Appendix A
2015 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 2015 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, vaccines and medical devices, 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, pricing and access pressures and competition. 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 and in Part I, Item 1A, "Risk Factors," of our 2015 Annual Report on Form 10-K.

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. Pfizer's fiscal year-end for U.S. subsidiaries is as of and for the year ended December 31 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, but are not limited to, the following markets: Asia (excluding Japan and South Korea), Latin America, Africa, Eastern Europe, Central Europe, the Middle East and Turkey.

References to operational variances in this Financial Review refer to variances excluding the impacts of foreign exchange.

On November 23, 2015, we announced that we have entered into a definitive merger agreement with Allergan plc (Allergan), a global pharmaceutical company incorporated in Ireland, under which we have agreed to combine with Allergan in a stock transaction valued at $363.63 per Allergan share, for a total enterprise value of approximately $160 billion, based on the closing price of Pfizer common stock of $32.18 on November 20, 2015 (the last trading day prior to the announcement) and certain other assumptions. Subject to the terms and conditions of the merger agreement, the businesses of Pfizer and Allergan will be combined under a single company and Pfizer would become a wholly-owned subsidiary of Allergan, which is organized under the laws of Ireland and which, subject to the approval by Allergan shareholders, will be renamed "Pfizer plc". We anticipate that the parent company will be treated as a non-U.S. corporation (and, therefore, a non-U.S. tax resident) under the applicable U.S. federal income tax rules, although the U.S. Internal Revenue Service (IRS) may challenge that treatment. The completion of the transaction, which is expected in the second half of 2016, is subject to certain conditions, including receipt of regulatory approval in certain jurisdictions, including the U.S. and European Union (EU), the receipt of necessary approvals from both Pfizer and Allergan shareholders, and the completion of Allergan's pending divestiture of its generics business to Teva Pharmaceuticals Industries Ltd. Readers are encouraged to review the joint proxy statement/prospectus we will file with the U.S. Securities and Exchange Commission (SEC) seeking stockholder approval of the transaction. That document will include important information regarding the proposed transaction. While we have taken actions and incurred costs associated with the pending combination that are reflected in our financial statements, the pending combination with Allergan will not be reflected in our financial statements until consummation. See the "Our Business Development Initiatives" section of this Financial Review and Notes to Consolidated Financial Statements—*Note 19*. *Pending Combination with Allergan* for additional information.

On September 3, 2015 (the acquisition date), we acquired Hospira, Inc. (Hospira) for approximately $16.1 billion in cash ($15.7 billion, net of cash acquired). Commencing from the acquisition date, our financial statements reflect the assets, liabilities, operating results and cash flows of Hospira, and, in accordance with our domestic and international reporting periods, our consolidated financial statements for the year ended December 31, 2015 reflect four months of legacy Hospira U.S. operations and three months of legacy Hospira international operations. See Notes to Consolidated Financial Statements—*Note 2A. Acquisitions, Licensing Agreements, Collaborative Arrangements, Divestitures, Equity-Method Investments and Cost-Method Investment: Acquisitions* and the "Significant Accounting Policies and Application of Critical Accounting Estimates—Acquisition of Hospira" section of this Financial Review for additional information. Hospira is now a subsidiary of Pfizer and its commercial operations are now included within the Global Established Pharmaceutical (GEP) segment. The combination of local Pfizer and Hospira entities may be pending in various jurisdictions and integration is subject to completion of various local legal and regulatory steps. We expect to generate $800 million of annual cost synergies by 2018 in connection with the Hospira acquisition. Based on our past experience, the one-time costs to generate the synergies are expected to be approximately $1 billion (not including costs of $215 million in 2015 associated with the return of acquired in-process research and development (IPR&D) rights), incurred for up to a three-year period post-acquisition. See the "Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives" section of this Financial Review.

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. See Notes to Consolidated Financial Statements—*Note 2D. Acquisitions, Licensing Agreements, Collaborative Arrangements, Divestitures, Equity-Method Investments and Cost-Method Investment*: *Divestitures* for additional information.

Our 2015 Performance

Revenues—2015

Revenues in 2015 were $48.9 billion, a decrease of 2% compared to 2014. This reflects an operational increase of $3.0 billion, or 6%, which was more than offset by the unfavorable impact of foreign exchange of $3.8 billion, or 8%.

