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PFIZER REPORTS SECOND-QUARTER 2018 RESULTS

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Second-Quarter 2018 Revenues of $13.5 Billion, Reflecting 2% Operational Growth Second-Quarter 2018 Reported Diluted EPS(1) of $0.65, Adjusted Diluted EPS(2) of $0.81 Raised 2018 Financial Guidance for Adjusted Diluted EPS(2) by $0.05 to a Range of $2.95 to $3.05 Lowered Midpoint of 2018 Revenue Guidance Range by $500 Million Solely to Reflect Recent Unfavorable Changes in Foreign Exchange Rates

Pfizer Inc. (NYSE: PFE) reported financial results for second-quarter 2018 and raised 2018 financial guidance for Adjusted diluted EPS(2).

Results for the second quarter and first six months of 2018 and 2017(3) are summarized below.

OVERALL RESULTS

($ in millions, except per share amounts)	Second-Quarter			Six Months		
	2018	2017	Change	2018	2017	Change
Revenues	$ 13,466	$ 12,896	4%	$ 26,373	$ 25,675	3%
Reported Net Income(1)	3,872	3,073	26%	7,432	6,194	20%
Reported Diluted EPS(1)	0.65	0.51	28%	1.24	1.02	21%
Adjusted Income(2)	4,827	4,063	19%	9,495	8,255	15%
Adjusted Diluted EPS(2)	0.81	0.67	21%	1.58	1.36	16%

REVENUES

($ in millions)	Second-Quarter				Six Months			
	2018	2017	% Change		2018	2017	% Change	
			Total	Oper.			Total	Oper.
Innovative Health	$ 8,273	$ 7,671	8%	5%	$ 16,102	$ 15,086	7%	4%
Essential Health	5,193	5,226	(1%)	(4%)	10,271	10,590	(3%)	(7%)
Total Company	**$ 13,466**	**$ 12,896**	**4%**	**2%**	**$ 26,373**	**$ 25,675**	**3%**	**—**

On February 3, 2017, Pfizer completed the sale of its global infusion therapy net assets, Hospira Infusion Systems (HIS). Therefore, financial results for the first six months of 2018 do not reflect any contribution from legacy HIS operations, while the first six months of 2017 reflect approximately one month of legacy HIS domestic operations and approximately two months of legacy HIS international operations[3].

Some amounts in this press release may not add due to rounding. All percentages have been calculated using unrounded amounts. References to operational variances pertain to period-over-period growth rates that exclude the impact of foreign exchange[4].

2018 FINANCIAL GUIDANCE[5]

Pfizer's updated 2018 financial guidance is presented below.

- Revenue guidance was updated solely to reflect recent unfavorable changes in foreign exchange rates in relation to the U.S. dollar from mid-April 2018 to mid-July 2018, primarily the weakening of the euro, Chinese yuan and Japanese yen.
- Guidance for Adjusted R&D expenses[2] was updated primarily to reflect higher anticipated spend in the second half of 2018 than previously projected, largely related to our late-stage development programs.
- Guidance for Adjusted other (income)/deductions[2] was updated primarily to reflect unrealized net gains on equity securities, one-time milestone payments from certain collaborations and out-licensing arrangements and a gain on the sale of certain compound/product rights in the first-half of 2018.
- Guidance for the effective tax rate on Adjusted income[2],[6] was updated primarily to reflect Pfizer's evolving understanding of the impact of the Tax Cuts and Jobs Act ("TCJA")[6] on its business. Although these estimates continue to be subject to further analysis, interpretation and clarification of the TCJA, Pfizer's current expectation is that this tax rate guidance will be sustainable beyond 2018.

Revenues	$53.0 to $55.0 billion *(previously $53.5 to $55.5 billion)*
Adjusted Cost of Sales[2] as a Percentage of Revenues	20.5% to 21.5%
Adjusted SI&A Expenses[2]	$14.0 to $15.0 billion
Adjusted R&D Expenses[2]	$7.7 to $8.1 billion *(previously $7.4 to $7.9 billion)*
Adjusted Other (Income)/Deductions[2]	Approximately $1.0 billion of income *(previously approximately $400 million of income)*
Effective Tax Rate on Adjusted Income[2],[6]	Approximately 16.0% *(previously approximately 17.0%)*
Adjusted Diluted EPS[2]	$2.95 to $3.05 *(previously $2.90 to $3.00)*

Financial guidance for Adjusted diluted EPS[2] reflects share repurchases totaling approximately $6.1 billion already completed in 2018. Dilution related to share-based employee compensation programs is expected to offset by approximately half the reduction in shares associated with these share repurchases.

CAPITAL ALLOCATION

- During the first six months of 2018, Pfizer returned $10.1 billion directly to shareholders, through a combination of:
    - $4.0 billion of dividends, composed of $0.34 per share of common stock in each of the first and second quarters of 2018; and
    - $6.1 billion of share repurchases, composed of $2.1 billion of open-market share repurchases in first-quarter 2018 and a $4.0 billion accelerated share repurchase agreement executed in March 2018.
- As of July 31, 2018, Pfizer's remaining share repurchase authorization was $10.3 billion.

