Appendix A
2014 Financial Report

INTRODUCTION

Our Financial Review is provided to assist readers in understanding the results of operations, financial condition and cash flows of Pfizer Inc. (the Company). It should be read in conjunction with the consolidated financial statements and Notes to Consolidated Financial Statements. The discussion in this Financial Review contains forward-looking statements that involve substantial risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, such as those discussed in Part 1, Item 1A, "Risk Factors" of our 2014 Annual Report on Form 10-K and in the "Forward-Looking Information and Factors That May Affect Future Results", "Our Operating Environment" and "Our Strategy" sections of this Financial Review.

The Financial Review is organized as follows:

Certain amounts in our Financial Review may not add due to rounding. All percentages have been calculated using unrounded amounts.

OVERVIEW OF OUR PERFORMANCE, OPERATING ENVIRONMENT, STRATEGY AND OUTLOOK

Our Business

We apply science and our global resources to bring therapies to people that extend and significantly improve their lives through the discovery, development and manufacture of healthcare products. Our global portfolio includes medicines and vaccines, as well as many of the world's best-known consumer healthcare products. We work across developed and emerging markets to advance wellness, prevention, treatments and cures that challenge the most feared diseases of our time. We collaborate with healthcare providers, governments and local communities to support and expand access to reliable, affordable healthcare around the world. Our revenues are derived from the sale of our products and, to a much lesser extent, from alliance agreements, under which we co-promote products discovered by other companies (Alliance revenues).

The majority of our revenues come from the manufacture and sale of biopharmaceutical products. The biopharmaceutical industry is highly competitive and highly regulated. As a result, we face a number of industry-specific factors and challenges which can significantly impact our results. These factors include, among others: the loss or expiration of intellectual property rights and the expiration of co-promotion and licensing rights, healthcare legislation, pipeline productivity, the regulatory environment and pricing and access pressures, and competition among branded products. We also face challenges as a result of the global economic environment. For additional information about these factors and challenges, see the "Our Operating Environment" section of this Financial Review.

The financial information included in our consolidated financial statements for our subsidiaries operating outside the United States (U.S.) is as of and for the year ended November 30 for each year presented.

References to developed markets in this Financial Review include the U.S., Western Europe, Japan, Canada, Australia, Scandinavia, South Korea, Finland and New Zealand; and references to Emerging Markets in this Financial Review include the rest of the world, including, among other countries, China, Brazil, Mexico, Russia, India and Turkey.

On February 5, 2015, we announced that we have entered into a definitive merger agreement under which we agreed to acquire Hospira, Inc. (Hospira), the world's leading provider of injectable drugs and infusion technologies and a global leader in biosimilars, for $90 per share in cash, for a total enterprise value of approximately $17 billion. We expect to finance the transaction through a combination of existing cash and new debt, with approximately two-thirds of the value financed from cash and one-third from debt. The transaction is subject to customary closing conditions, including regulatory approvals in several jurisdictions and the approval of Hospira's shareholders, and is expected to close in the second half of 2015.

On June 24, 2013, we completed the full disposition of our Animal Health business, Zoetis Inc.(Zoetis), and recognized a gain of approximately $10.3 billion, net of tax, in *Gain on disposal of discontinued operations—net of tax* in our consolidated statement of income for the year ended December 31, 2013. The operating results of this business through June 24, 2013, the date of disposal, are reported as *Income from discontinued operations—net of tax* in our consolidated statements of income.

On November 30, 2012, we completed the sale of our Nutrition business to Nestlé and recognized a gain of approximately $4.8 billion, net of tax, in *Gain on disposal of discontinued operations—net of tax* in our consolidated statement of income for the year ended December 31, 2012. The operating results of this business through November 30, 2012, the date of disposal, are reported as *Income from discontinued operations—net of tax* in our consolidated statements of income.

For additional information about our divestitures, see Notes to Consolidated Financial Statements—*Note 2D. Acquisitions, Licensing Agreements, Collaborative Arrangements, Divestitures, and Equity-Method Investments: Divestitures* and see the "Our Business Development Initiatives", "Discontinued Operations" and "Analysis of Financial Condition, Liquidity and Capital Resources" sections of this Financial Review.

Our 2014 Performance

Revenues—2014

Revenues in 2014 were $49.6 billion, a decrease of 4% compared to 2013, which reflects an operational decrease of $1.1 billion, or 2%, and the unfavorable impact of foreign exchange of $912 million, or 2%. See the "Analysis of the Consolidated Statements of Income—Revenues—Overview" section below for more information, including a discussion of key drivers of our revenue performance.

