identify such statements by using words such as "will," "may," "could," "should," "would," "likely," "ongoing," "anticipate," "estimate," "expect," "project," "potential," "intend," "continue," "plan," "believe," "assume," "target," "forecast," "guidance," "goal," "objective," "aim," "seek" and other words and terms of similar meaning or by using future dates in connection with any discussion of, among other things, the Company's anticipated operating and financial performance, business plans and prospects, expectations for its products, sales efforts, expenses, interest rates, foreign exchange rates, the outcome of contingencies, such as legal proceedings, government regulation, the ability to successfully capitalize on growth opportunities or prospects, manufacturing and product supply and the Company's expectations regarding the impact of a novel disease caused by a strain of coronavirus on its business and operations. In particular, these include statements relating to future actions, including, among others, the expected timing, benefits, charges and/or costs in connection with the pending combination of the Upjohn Business with Mylan to create a new global pharmaceutical company, Viartis, and the Company's anticipated liquidity position, the anticipated costs and savings from certain initiatives, and the expected payments to the unfunded (non-qualified) pension and postretirement plans and expected funding obligations.

The Company cannot guarantee that any forward-looking statement will be realized. Achievement of anticipated results is subject to substantial risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialize or should underlying assumptions prove inaccurate, actual results could vary materially from past results and those anticipated, estimated or projected. Investors should bear this in mind as they consider forward-looking statements, and are cautioned not to put undue reliance on forward-looking statements.

The Company undertakes no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law or by the rules and regulations of the SEC. You are advised, however, to consult any further disclosures the Company makes on related subjects.

You should read and consider the risk factors associated with the Upjohn Business because these risk factors may affect the operations and financial results of the new combined company and the Company's common stock following the closing of the Transaction. A description of the risks and uncertainties for the Upjohn Business, Mylan and the combined company may be found in the "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" sections of the Form S-4 Registration Statement, which was declared effective on February 13, 2020, the Form 10 Registration Statement, which was declared effective on June 30, 2020, and the Information Statement, all of which are on file with the SEC. Additional discussion regarding certain risks and uncertainties described above is included under the heading entitled "Risk Factors" in Part II, Item 1A, "Risk Factors" of this Quarterly Report on Form 10-Q. The Company notes these factors for investors as permitted by the Private Securities Litigation Reform Act of 1995. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

During the period covered by this report, the Company did not conduct any material operating activities and therefore did not incur any significant interest rate risk, foreign currency exchange rate risk, commodity price risk or other relevant market risks except that the Company's senior unsecured euro-denominated notes are exposed to changes in foreign exchange rates and there are currently no derivatives in place to mitigate that risk. Borrowings under the Upjohn Debt Transactions are on a long-term, fixed-rate basis. The Company's restricted short-term investments consist of high-quality, highly liquid money market funds primarily invested in U.S. Treasury and government debt. For information about the financing arrangements undertaken in connection with the definitive agreement to combine the Company with Mylan, see "Analysis of Financial Condition, Liquidity and Capital Resources" in Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Quarterly Report on Form 10-Q.

### **Item 4. Controls and Procedures**

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of its principal executive officer and principal financial officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on this evaluation, the Company's principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures are effective in alerting them in a timely manner to material information required to be disclosed in the Company's periodic reports filed with the SEC.

During the Company's most recent fiscal quarter, there has not been any change in its internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## **PART II—OTHER INFORMATION**

### **Item 1. Legal Proceedings**

None.

## **Item 1A. Risk Factors**

During the period covered by this report, the Company did not conduct any material activities other than those related to its formation and the matters contemplated by the Transaction. You should also read and consider the risk factors associated with the Upjohn Business because these risk factors may affect the operations and financial results of the new combined company and the Company's common stock following the closing of the Transaction. The Company refers to the "Forward-Looking Information and Factors That May Affect Future Results" section of the "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Quarterly Report on Form 10-Q and to the description of the risks and uncertainties for the Upjohn Business, Mylan and the combined company that may be found in the "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" sections of the S-4 Registration Statement, which was declared effective on February 13, 2020, the Form 10 Registration Statement, which was declared effective on June 30, 2020, and the Information Statement, all of which are on file with the SEC.

**COVID-19 Pandemic.** In December 2019, illnesses associated with a novel disease caused by a strain of coronavirus ("COVID-19") were reported and the virus has since caused widespread and significant disruptions to daily life and economies across geographies. The World Health Organization has classified the outbreak as a pandemic.