EXECUTIVE COMMENTARY

Ian Read, Chairman and Chief Executive Officer, stated, "We reported solid second-quarter 2018 financial results, with total company revenues up 2% operationally, driven by the continued growth of key brands such as Eliquis, Ibrance and Xeljanz, as well as biosimilars and emerging markets. The performance of these growth drivers was partially offset by product losses of exclusivity, a decline in legacy Established Products in developed markets and ongoing legacy Hospira supply shortages.

"Regarding our investment in innovation, we continue to advance our pipeline, which we believe currently has the largest and most promising array of late-stage prospects it has had in decades. We are looking ahead to several potential near-term opportunities in core therapeutic areas, and continue to see the potential for approximately 25-30 approvals through 2022, of which up to 15 have the potential to be blockbusters. We continue to believe our pipeline positions us to deliver life-changing medicines to patients while enhancing shareholder value.

"In addition, we recently announced a new organizational structure. The new structure is a natural evolution of our business as we transition to a period post-2020 where we expect a higher and more sustained revenue growth profile driven by this new structure, the ongoing success of our in-market products, our advancing pipeline and a dramatic reduction in loss of exclusivity impacts," Mr. Read concluded.

Frank D'Amelio, Executive Vice President, Business Operations and Chief Financial Officer, stated, "I am pleased with our results over the first-half of 2018, which keep us on track to deliver a solid financial performance this year. We are raising our 2018 guidance range for Adjusted diluted EPS[(2)], which at the midpoint implies 13% growth compared to last year. Additionally, in the first half of 2018, we returned $10.1 billion directly to shareholders through dividends and share repurchases, demonstrating our continued commitment to returning capital to our shareholders."

QUARTERLY FINANCIAL HIGHLIGHTS (Second-Quarter 2018 vs. Second-Quarter 2017)

Second-quarter 2018 revenues totaled $13.5 billion, an increase of $570 million, or 4%, compared to the prior-year quarter, reflecting the favorable impact of foreign exchange of $377 million, or 3%, and operational growth of $194 million, or 2%.

Innovative Health (IH) Highlights

- IH revenues increased 5% operationally in second-quarter 2018, primarily driven by continued growth from key brands including Eliquis, Ibrance and Xeljanz globally, Prevnar 13/Prevenar 13 primarily in emerging markets and the U.S., as well as Xtandi in the U.S. Operational revenue growth for Eliquis, Ibrance, Xeljanz and Xtandi was 42%, 19%, 37% and 21%, respectively.
- Second-quarter 2018 IH operational revenue growth was negatively impacted primarily by the loss of exclusivity of Viagra in the U.S. in December 2017 and the resulting shift in the reporting of Viagra

revenues in the U.S. and Canada to the Essential Health business at the beginning of 2018[3]. IH operational revenue growth was also negatively impacted by lower revenues for Enbrel in most developed Europe markets due to continued biosimilar competition.

- Global Prevnar 13/Prevenar 13 revenues increased 7% operationally in second-quarter 2018.
  - Prevenar 13 revenues in international markets increased 8% operationally, primarily due to the overall favorable impact of timing associated with government purchases for the pediatric indication in certain emerging markets compared with the prior-year quarter, as well as the launch of the pediatric indication in China in the second quarter of 2017.
  - In the U.S., Prevnar 13 revenues increased 6%, primarily due to higher government purchases in second-quarter 2018 compared to second-quarter 2017 for the pediatric indication, partially offset by the continued decline in revenues for the adult indication due to a smaller remaining "catch up" opportunity compared to the prior-year quarter.

Essential Health (EH) Highlights

- Second-quarter 2018 EH revenues declined 4% operationally, negatively impacted primarily by:
  - a 12% operational decline in the Legacy Established Products portfolio in developed markets;
  - a 17% operational decline in the Sterile Injectable Pharmaceuticals portfolio in developed markets, primarily due to continued legacy Hospira product shortages in the U.S.; and
  - an 11% operational decline in the Peri-LOE Products portfolio in developed markets, primarily due to expected declines in Lyrica in developed Europe, partially offset by the addition of Viagra revenues from the U.S. and Canada that were previously recorded in the IH business,

  partially offset by:

  - 10% operational growth in emerging markets, reflecting growth across all portfolios; and
  - 44% operational growth from Biosimilars, primarily from Inflectra in certain channels in the U.S. as well as in developed Europe.