Income from Continuing Operations—2014

Income from continuing operations in 2014 was $9.1 billion, compared to $11.4 billion in 2013, primarily reflecting, among other items, in addition to the lower revenues described above:

- higher research and development expenses (up $1.7 billion) (see also the "Costs and Expenses—Research and Development (R&D) Expenses" section of this Financial Review);
- the non-recurrence in 2014 of the patent litigation settlement income of $1.3 billion in 2013 (see also the "Costs and Expenses—Other (Income)/Deductions–Net" section of this Financial Review and Notes to Consolidated Financial Statements—*Note 4. Other (Income)/Deductions—Net*);
- higher legal charges (up $958 million) (see the "Costs and Expenses—Other (Income)/Deductions—Net" section of this Financial Review and Notes to Consolidated Financial Statements—*Note 4. Other (Income)/Deductions—Net*); and

- the non-recurrence in 2014 of the gain associated with the transfer of certain product rights to our joint venture with Zhejiang Hisun Pharmaceuticals Co., Ltd. (Hisun) in China in 2013 ($459 million) (see also the “Our Business Development Initiatives” and “Costs and Expenses—Other (Income)/Deductions—Net” sections of this Financial Review and Notes to Consolidated Financial Statements—*Note 2E. Acquisitions, Licensing Agreements, Collaborative Arrangements, Divestitures, and Equity-Method Investments: Equity-Method Investments,* and *Note 4. Other (Income)/Deductions—Net)*,

partially offset by:

- a lower effective tax rate (down 1.9 percentage points to 25.5%) (see also the “Provision for Taxes on Income” section of this Financial Review and Notes to Consolidated Financial Statements—*Note 5. Tax Matters*);
- lower restructuring charges and certain acquisition-related costs (down $932 million) (see also the “Costs and Expenses—Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives” section of this Financial Review and Notes to Consolidated Financial Statements—*Note 3. Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives)*;
- higher royalty-related income (up $479 million) (see also the “Costs and Expenses—Other (Income)/Deductions—Net” section of this Financial Review and Notes to Consolidated Financial Statements—*Note 4. Other (Income)/Deductions—Net*);
- lower asset impairments (down $409 million) (see also the “Costs and Expenses—Other (Income)/Deductions—Net” section of this Financial Review and Notes to Consolidated Financial Statements—*Note 4. Other (Income)/Deductions—Net)*;
- an estimated loss recorded in 2013 associated with an option to acquire the remaining interest in Laboratório Teuto Brasileiro S.A. (Teuto) of approximately $223 million and income recorded in 2014 of approximately $55 million, reflecting a decline in the estimated loss from the aforementioned option (see also the “Costs and Expenses—Other (Income)/Deductions—Net” section of this Financial Review and Notes to Consolidated Financial Statements—*Note 4. Other (Income)/Deductions—Net*); and
- lower selling, informational and administrative expenses (see the “Costs and Expenses—Selling, Informational and Administrative (SI&A) Expenses" section of this Financial Review) .

See also the “Discontinued Operations” section of this MD&A.

Our Operating Environment

Industry-Specific Challenges

Intellectual Property Rights and Collaboration/Licensing Rights

The loss or expiration of intellectual property rights and the expiration of co-promotion and licensing rights can have a significant adverse effect on our revenues. Many of our products have multiple patents that expire at varying dates, thereby strengthening our overall patent protection. However, once patent protection has expired or has been lost prior to the expiration date as a result of a legal challenge, we lose exclusivity on these products, and generic pharmaceutical manufacturers generally produce similar products and sell them for a lower price. The date at which generic competition commences may be different from the date that the patent or regulatory exclusivity expires. However, when generic competition does commence, the resulting price competition can substantially decrease our revenues for the impacted products, often in a very short period of time.

Our biotechnology products, including BeneFIX, ReFacto, Xyntha and Enbrel (we market Enbrel outside the U.S. and Canada), may face competition in the future from biosimilars (also referred to as follow-on biologics). If competitors are able to obtain marketing approval for biosimilars that reference our biotechnology products, our products may become subject to competition from these biosimilars, with attendant competitive pressure, and price reductions could follow. Expiration or successful challenge of applicable patent rights could trigger this competition, assuming any relevant exclusivity period has expired. However, biosimilar manufacturing is complex, and biosimilars are not generic versions of the reference products. Therefore, at least initially upon approval of a biosimilar competitor, biosimilar competition with respect to biologics may not be as significant as generic competition with respect to small molecule drugs.

We have lost exclusivity for a number of our products in certain markets and have lost collaboration rights with respect to a number of our alliance products in certain markets, and we expect certain products and alliance products to face significantly increased generic competition over the next few years.