The COVID-19 pandemic presents a number of risks and challenges for the Company and the Upjohn Business, including, among others, potential challenges in connection with the anticipated combination of the Upjohn Business with Mylan. For the Upjohn Business that is to be contributed to the Company under the terms of the Transaction, its business, operations, financial condition and results have been and may continue to be impacted by the COVID-19 pandemic to varying degrees. The pandemic's impact on the Upjohn Business and its operations and financial condition and results was less severe at its peak than originally anticipated, but is recovering at a somewhat slower pace than originally expected. The pandemic continues to present a number of risks and challenges for the Upjohn Business, including, among others, impacts due to travel limitations, social distancing and government-mandated work-from-home or shelter-in-place orders; potential manufacturing disruptions and delays and supply chain interruptions, including challenges related to reliance on third-party suppliers; decreased product demand, including due to reduced numbers of in-person meetings with prescribers and patient visits with physicians, resulting in fewer new prescriptions or refills of existing prescriptions; further reduced product demand as a result of increased unemployment; challenges presented by reallocating human capital, manufacturing and other resources to assist in responding to the pandemic without disruption to the Upjohn Business's operations; costs associated with the COVID-19 pandemic, including protocols intended to reduce the risk of transmission; potential interruptions or delays in the operations of certain regulatory authorities; potential increased cyber incidents such as phishing, social engineering and malware attacks; and other challenges presented by disruptions to our normal operations in response to the pandemic, as well as uncertainties regarding the duration and severity of the pandemic and its impacts and government or regulatory actions to contain the virus or control the supply of medicines. Further, the COVID-19 pandemic, and the volatile global economic conditions stemming from the pandemic, could precipitate or amplify the other risks that are identified in the "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" sections of the Company's S-4 Registration Statement, Form 10 Registration Statement and Information Statement.

The Company is continuing to monitor the latest developments regarding the COVID-19 pandemic on the Upjohn Business and its operations, financial condition and results, and the Upjohn Business has made certain assumptions regarding the pandemic for purposes of its operational planning and financial projections, including assumptions regarding the duration and severity of the pandemic and the global macroeconomic impact of the pandemic.

Despite careful tracking and planning, however, the Company is unable to accurately predict the extent of the impact of the pandemic on the Upjohn Business and its operations, financial condition and results due to the uncertainty of future developments. In particular, the Company believes the ultimate impact on the Upjohn Business's business, operations and financial condition and results will be affected by the speed and extent of the continued spread of the coronavirus globally, the duration of the pandemic, new information that may emerge concerning the severity and incidence of COVID-19, the safety, efficacy and availability of a vaccine and treatments for COVID-19, the global macroeconomic impact of the pandemic and governmental or regulatory actions to contain the virus or control supply of medicines. The pandemic may also affect the Upjohn Business's business, operations or financial condition and results in a manner that is not presently known to the Upjohn Business or that the Upjohn Business currently does not consider to present significant risks.

## **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

Not applicable.

**Item 6. Exhibits**

- 2.1 [Amendment No. 3, dated as of September 18, 2020, to the Separation and Distribution Agreement, dated as of July 29, 2019, by and between Pfizer Inc. and Upjohn Inc.\\*](#)
- 31.1 [Certification by the Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 31.2 [Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32.1 [Certification by the Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 32.2 [Certification by the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- Exhibit 101:
- 101.INS XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
- 101.SCH Inline XBRL Taxonomy Extension Schema
- 101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase
- 101.LAB Inline XBRL Taxonomy Extension Label Linkbase
- 101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase
- 101.DEF Inline XBRL Taxonomy Extension Definition Document
- Exhibit 104 Cover Page Interactive Data File—the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

\* Annexes, schedules and/or exhibits have been omitted pursuant to Item 601 of Regulation S-K. The Company agrees to furnish supplementally a copy of any omitted attachment to the SEC on a confidential basis upon request.

**SIGNATURE**

Under the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed by the undersigned thereunto duly authorized.

Dated: November 10, 2020

**Upjohn Inc.**

By: /s/ MICHAEL GOETTLER

**Michael Goettler**  
**President (Principal Executive Officer)**

-21-

**AMENDMENT NO. 3 TO THE  
SEPARATION AND DISTRIBUTION AGREEMENT**

This Amendment No. 3 (this "Amendment") to the Separation and Distribution Agreement, dated as of July 29, 2019, as amended (the "Agreement"), is made as of September 18, 2020 by and between Pfizer Inc., a Delaware corporation ("Pluto") and Upjohn Inc., a Delaware corporation and wholly owned Subsidiary of Pluto ("Spinco"). Each of the foregoing parties is referred to herein as a "Party," and collectively as the "Parties."

WHEREAS, the Parties entered into the Agreement on July 29, 2019;

WHEREAS, the Parties entered into Amendment No. 1 to the Separation and Distribution Agreement on February 18, 2020;

WHEREAS, the Parties entered into Amendment No. 2 to the Separation and Distribution Agreement on May 29, 2020; and

WHEREAS, in accordance with the terms and conditions of the Agreement, the Parties now wish to amend the Agreement in the manner set forth in this Amendment.