GAAP Reported(1) Income Statement Highlights

SELECTED TOTAL COMPANY REPORTED COSTS AND EXPENSES(1)

($ in millions)

(Favorable)/Unfavorable	Second-Quarter				Six Months			
	2018	2017	% Change Total	% Change Oper.	2018	2017	% Change Total	% Change Oper.
Cost of Sales[1]	$ 2,916	$ 2,660	10%	5%	$ 5,479	$ 5,128	7%	—
Percent of Revenues	21.7 %	20.6 %	N/A	N/A	20.8 %	20.0 %	N/A	N/A
SI&A Expenses[1]	3,542	3,430	3%	1%	6,954	6,745	3%	—
R&D Expenses[1]	1,797	1,787	1%	—	3,540	3,502	1%	—
Total	**$ 8,255**	**$ 7,877**	**5%**	**2%**	**$ 15,973**	**$ 15,375**	**4%**	**—**

Other (Income)/Deductions—net[1]	($551)	($ 75)	*	*	($728)	($ 14)	*	*
Effective Tax Rate on Reported Income[1],[6]	14.3 %	19.4 %			13.9 %	20.1 %		

* Indicates calculation not meaningful or result is equal to or greater than 100%.

Pfizer recorded higher other income—net[1] in second-quarter 2018 compared with the prior-year quarter, primarily due to:

- unrealized net gains on equity securities, primarily from gains on shares of ICU Medical, Inc. stock held by Pfizer that was received as part of the consideration for the sale of HIS net assets (the recording of these unrealized net gains on equity securities reflects the adoption of a new accounting standard in first-quarter 2018; prior to the adoption of the new standard, net unrealized gains and losses on virtually all equity securities with readily determinable fair values were reported in Accumulated other comprehensive income);
- higher income from collaborations, out-licensing arrangements and sale of compound/product rights; and
- lower charges for certain legal matters, primarily reflecting the reversal of a legal accrual in second-quarter 2018 where a loss was no longer deemed probable.

Pfizer's effective tax rate on Reported income[1] for second-quarter 2018 was favorably impacted by the December 2017 enactment of the TCJA[6].

Adjusted[2] Income Statement Highlights

SELECTED TOTAL COMPANY ADJUSTED COSTS AND EXPENSES[2]

($ in millions)

(Favorable)/Unfavorable	Second-Quarter				Six Months			
	2018	2017	% Change Total	% Change Oper.	2018	2017	% Change Total	% Change Oper.
Adjusted Cost of Sales[2]	$ 2,876	$ 2,592	11%	6%	$ 5,413	$ 5,024	8%	—
Percent of Revenues	21.4 %	20.1 %	N/A	N/A	20.5 %	19.6 %	N/A	N/A
Adjusted SI&A Expenses[2]	3,507	3,390	3%	1%	6,793	6,685	2%	(1%)
Adjusted R&D Expenses[2]	1,789	1,777	1%	—	3,528	3,490	1%	—
Total	**$ 8,173**	**$ 7,759**	**5%**	**2%**	**$ 15,733**	**$ 15,199**	**4%**	—

Adjusted Other (Income)/Deductions—net[2]	($519)	($179)	*	*	($841)	($279)	*	*
Effective Tax Rate on Adjusted Income[2],[6]	15.8 %	22.9 %			16.1 %	22.6 %		

* Indicates calculation not meaningful or result is equal to or greater than 100%.

Pfizer's effective tax rate on Adjusted income[2] for second-quarter 2018 was favorably impacted by the aforementioned December 2017 enactment of the TCJA[6].

Second-quarter 2018 diluted weighted-average shares outstanding used to calculate Reported[1] and Adjusted[2] diluted EPS declined by 85 million shares compared to the prior-year quarter primarily due to Pfizer's ongoing share repurchase program, reflecting the impact of share repurchases during first-quarter 2018, partially offset by dilution related to share-based employee compensation programs.

A full reconciliation of Reported[1] to Adjusted[2] financial measures and associated footnotes can be found starting on page 21 of the press release located at the hyperlink below.

RECENT NOTABLE DEVELOPMENTS (Since May 1, 2018)

Product Developments

- **Bavencio (avelumab) and talazoparib** -- In July 2018, the first patient was enrolled in the Phase 3 JAVELIN Ovarian PARP trial evaluating avelumab in combination with talazoparib in patients with previously untreated advanced ovarian cancer. JAVELIN Ovarian PARP is an open-label, international, multi-center, randomized study designed to evaluate the efficacy and safety of avelumab in combination with chemotherapy followed by maintenance therapy of avelumab in combination with talazoparib in treatment naïve patients with locally advanced or metastatic ovarian cancer (Stage III or Stage IV). This trial further explores the potential of novel combinations with avelumab, which is being developed as part of the alliance between Merck KGaA, Darmstadt, Germany, and Pfizer.
- **Ibrance (palbociclib)** -- In June 2018, Pfizer announced the receipt of overall survival (OS) results from the Phase 3 PALOMA-3 trial, which evaluated Ibrance in combination with fulvestrant compared to placebo plus fulvestrant in women with hormone receptor-positive (HR+), human epidermal growth factor receptor 2-negative (HER2-) metastatic breast cancer whose disease has progressed after prior endocrine therapy. The results demonstrated a positive trend in the hazard ratio favoring the Ibrance combination, although this trend did not reach statistical significance. OS is a secondary endpoint of the PALOMA-3 trial and, as such, the trial design was not optimized to detect a statistically significant difference in OS. Pfizer expects to present the detailed OS data at an upcoming medical meeting.
- **Lyrica (pregabalin)** -- In May 2018, Pfizer announced positive top-line results of a Phase 3 study examining the use of Lyrica Oral Solution CV as adjunctive therapy for partial onset seizures in pediatric epilepsy patients one month to less than four years of age. Results showed that adjunctive treatment with Lyrica 14 mg/kg/day resulted in a statistically significant reduction in seizure frequency versus placebo, the primary efficacy endpoint. Treatment with Lyrica at the lower dose (7 mg/kg/day) did not result in a statistically significant reduction in seizure frequency versus placebo. The study was a post-marketing requirement by the U.S. Food and Drug Administration (FDA). Lyrica is not approved as adjunctive therapy for partial onset seizures in pediatric epilepsy patients one month to less than four years of age. Complete study results are expected to be submitted for publication in a peer-reviewed medical journal