The following provides an analysis of our 2015 operational revenue growth for Pfizer standalone revenues:

(BILLIONS OF DOLLARS)	Year Ended December 31, 2015
Operational revenues—Pfizer-standalone increase:	
Operational consolidated revenues increase	$ 3.0
Less: Revenues from legacy Hospira	(1.5)
Revenues from vaccines acquired from Baxter	(0.2)
Operational revenues—Pfizer-standalone increase	$ 1.3
Components of operational revenues—Pfizer-standalone increase:	
Operational revenue growth from certain key products—net	$ 4.5
Operational revenue decrease due to product losses of exclusivity and co-promotion expirations	(3.2)
Operational revenues—Pfizer-standalone increase	$ 1.3

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 Before Provision for Taxes on Income—2015

Income from continuing operations before provision for taxes on income was $9.0 billion in 2015 compared to $12.2 billion in 2014, primarily reflecting, among other items, in addition to the operational and foreign exchange impacts for *Revenues* described above:

- higher restructuring charges and certain acquisition-related costs (up $902 million) (see also the Notes to Consolidated Financial Statements—*Note 3. Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives*);
- foreign currency loss ($806 million) and an inventory impairment charge ($72 million) related to Venezuela in 2015 (see also the "Costs and Expenses—Cost of Sales" and the "Analysis of Financial Condition, Liquidity and Capital Resources—Global Economic Conditions—Venezuela Operations" sections of this Financial Review and Notes to Consolidated Financial Statements—*Note 4. Other (Income)/ Deductions—Net*);
- higher selling, informational and administrative expenses (up $711 million) (see also the "Costs and Expenses—Selling, Informational and Administrative Expenses (SI&A) Expenses" section of this Financial Review);
- higher Other, net (up $668 million) (see also the Notes to Consolidated Financial Statements—*Note 4. Other (Income)/Deductions—Net*);
- higher asset impairments (up $349 million) (see also the Notes to Consolidated Financial Statements—*Note 4. Other (Income)/ Deductions—Net*); and
- higher charges for business and legal entity alignment activities (up $114 million) (see also the Notes to Consolidated Financial Statements—*Note 4. Other (Income)/Deductions—Net*),

partially offset by:

- lower research and development expenses (down $703 million) (see also the "Costs and Expenses—Research and Development (R&D) Expenses" section of this Financial Review);
- lower amortization of intangible assets (down $311 million) (see also the "Costs and Expenses—Amortization of Intangible Assets" section of this Financial Review); and
- lower net interest expense (down $207 million) (see also the Notes to Consolidated Financial Statements—*Note 4. Other (Income)/ Deductions—Net*).

For information on our tax provision and effective tax rate see the "Provision for Taxes on Income" section of the Financial Review and Notes to Consolidated Financial Statements—*Note 5. Tax Matters.*

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 branded 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 biotechnology 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. 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 we 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 2016, patent expirations or loss of regulatory exclusivity in the U.S., Europe or Japan, 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,		
			2015	2014	2013
Detrol IR and Detrol LA[b]	September 2012 January 2014	Major European markets U.S.	**$ 35**	$ 87	$ 428
Viagra	June 2013 May 2014	Major European markets Japan	**76**	120	310
Rapamune	January 2014 June 2015	U.S. Major European markets	**129**	254	253
Inspra[c]	March 2014	Major European markets	**74**	160	150
Lyrica[d]	July 2014	Major European markets	**1,048**	1,634	1,458
Celebrex[e]	November 2014 December 2014	Major European markets U.S.	**189**	1,872	2,084
Zyvox[f]	First half of 2015 January 2016	U.S. Major European markets	**564**	1,020	1,013
Enbrel[g]	August 2015 September 2015	Major European markets Japan	**2,402**	2,832	2,776
Relpax	December 2016	U.S.	**233**	244	218
Vfend	July 2016 January 2016	Major European markets Japan	**349**	403	413
Tygacil	April 2016	U.S.	**110**	112	150

[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 with several generic manufacturers.
[f] Pursuant to terms of a settlement agreement, certain formulations of Zyvox became subject to generic competition in the U.S. in January 2015. Other formulations of Zyvox became subject to generic competition in the U.S. in the first half of 2015.
[g] In January 2016, the European Commission approved an etanercept biosimilar referencing Enbrel.

DOCKET ALARM

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