Appendix A

2010 Financial Report

Financial Review
Pfizer Inc. and Subsidiary Companies

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 2010 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.

In accordance with Pfizer's international year-end, 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. On October 15, 2009, we completed our acquisition of Wyeth in a cash-and-stock transaction valued on that date at approximately $68 billion. Commencing from the acquisition date, our financial statements reflect the assets, liabilities, operating results and cash flows of Wyeth. As a result, legacy Wyeth operations are reflected in our results of operations for the year ended December 31, 2010. In accordance with our domestic and international fiscal year-ends, our consolidated financial statements for the year ended December 31, 2009 reflect approximately two-and-a-half months of the fourth calendar quarter of 2009 in the case of Wyeth's U.S. operations and approximately one-and-a-half months of the fourth calendar quarter of 2009 in the case of Wyeth's international operations.

The Financial Review is organized as follows:

- *Overview of Our Performance, Operating Environment, Strategy and Outlook*. This section, beginning on page 2, provides information about the following: our business; our 2010 performance; our operating environment, including the impacts and anticipated impacts of the U.S. healthcare legislation enacted in March 2010; our strategy, including our recently announced initiative to improve the innovation and overall productivity of our research and development operation; our business development initiatives, such as acquisitions, dispositions, licensing and collaborations; our financial guidance for 2011; and our financial targets for 2012.

- *Accounting Policies*. This section, beginning on page 10, discusses those accounting policies that we consider important in understanding Pfizer's consolidated financial statements. For additional discussion of our accounting policies, see Notes to Consolidated Financial Statements—*Note 1. Significant Accounting Policies*.

- *Acquisition of Wyeth*. This section, beginning on page 15, discusses our acquisition of Wyeth, the use of fair value and the recognition of assets acquired and liabilities assumed in connection with our acquisition of Wyeth. For additional details related to the acquisition of Wyeth, see Notes to Consolidated Financial Statements—*Note 2. Acquisition of Wyeth*.

- *Analysis of the Consolidated Statements of Income.* This section begins on page 20, and consists of the following sections:

  - *Revenues.* This section, beginning on page 20, provides an analysis of our revenues and products for the three years ended December 31, 2010, including an overview of important product developments.

  - *Costs and Expenses*. This section, beginning on page 32, provides a discussion about our costs and expenses.

  - *Provision for Taxes on Income.* This section, beginning on page 36, provides a discussion of items impacting our tax provision for the periods presented and of two items that will impact our results beginning in 2011.

  - *Adjusted Income*. This section, beginning on page 37, provides a discussion of an alternative view of performance used by management.

- *Financial Condition, Liquidity and Capital Resources*. This section, beginning on page 41, provides an analysis of our consolidated balance sheets as of December 31, 2010 and 2009, and consolidated cash flows for each of the three years ended December 31, 2010, 2009 and 2008, as well as a discussion of our outstanding debt and other commitments that existed as of December 31, 2010. Included in the discussion of outstanding debt is a discussion of the amount of financial capacity available to help fund Pfizer's future activities.

- *New Accounting Standards*. This section, on page 45, discusses accounting standards that we recently have adopted, as well as those that recently have been issued but not yet adopted by us.

- *Forward-Looking Information and Factors That May Affect Future Results*. This section, beginning on page 45, provides a description of the risks and uncertainties that could cause actual results to differ materially from those discussed in forward-looking statements presented in this Financial Review relating to our financial and operating performance, business plans and prospects, in-line products and product candidates, and share-repurchase and dividend-rate plans. Such forward-looking statements are based on management's current expectations about future events, which are inherently susceptible to uncertainty and changes in circumstances. Also included in this section are discussions of Financial Risk Management and Legal Proceedings and Contingencies.