and to the FDA for pediatric exclusivity determination.

- **Nivestym (filgrastim-aafi)** -- In July 2018, Pfizer announced that the FDA approved Nivestym, a biosimilar to Neupogen®[7] (filgrastim), for all eligible indications of the reference product.
- **Prevnar 13 / Prevenar 13 (pneumococcal 13-valent conjugate vaccine [diphtheria CRM197 Protein])** -- In May 2018, Pfizer announced results from a study analyzing real-world effectiveness data that found that Prevnar 13 reduced the risk of hospitalization from vaccine-type pneumococcal community-acquired pneumonia by 73% (95% CI: 12.8-91.5%) in adults aged 65 and older. Importantly, Prevnar 13 worked under real-world conditions where people received pneumococcal vaccination as advised by their health care providers, and many had underlying medical conditions that increase the risk for pneumococcal pneumonia. The results were published in *Clinical Infectious Diseases*.
- **Retacrit (epoetin alfa-epbx)** -- In May 2018, Pfizer announced that the FDA approved Retacrit, a biosimilar to Epogen® and Procrit® (epoetin alfa)[8], for all indications of the reference product. Pfizer has entered into an agreement with Vifor Pharma Inc. for the commercialization of Retacrit in certain channels.
- **Vyndaqel (tafamidis)** -- In May 2018, Pfizer announced that the FDA granted Breakthrough Therapy designation for tafamidis for the treatment of patients with transthyretin cardiomyopathy (TTR-CM), a rare, fatal, and underdiagnosed condition associated with progressive heart failure. This decision is supported by topline results from the Phase 3 TTR-CM study, ATTR-ACT, in which tafamidis demonstrated a statistically significant reduction in the combination of all-cause mortality and frequency of cardiovascular-related hospitalizations. Currently, there are no approved pharmacological treatments specifically indicated for this disease, and the average life expectancy for people with TTR-CM is 3 to 5 years from diagnosis. The FDA's Breakthrough Therapy designation is intended to expedite the development and review of a medicine if it is intended to treat a serious or life-threatening disease and preliminary clinical evidence indicates that the drug may demonstrate substantial improvement over existing therapies. Pfizer expects results of the Phase 3 ATTR-ACT trial to be presented as a late-breaker at the European Society of Cardiology Congress 2018 in Munich, Germany on August 27, 2018.
- **Xalkori (crizotinib)** -- In May 2018, Pfizer announced that the FDA granted Breakthrough Therapy designation for Xalkori for the treatment of patients with metastatic non-small cell lung cancer (NSCLC) with MET exon 14 alterations with disease progression on or after platinum-based chemotherapy. The FDA also granted Breakthrough Therapy designation for Xalkori for the treatment of patients with relapsed or refractory systemic anaplastic large cell lymphoma that is anaplastic lymphoma kinase (ALK)-positive.
- **Xeljanz (tofacitinib)**
    - In June 2018, Pfizer announced that the European Commission (EC) approved Xeljanz 5 mg twice daily (BID) in combination with methotrexate for the treatment of active psoriatic arthritis in adult patients who have had an inadequate response or who have been intolerant to a prior disease-modifying antirheumatic drug therapy.
    - In June 2018, Pfizer initiated a Phase 3, randomized, double-blind, placebo-controlled, investigational study evaluating the efficacy and safety of Xeljanz 5 mg BID compared to placebo in adult patients with active ankylosing spondylitis (AS). The study is being conducted in adult patients who have had an inadequate response or who have been intolerant to a nonsteroidal anti-inflammatory drug therapy. Xeljanz is not approved for the treatment of AS in any market.
    - In May 2018, the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) adopted a positive opinion, recommending marketing authorization for Xeljanz for the treatment of adult patients with moderately to severely active ulcerative colitis (UC). The CHMP's opinion will now be reviewed by the EC, which has the authority to approve medications for the European Union (EU).
    - In May 2018, Pfizer announced that the FDA approved Xeljanz 10 mg BID for at least eight weeks, followed by Xeljanz 5 mg BID or 10 mg BID, for the treatment of adult patients in the U.S. with

moderately to severely active UC.

