Exclusive of amortization of intangible assets, except as discussed in footnote (3) below.

Other (income)/deductions––net include the following:

(millions of dollars) 2013 2012 2013 2012
Interest income $(a) (102) $ (85) $ (197) $ (166)
Interest expense $(a) 356 378 727 768
Net interest expense 254 293 530 602
Royalty-related income (120) (103) (183) (194)
Patent litigation settlement income $(b) (1,351) - (1,351) -
Other legal matters, net $(c) 12 473 (95) 1,287
Gain associated with the transfer of certain product rights to an equity-method investment $(d) 31 - (459) -
Net gain on asset disposals (28) (17) (54) (24)
Certain asset impairment charges $(e) 127 78 525 510
Costs associated with the Zoetis IPO - 29 18 61
Other, net 29 (65) 144 85
Other (income)/deductions––net (1,070)$ 688 $ (925) $ 2,327 $

(a) Interest income increased in the second quarter and first six months of 2013 due to higher cash and investment balances. Interest expense decreased in the second quarter and first six months of 2013 due to lower debt balances and the effective conversion of some fixed-rate liabilities to floating-rate liabilities.

(b) Reflects income from a litigation settlement with Teva Pharmaceuticals Industries, Limited and Sun Pharmaceutical Industries, Limited for patent-infringement damages resulting from their "at-risk" launches of generic Protonix in the United States.

(c) In the first six months of 2013, primarily includes an $80 million insurance recovery related to a certain litigation matter. In the second quarter and first six months of 2012, primarily includes charges related to hormone-replacement therapy litigation.

(d) In the first six months of 2013, represents the gain associated with the transfer of certain product rights to Pfizer's 49%-owned equity-method investment in China.

(e) In the first six months of 2013, primarily relates to developed technology (for use in the development of bone and cartilage) acquired in connection with our acquisition of Wyeth, and, to a lesser extent, two in-process research and development (IPR&D) compounds and certain investments. In the first six months of 2012, primarily relates to an IPR&D compound (targeting autoimmune diseases) acquired in connection with our acquisition of Wyeth and, to a lesser extent, developed technology rights and certain investments.

(f) Costs incurred in connection with the initial public offering (IPO) of an approximate 19.8% ownership interest in Zoetis. Includes expenditures for banking, legal, accounting and similar services.