Specifically:

Recent Losses and Expected Losses of Product Exclusivity

The following table provides information about certain of our products recently experiencing, or expected to experience in 2015, patent expirations or loss of regulatory exclusivity, showing, by product, the key dates or expected key dates, the markets impacted and the revenues associated with those products in those markets:

(MILLIONS OF DOLLARS)			Product Revenues in Markets Impacted		
Products	Key Dates[a]	Markets Impacted	Year Ended December 31,		
			2014	2013	2012
Xalatan and Xalacom	January 2012	Major European markets	**$ 127**	$ 161	$ 275
Aricept	February 2012	Major European markets	**28**	47	139
Geodon	March 2012	U.S.	**24**	84	214
Revatio tablet	September 2012	U.S.	**51**	67	312
Detrol IR and Detrol LA[b]	September 2012 January 2014	Major European markets U.S.	**87**	428	605
Lyrica	February 2013	Canada	**32**	101	206
Viagra	June 2013 (Europe) May 2014 (Japan/Australia)	Major European markets Japan and Australia	**146**	354	472
Rapamune	January 2014	U.S.	**202**	201	185
Inspra[c]	March 2014	Major European markets	**160**	150	131
Lyrica[d]	July 2014	Major European markets	**1,634**	1,458	1,319
Celebrex[e]	November 2014 (Europe) December 2014 (U.S.)	Major European markets U.S.	**1,872**	2,084	1,906
Zyvox[f]	First half of 2015	U.S.	**680**	688	665
Enbrel	August 2015 (Europe) September 2015 (Japan)	Major European markets Japan	**2,832**	2,776	2,727

[a] Unless stated otherwise, "Key Dates" indicate patent-based expiration dates.
[b] In January 2014, generic versions of Detrol LA became available in the U.S. pursuant to a settlement agreement.
[c] In March 2014, regulatory exclusivity for Inspra expired in most major European markets, allowing generic companies to submit applications for marketing authorizations for their generic products.
[d] In July 2014, regulatory exclusivity for Lyrica expired in the EU, allowing generic companies to submit applications for marketing authorizations for their generic products.
[e] In December 2014, generic versions of Celebrex became available pursuant to settlement agreements licensing the reissue patent to several of the generic manufacturers involved in the ongoing litigation with respect to Celebrex.
[f] Pursuant to terms of a settlement agreement, certain formulations of Zyvox became subject to generic competition in the U.S. in January 2015. We expect certain other formulations of Zyvox will become subject to generic competition in the U.S. in the first half of 2015.

Recent and Expected Losses of Collaboration Rights

The following table provides information about certain of our alliance revenue products that have experienced or that are expected to experience losses of collaboration rights, showing, by product, the date of the loss of the collaboration rights, the markets impacted and the alliance revenues associated with those products in those markets:

(MILLIONS OF DOLLARS)			Alliance Revenues in Markets Impacted		
Products	Date of Loss of Collaboration Rights	Markets Impacted	Year Ended December 31,		
			2014	2013	2012
Spiriva[a]	April 2014 (U.S.), between 2012 and 2016 (Japan, certain European countries, Australia, Canada and South Korea)	U.S., Japan, certain European countries, Australia, Canada and South Korea	**$ 168**	$ 659	$ 1,143
Aricept[b]	December 2012 (Japan), July 2013 (U.S.)	Japan and U.S.	**—**	47	
Enbrel[c]	October 2013	U.S. and Canada	**3**	1,400	1,500
Rebif[d]	End of 2015	U.S.	**415**	401	399

[a] Spiriva—Our collaboration with Boehringer Ingelheim for Spiriva expires on a country-by-country basis between 2012 and 2016. On April 29, 2014, our alliance in the U.S. came to an end.
[b] Aricept—Our rights to Aricept in Japan returned to Eisai Co., Ltd. in December 2012. Date shown for U.S. is the date the Aricept 23mg tablet lost exclusivity in the U.S., which was July 2013. 2012 alliance revenues for Aricept have not been approved for disclosure by Eisai Co., Ltd. and therefore are not reflected in the table above.
[c] Enbrel—The U.S. and Canada co-promotion term of our collaboration agreement with Amgen Inc. for Enbrel expired on October 31, 2013. While we are entitled to royalties for 36 months thereafter, those royalties have been and are expected to continue to be significantly less than our share of Enbrel profits from U.S. and Canada sales prior to the expiration. In addition, while our share of the profits from this co-promotion agreement previously was included in *Revenues*, our royalties after October 31, 2013 are and will be included in *Other (income)/deductions—net*, in our consolidated statements of income. Outside the U.S. and Canada, we continue to have the exclusive rights to market Enbrel.
[d] Rebif—Our collaboration agreement with EMD Serono Inc. to co-promote Rebif in the U.S. will expire at the end of 2015.

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