- **Xtandi (enzalutamide)** -- In July 2018, Pfizer and Astellas Pharma Inc. (Astellas) announced that the FDA approved a supplemental New Drug Application for Xtandi. The FDA action broadens the indication for Xtandi to men with castration-resistant prostate cancer (CRPC), now including men with non-metastatic CRPC. This approval makes Xtandi the first and only oral medication FDA-approved for both non-metastatic and metastatic CRPC.

Pipeline Developments

A comprehensive update of Pfizer's development pipeline was published today and is now available at www.pfizer.com/science/drug-product-pipeline. It includes an overview of Pfizer's research and a list of compounds in development with targeted indication and phase of development, as well as mechanism of action for some candidates in Phase 1 and all candidates from Phase 2 through registration.

- **Dacomitinib (PF-00299804)** -- In June 2018, Pfizer announced OS data from the ARCHER 1050 trial evaluating dacomitinib as a first-line treatment for patients with locally advanced or metastatic NSCLC with EGFR-activating mutations compared to gefitinib. The trial showed a median OS of 34.1 months for patients receiving dacomitinib (95% CI: 29.5, 37.7), representing a more than seven-month improvement compared to 26.8 months with gefitinib (95% CI: 23.7, 32.1). The OS data from ARCHER 1050 were presented as an oral presentation at the 54th Annual Meeting of the American Society of Clinical Oncology and were published simultaneously in the *Journal of Clinical Oncology*.
- **Fidanacogene elaparvovec (PF-06838435, SPK-9001)**
  - In July 2018, Pfizer and Spark Therapeutics (Spark) announced that Pfizer initiated a Phase 3 open-label, multi-center, lead-in study to evaluate the efficacy and safety of current factor IX prophylaxis replacement therapy in the usual care setting. The factor IX prophylaxis efficacy data obtained in the lead-in study will serve as the within-subject control group for those patients that enroll into the next part of the Phase 3 study, which will evaluate the investigational gene therapy fidanacogene elaparvovec for the treatment of hemophilia B. The Phase 3 program was initiated following the recent transfer of the responsibility for Spark's hemophilia B gene therapy program to Pfizer. Fidanacogene elaparvovec is a novel, investigational vector that contains a bio-engineered adeno-associated virus capsid and a high-activity human coagulation factor IX gene. It enables patients to produce factor IX themselves, rather than having to regularly inject factor IX.
  - In May 2018, Pfizer and Spark announced that, with a cumulative follow-up of more than 18 patient years of observation (5 to 121 weeks), all 15 participants in the ongoing Phase 1/2 clinical trial of investigational SPK-9001 for severe or moderately severe (FIX:C < 2 percent) hemophilia B, had discontinued routine infusions of factor IX concentrates. Annualized bleeding rates for all 15 participants was reduced by 98%, while annualized infusion rate was reduced by 99%. None of the 15 participants experienced serious adverse events, and there were no thrombotic events or factor IX inhibitors, as of the May 7, 2018 data cutoff. Full results of the study were presented at the World Federation of Hemophilia World Congress on May 22, 2018.

- **Glasdegib (PF-04449913)** -- In June 2018, Pfizer announced that the FDA accepted the company's New Drug Application (NDA) and granted Priority Review status for glasdegib, an investigational oral smoothened inhibitor, being evaluated for the treatment of adult patients with previously untreated acute myeloid leukemia in combination with low-dose cytarabine, a type of chemotherapy. The Prescription Drug User Fee Act (PDUFA) goal date for a decision by the FDA is in December 2018. The FDA grants Priority Review to medicines that may offer significant advances in treatment or may provide a treatment where no adequate therapy exists.