Overview of Our Performance, Operating Environment, Strategy and Outlook

Our Business

Our mission is to apply science and our global resources to improve health and well-being at every stage of life. We strive to set the standard for quality, safety and value in the discovery, development and manufacturing of medicines for people and animals. Our diversified global healthcare portfolio includes human and animal biologic and small molecule medicines and vaccines, as well as nutritional products and many of the world's best-known consumer products. Every day, we work across developed and emerging markets to advance wellness, prevention, treatments and cures that challenge the most feared diseases of our time. We also collaborate with other biopharmaceutical companies, 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, as well as through alliance agreements, under which we co-promote products discovered by other companies.

Our 2010 Performance

Revenues increased 36% in 2010 to $67.8 billion, compared to $50.0 billion in 2009, due to the inclusion of revenues from legacy Wyeth products for a full year in 2010 compared to part of the year in 2009, which favorably impacted revenues by $18.1 billion or 37%, and the favorable impact of foreign exchange, which increased revenues by approximately $1.1 billion, or 2%, partially offset by the net revenue decrease from legacy Pfizer products of $1.4 billion, or 3%.

The significant impacts on revenues for 2010, compared to 2009, are as follows:

	2010 vs. 2009	
(MILLIONS OF DOLLARS)	INCREASE/ (DECREASE)	% CHANGE
Enbrel (outside the U.S. and Canada)[a]	$2,896	*
Prevnar/Prevenar 13[a]	2,416	*
Effexor[a], [b]	1,198	*
Prevnar/Prevenar (7-valent)[a]	966	*
Premarin family[a]	827	*
Zosyn/Tazocin[a]	768	*
Protonix[a]	622	*
BeneFIX[a]	545	*
Pristiq[a]	384	*
ReFacto AF/Xyntha[a]	357	*
Detrol/Detrol LA	(141)	(12)
Camptosar[b]	(215)	(64)
Norvasc[b]	(467)	(24)
Lipitor[b]	(701)	(6)
Alliance revenues[a]	1,159	40
All Other Biopharmaceutical[a], [c]	890	12
Animal Health[a]	811	29
Consumer Healthcare[a]	2,278	*
Nutrition[a]	1,676	*

[a] Reflects the inclusion of revenues from legacy Wyeth products.
[b] Effexor lost exclusivity in the U.S. in July 2010. Lipitor lost exclusivity in Canada in May 2010, Spain in July 2010 and Brazil in August 2010 and faces intense competition in the U.S. and other markets from generic and branded products. Camptosar lost exclusivity in Europe in July 2009. Norvasc lost exclusivity in Canada in July 2009.
[c] Relates to "All Other" category included in the *Revenues—Major Biopharmaceutical Products* table presented in this Financial Review.
* Calculation not meaningful.

Income from continuing operations was $8.3 billion in 2010 compared to $8.6 billion in 2009, reflecting:

- the inclusion of a full year of expenses associated with the legacy Wyeth operations in 2010, compared to part of the year in 2009;
- the impact of purchase accounting adjustments primarily related to the Wyeth acquisition on *Cost of sales* and *Amortization of intangible assets*;
- impairment charges of $2.1 billion (pre-tax) primarily related to certain intangible assets acquired as part of the Wyeth acquisition and one legacy Pfizer product, Thelin (see further discussion in the "Costs and Expenses—Other (Income)/Deductions—Net" section of this Financial Review and Notes to Consolidated Financial Statements—*Note 2. Acquisition of Wyeth*, *Note 3B. Other Significant Transactions and Events: Asset Impairment Charges, Note 6. Other (Income)/Deductions—net* and *Note 12B. Goodwill and Other Intangible Assets: Other Intangible Assets*);
- higher net interest expense, mainly due to the issuance of debt in connection with the acquisition of Wyeth and the addition of legacy Wyeth debt, as well as lower interest income due to lower interest rates coupled with lower average investment balances;
- an additional charge of $1.3 billion (pre-tax) for asbestos litigation related to our wholly owned subsidiary Quigley Company, Inc. (see Notes to Consolidated Financial Statements—*Note 19. Legal Proceedings and Contingencies*);