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt, adequacy and sufficiency of which is hereby acknowledged by each Party, the Parties hereto agree as follows:

SECTION 1. Definitions. Capitalized terms used in this Amendment but not defined herein shall have the meanings given to them in the Agreement.

SECTION 2. Amendments to the Agreement.

(a) Section 1.01 of the Agreement is hereby amended by adding the following definition in the appropriate alphabetical location:

"License and Supply Agreements" has the meaning set forth in Section 2.08(d).

(b) Schedule 2.02(b)(vi) to the Agreement is hereby amended as set forth on Annex A.

(c) Section 2.08 of the Agreement is hereby amended by adding a new Section 2.08(d) as follows:

“(d) Each of Pluto, Spinco and Utah agrees that it will use its reasonable best efforts to cooperate in good faith to negotiate and finalize as promptly as practicable one or more agreements (in each case, including the schedules and exhibits thereto) pursuant to which Pluto shall license to Spinco the commercialization rights in the United States for, and supply to Spinco, the Spinco Products (which license shall exclude, for the avoidance of doubt, the right to commercialize any authorized generic or generic under the marketing authorizations set forth in items 4 and 5 of Schedule 2.02(b)(vi)) for which Pluto or another member of the Pluto Group shall hold the applicable New Drug Application or Abbreviated New Drug Application as of the Distribution Time, excluding any such marketing authorization to be transferred to Spinco or another member of the Spinco Group pursuant to Section 2.04 (the "License and Supply Agreements"), and each of Pluto, Spinco and Utah, as applicable, will execute and deliver, and cause each of their applicable Subsidiaries to execute and deliver, as applicable, the License and Supply Agreements on or prior to the Distribution Date.”

(d) Schedule 5.01(c) to the Agreement is hereby amended as set forth on Annex B.

SECTION 3. Limited Amendment. Each Party acknowledges and agrees that this Amendment constitutes an instrument in writing duly signed by the Parties under Section 10.03 of the Agreement. Except as specifically amended hereby, the Agreement shall continue in full force and effect in accordance with the provisions thereof as in existence on the date hereof. From and after the date hereof, all references to the Agreement, and each reference in the Agreement to “this Agreement,” “hereof,” “herein,” “hereby,” “hereto,” “herewith,” “hereunder” and derivative or similar words, shall refer to the Agreement as amended hereby. Each reference in the Agreement, as amended hereby, to “the date of this Agreement”, “the date hereof” or any similar reference shall continue to refer to July 29, 2019.

SECTION 4. Miscellaneous. The provisions of Article X of the Agreement shall apply to this Amendment, *mutatis mutandis*, and are incorporated by reference as if fully set forth herein.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

**PFIZER INC.**

By: | /s/ Douglas Giordano  
Name: Douglas Giordano  
Title: Senior Vice President

**UPJOHN INC.**

By: | /s/ Alison L.M. O'Neill  
Name: Alison L.M. O'Neill  
Title: Vice President

*[Signature Page to  
Amendment No. 3 to the Separation and Distribution Agreement]*

**Certification by the Principal Executive Officer Pursuant to  
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Michael Goettler, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Upjohn Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2020

/s/ MICHAEL GOETTLER  
**Michael Goettler**  
**President**  
**(Principal Executive Officer)**

**Certification by the Chief Financial Officer Pursuant to  
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Sanjeev Narula, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Upjohn Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2020

/s/ SANJEEV NARULA

**Sanjeev Narula**

**Chief Financial Officer, Controller and Treasurer  
(Principal Financial and Accounting Officer)**

**Certification by the Chief Principal Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to 18 U.S.C. Section 1350, I, Michael Goettler, hereby certify that, to the best of my knowledge, the Quarterly Report on Form 10-Q of Upjohn Inc. for the fiscal quarter ended September 27, 2020 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, and that the information contained in that Report fairly presents, in all material respects, the financial condition and results of operations of Upjohn Inc.

/s/ MICHAEL GOETTLER

**Michael Goettler**

**President**

**(Principal Executive Officer)**

November 10, 2020

This certification accompanies this Quarterly Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

**Certification by the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to 18 U.S.C. Section 1350, I, Sanjeev Narula, hereby certify that, to the best of my knowledge, the Quarterly Report on Form 10-Q of Upjohn Inc. for the fiscal quarter ended September 27, 2020 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, and that the information contained in that Report fairly presents, in all material respects, the financial condition and results of operations of Upjohn Inc.

/s/ SANJEEV NARULA

**Sanjeev Narula**

**Chief Financial Officer, Controller and Treasurer  
(Principal Financial and Accounting Officer)**

November 10, 2020

This certification accompanies this Quarterly Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.