- **Lorlatinib (PF-06463922)** -- In July 2018, the FDA notified Pfizer that the review period for the NDA for lorlatinib has been extended by three months to allow time to review additional information recently submitted by Pfizer in response to an FDA information request. The submission of the additional information was determined by the FDA to constitute a major amendment to the NDA, resulting in an extension of the PDUFA goal date by three months, from August 2018 to November 2018. The FDA previously granted Priority Review status to the lorlatinib NDA in February 2018. Lorlatinib is Pfizer's investigational next-generation ALK/ROS1 tyrosine kinase inhibitor under regulatory review for the treatment of patients with ALK-positive metastatic NSCLC, previously treated with one or more ALK inhibitors.
- **PF-06482077** -- In second-quarter 2018, Pfizer achieved proof-of-concept for PF-06482077, Pfizer's next-generation multi-valent pneumococcal conjugate vaccine candidate. Results from the recently-completed Phase 2 trial demonstrated that the vaccine candidate was safe and well-tolerated and induced functional immune responses that could kill all twenty serotypes. PF-06482077 is being developed to potentially extend coverage beyond the thirteen serotypes covered by Prevnar 13 to include seven additional serotypes prevalent in causing pneumococcal disease in adults and children. Pfizer is currently planning its Phase 3 program for PF-06482077.
- **Rivipansel (GMI-1070)** -- In July 2018, Pfizer updated the estimated completion date for the Rivipansel E valuating Safety, Efficacy and Time to Discharge (RESET) Phase 3 trial. Investigators in the U.S. and Canada continue to enroll sickle cell disease (SCD) patients and study completion is now expected in the second quarter of 2019. The study was previously expected to be completed in late 2018. This update was calculated based on historical enrollment over the last 12 months. Rivipansel is being studied for the treatment of vaso-occlusive crisis in hospitalized subjects with SCD.
- **Talazoparib (MDV3800)** -- In June 2018, Pfizer announced that the FDA accepted for filing and granted Priority Review status to the company's NDA for talazoparib, an investigational, once-daily, oral poly ADP ribose polymerase (PARP) inhibitor, for the treatment of germline (inherited) BRCA-mutated, HER2- locally advanced or metastatic breast cancer. The PDUFA goal date for a decision by the FDA is in December 2018. The EMA has also accepted the Marketing Authorization Application for talazoparib in this patient population.
- **Tanezumab (PF-4383119, RN624)** -- In July 2018, Pfizer and Eli Lilly and Company (Lilly) announced that a 16-week Phase 3 study in patients with osteoarthritis (OA) pain evaluating subcutaneous administration of tanezumab, an investigational humanized monoclonal antibody, met all three co-primary endpoints. The study demonstrated that patients who received two doses of tanezumab separated by eight weeks experienced a statistically significant improvement in pain, physical function and the patients' overall assessment of their OA, compared to those receiving placebo. Preliminary safety data showed that tanezumab was generally well tolerated, with approximately 1% of patients discontinuing treatment due to adverse events. Rapidly progressive OA was observed in tanezumab-treated patients at a frequency of less than 1.5%, and was not observed in the placebo arm. There were no events of osteonecrosis observed in the trial. No new safety signals were identified. Tanezumab is part of an investigational class of pain medications known as nerve growth factor inhibitors and in addition to OA pain, is being evaluated for chronic low back pain and cancer pain (due to bone metastases). Pfizer and Lilly expect to present the detailed efficacy and safety data for tanezumab at an upcoming medical meeting.
- **Trazimera (biosimilar trastuzumab)** -- In July 2018, Pfizer announced that the European Commission has approved Trazimera, a biosimilar to Herceptin(9), for the treatment of HER2 overexpressing breast cancer and HER2 overexpressing metastatic gastric or gastroesophageal junction adenocarcinoma. This approval follows the recommendation from the CHMP in May 2018.

Corporate Developments

- In July 2018, Pfizer announced that it will increase its commitment to U.S. manufacturing with a $465 million investment to build one of the most technically advanced sterile injectable pharmaceutical production facilities in the world in Portage, Michigan. This U.S. investment will strengthen Pfizer's capability to produce and supply critical, life-saving injectable medicines for patients around the world. Known as Modular Aseptic Processing, the new, multi-story, 400,000-square-foot production facility will also support the area economy by creating an estimated 450 new jobs over the next several years. This expands Pfizer's presence in Portage, located in Kalamazoo County, where the company now employs more than 2,200 people at one of its largest plants.
- In July 2018, Pfizer announced that it will organize the company into three businesses, including:
    - a science-based Innovative Medicines business, which will include all of the current Innovative Health business units (except for Consumer Healthcare) as well as biosimilars and a new Hospital Medicines business unit that will commercialize Pfizer's global portfolio of sterile injectable and anti-infective medicines;
    - an off-patent branded and generic Established Medicines business operating with substantial autonomy within Pfizer; and
    - a Consumer Healthcare business, for which Pfizer continues to evaluate strategic alternatives, with a decision expected in 2018.

These changes will be effective at the beginning of the company's 2019 fiscal year. Pfizer will provide financial reporting to reflect this reorganization beginning with the issuance of first-quarter 2019 earnings.

- In June 2018, the FDA informed Pfizer that it has completed an evaluation of corrective actions and closed out the February 2017 Warning Letter issued to Pfizer's McPherson, Kansas manufacturing facility after determining that Pfizer has addressed the violations contained in the Warning Letter. Future FDA inspections and regulatory activities will further assess the adequacy and sustainability of these corrections. The site remains in Voluntary Action Indicated (VAI) status.
- In June 2018, Pfizer announced that it plans to invest $600 million in biotechnology and other emerging growth companies through Pfizer Ventures, the company's venture investment vehicle. In addition to increased funding, Pfizer will extend its leadership as a venture capital investor with an expanded team that leverages expertise across venture capital investing, business development, drug discovery and clinical development.

Please find Pfizer's press release and associated financial tables, including reconciliations of certain GAAP reported to non-GAAP adjusted information, at the following hyperlink:
https://investors.pfizer.com/files/doc_financials/Quarterly/2018/q2/Q2-2018-PFE-Earnings-Release.pdf

(Note: If clicking on the above link does not open up a new web page, you may need to cut and paste the above URL into your browser's address bar.)

For additional details, see the associated financial schedules and product revenue tables attached to the press release located at the hyperlink referred to above and the attached disclosure notice.