- lower revenues for legacy Pfizer products;
- a write-off of Wyeth-related inventory of $212 million (pre-tax) (which includes a purchase accounting fair value adjustment of $104 million) (see Notes to Consolidated Financial Statements—*Note 3B. Other Significant Transactions and Events: Asset Impairment Charges* and *Note 10. Inventories*); and
- the non-recurrence of a $482 million gain recorded in 2009 related to ViiV Healthcare Limited (ViiV), a joint venture with GlaxoSmithKline plc (see Notes to Consolidated Financial Statements—*Note3E. Other Significant Transactions and Events: Equity-Method Investments)*,

partially offset by:

- higher revenues for legacy Wyeth products due to the inclusion of a full year of revenues from legacy Wyeth products in 2010 compared to part of the year in 2009;
- a decrease in the 2010 effective tax rate (see further discussion in the "Provision for Taxes on Income" section of this Financial review);
- the favorable impact of foreign exchange; and
- lower *Restructuring charges and certain acquisition-related costs*.

Our Operating Environment

U.S. Healthcare Legislation

Principal Provisions Affecting Us

In March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act (together, the U.S. Healthcare Legislation), was enacted in the U.S. This legislation has both current and longer-term impacts on us, as discussed below.

Certain provisions of the U.S. Healthcare Legislation became effective in 2010 or on January 1, 2011, while other provisions will become effective on various dates over the next several years. The principal provisions affecting us provide for the following:

- an increase, from 15.1% to 23.1%, in the minimum rebate on branded prescription drugs sold to Medicaid beneficiaries (effective January 1, 2010);
- extension of Medicaid prescription drug rebates to drugs dispensed to enrollees in certain Medicaid managed care organizations (effective March 23, 2010);
- expansion of the types of institutions eligible for the "Section 340B discounts" for outpatient drugs provided to hospitals meeting the qualification criteria under Section 340B of the Public Health Service Act of 1944 (effective January 1, 2010);
- discounts on branded prescription drug sales to Medicare Part D participants who are in the Medicare "coverage gap," also known as the "doughnut hole" (effective January 1, 2011); and
- an annual fee payable to the federal government (which is not deductible for U.S. income tax purposes) based on our prior-calendar-year share relative to other companies of branded prescription drug sales to specified government programs (effective January 1, 2011, with the total fee to be paid each year by the pharmaceutical industry increasing annually through 2018).

In addition, the U.S. Healthcare Legislation includes provisions that affect the cost of certain of our postretirement benefit plans. Companies currently are permitted to take a deduction for federal income tax purposes in an amount equal to the subsidy received from the federal government related to their provision of prescription drug coverage to Medicare-eligible retirees. Under the U.S. Healthcare Legislation, effective for tax years beginning after December 31, 2012, companies will no longer be able to take that deduction. While the loss of this deduction will not take effect for a few years, under U.S. generally accepted accounting principles, we were required to account for the impact in the first quarter of 2010, the period when the provision was enacted into law, through a write-off of the deferred tax asset associated with those previously expected future income tax deductions. Other provisions of the U.S. Healthcare Legislation relating to our postretirement benefit plans will affect the measurement of our obligations under those plans, but those impacts are not expected to be significant.

Current and Anticipated Financial Impacts

Our revenues were adversely impacted by $289 million in 2010, compared to last year, as a result of the increase in the minimum rebate on branded prescription drugs sold to Medicaid beneficiaries and the extension of Medicaid prescription drug rebates to drugs dispensed to enrollees in certain Medicaid managed care organizations and, to a lesser extent, the expansion of the types of institutions eligible for the "340B discounts" for outpatient drugs.

In December 2010, the Financial Accounting Standards Board (FASB) issued an accounting standard update which provides guidance that the annual fee based on branded prescription drug sales to specified government programs should be recorded as an operating expense rather than as a reduction of revenues. After consideration of this new accounting standard, we currently expect that the provisions of the U.S. Healthcare Legislation that became effective in 2010, together with the discounts on branded prescription drug sales to Medicare Part D participants who are in the Medicare "doughnut hole" that became effective on January 1, 2011, will adversely affect revenues by approximately $600 million in 2011 and $500 million in 2012. In addition, we currently expect

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