(1) Revenues is defined as revenues in accordance with U.S. generally accepted accounting principles (GAAP). Reported net income is defined as net income attributable to Pfizer Inc. in accordance with U.S. GAAP. Reported diluted earnings per share (EPS) is defined as reported diluted EPS attributable to Pfizer Inc. common shareholders in accordance with U.S. GAAP.

(2) Adjusted income and its components and Adjusted diluted EPS are defined as reported U.S. GAAP net income[(1)] and its components and reported diluted EPS[(1)] excluding purchase accounting adjustments, acquisition-related costs, discontinued operations and certain significant items (some of which may recur, such as restructuring or legal charges, but which management does not believe are reflective of ongoing core operations). Adjusted cost of sales, Adjusted selling, informational and administrative (SI&A) expenses, Adjusted research and development (R&D) expenses and Adjusted other (income)/deductions are income statement line items prepared on the same basis as, and therefore components of, the overall Adjusted income measure. As described in the *Financial Review—Non-GAAP Financial Measure (Adjusted Income)* section of Pfizer's 2017 Financial Report, which was filed as Exhibit 13 to Pfizer's Annual Report on Form 10-K for the fiscal year ended December 31, 2017, management uses Adjusted income, among other factors, to set performance goals and to measure the performance of the overall company. Because Adjusted income is an important internal measurement for Pfizer, management believes that investors' understanding of our performance is enhanced by disclosing this performance measure. Pfizer reports Adjusted income, certain components of Adjusted income, and Adjusted diluted EPS in order to portray the results of the company's major operations—the discovery, development, manufacture, marketing and sale of prescription medicines, vaccines and consumer healthcare (OTC) products—prior to considering certain income statement elements. See the accompanying reconciliations of certain GAAP Reported to Non-GAAP Adjusted information for the second quarter and first six months of 2018 and 2017. The Adjusted income and its components and Adjusted diluted EPS measures are not, and should not be viewed as, substitutes for U.S. GAAP net income and its components and diluted EPS.

(3) Pfizer's fiscal year-end for international subsidiaries is November 30 while Pfizer's fiscal year-end for U.S. subsidiaries is December 31. Therefore, Pfizer's second quarter and first six months for U.S. subsidiaries reflect the three and six months ending on July 1, 2018 and July 2, 2017 while Pfizer's second quarter and first six months for subsidiaries operating outside the U.S. reflect the three and six months ending on May 27, 2018 and May 28, 2017.

(4) References to operational variances in this press release pertain to period-over-period growth rates that exclude the impact of foreign exchange. The operational variances are determined by multiplying or dividing, as appropriate, the current period U.S. dollar results by the current period average foreign exchange rates and then multiplying or dividing, as appropriate, those amounts by the prior-year period average foreign exchange rates. Although exchange rate changes are part of Pfizer's business, they are not within Pfizer's control. Exchange rate changes, however, can mask positive or negative trends in the business; therefore, Pfizer believes presenting operational variances provides useful information in evaluating the results of its business.

(5) The 2018 financial guidance reflects the following:

- Pfizer does not provide guidance for GAAP Reported financial measures (other than revenues) or a reconciliation of forward-looking non-GAAP financial measures to the most directly comparable GAAP Reported financial measures on a forward-looking basis because it is unable to predict with reasonable certainty the ultimate outcome of pending litigation, unusual gains and losses, acquisition-related expenses and potential future asset impairments without unreasonable effort. These items are uncertain, depend on various factors, and could have a material impact on GAAP Reported results for the guidance period.

- Does not assume the completion of any business development transactions not completed as of July 1, 2018, including any one-time upfront payments associated with such transactions.

- Guidance for Adjusted other (income)/deductions[(2)] does not attempt to forecast unrealized net gains or losses on equity securities. Pfizer is unable to predict with reasonable certainty unrealized gains or losses on equity securities in a given period. Net unrealized gains and losses on equity securities are now recorded in Adjusted other (income)/deductions[(2)] during each quarter, reflecting the adoption of a new accounting standard in the first quarter of 2018. Prior to the adoption of the new standard, net unrealized gains and losses on virtually all equity securities with readily determinable fair values were reported in Accumulated other comprehensive income.

- Exchange rates assumed are a blend of the actual exchange rates in effect through second-quarter 2018 and mid-July 2018 exchange rates for the remainder of the year.

- Reflects an anticipated negative revenue impact of $1.9 billion due to recent and expected generic and biosimilar competition for certain products that have recently lost or are anticipated to soon lose patent protection. Assumes no generic competition for Lyrica in the U.S. until June 2019, which is contingent upon a six-month patent-term extension granted by the FDA for pediatric exclusivity, which the company is currently pursuing.

- Reflects a full year contribution from Consumer Healthcare. Pfizer continues to expect that any decision regarding strategic alternatives for Consumer Healthcare will be made during 2018.

- Reflects the anticipated favorable impact of approximately $500 million on revenues and approximately $0.03 on Adjusted diluted EPS[(2)] as a result of favorable changes in foreign exchange rates relative to the U.S. dollar compared to foreign exchange rates from 2017.

- Guidance for Adjusted diluted EPS[(2)] assumes diluted weighted-average shares outstanding of approximately 6.0 billion shares, which reflects share repurchases totaling approximately $6.1 billion already completed in 2018. Dilution related to share-based employee compensation programs is expected to offset by approximately half the reduction in shares associated with these share repurchases.

(6) Given the significant changes resulting from and complexities associated with the Tax Cuts and Jobs Act (TCJA), the estimated financial impacts associated with the TCJA that were recorded in fourth-quarter 2017 are provisional and subject to further analysis, interpretation and clarification of the TCJA, which could result in changes to these estimates during 2018.

(7) Neupogen® is a registered trademark of Amgen Inc.

(8) Epogen® is a registered U.S. trademark of Amgen Inc.; Procrit® is a registered U.S. trademark of Johnson & Johnson.

(9) Herceptin® is a registered U.S. trademark of Genentech, Inc.

DISCLOSURE NOTICE: Except where otherwise noted, the information contained in this earnings release and the related attachments is as of July 31, 2018. We assume no obligation to update any forward-looking statements contained in this earnings release and the related attachments as a result of new information or future events or developments.

This earnings release and the related attachments contain forward-looking statements about our anticipated future operating and financial performance, business plans and prospects, in-line products and product candidates, including anticipated regulatory submissions, data read-outs, study starts, approvals, performance, timing of exclusivity and potential benefits of Pfizer's products and product candidates, strategic reviews, capital allocation, business-development plans, the benefits expected from our plans to organize our commercial operations into three businesses effective at the beginning of the company's 2019 fiscal year, our acquisitions and other business development activities, manufacturing and product supply and plans relating to share repurchases and dividends, among other things, that involve substantial risks and uncertainties. You can identify these statements by the fact that they use future dates or use words such as "will," "may," "could," "likely," "ongoing," "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "assume," "target," "forecast," "guidance," "goal," "objective," "aim" and other words and terms of similar meaning. Among the factors that could cause actual results to differ materially from past results and future plans and projected future results are the following:

- the outcome of research and development activities, including, without limitation, the ability to meet anticipated pre-clinical and clinical trial commencement and completion dates, regulatory submission and approval dates, and launch dates for product candidates, as well as the possibility of unfavorable pre-clinical and clinical trial results, including unfavorable new clinical data and additional analyses of existing clinical data;
- decisions by regulatory authorities regarding whether and when to approve our drug applications, which will depend on the assessment by such regulatory authorities of the benefit-risk profile suggested by the totality of the efficacy and safety information submitted; decisions by regulatory authorities regarding labeling, ingredients and other matters that could affect the availability or commercial potential of our products; uncertainties regarding our ability to address the comments received by us from regulatory authorities such as the U.S. Food and Drug Administration (FDA) and the European Medicines Agency with respect to certain of our drug applications to the satisfaction of those authorities; and recommendations by technical or advisory committees, such as the Advisory Committee on Immunization Practices, that may impact the use of our vaccines;
- the speed with which regulatory authorizations, pricing approvals and product launches may be achieved;

- the outcome of post-approval clinical trials, which could result in the loss of marketing approval for a product or changes in the labeling for, and/or increased or new concerns about the safety or efficacy of, a product that could affect its availability or commercial potential;
- risks associated with preliminary, early stage or interim data, including the risk that final results of studies for which preliminary, early stage or interim data have been provided and/or additional clinical trials may be different from (including less favorable than) the preliminary, early stage or interim data results and may not support further clinical development of the applicable product candidate or indication;
- the success of external business-development activities, including the ability to satisfy the conditions to closing of announced transactions in the anticipated time frame or at all or to realize the anticipated benefits of such transactions;
- competitive developments, including the impact on our competitive position of new product entrants, in-line branded products, generic products, private label products, biosimilars and product candidates that treat diseases and conditions similar to those treated by our in-line drugs and drug candidates;
- the implementation by the FDA and regulatory authorities in certain other countries of an abbreviated legal pathway to approve biosimilar products, which could subject our biologic products to competition from biosimilar products, with attendant competitive pressures, after the expiration of any applicable exclusivity period and patent rights;
- risks related to our ability to develop and launch biosimilars, including risks associated with "at risk" launches, defined as the marketing of a product by Pfizer before the final resolution of litigation (including any appeals) brought by a third party alleging that such marketing would infringe one or more patents owned or controlled by the third party, and access challenges for our biosimilar products where our product may not receive appropriate formulary access or remains in a disadvantaged position relative to the innovator product;
- the ability to meet competition from generic, branded and biosimilar products after the loss or expiration of patent protection for our products or competitor products;
- the ability to successfully market both new and existing products domestically and internationally;
- difficulties or delays in manufacturing, including delays caused by natural events, such as hurricanes; supply shortages at our facilities; and legal or regulatory actions, such as warning letters, suspension of manufacturing, seizure of product, debarment, injunctions or voluntary recall of a product;
- trade buying patterns;
- the impact of existing and future legislation and regulatory provisions on product exclusivity;
- trends toward managed care and healthcare cost containment, and our ability to obtain or maintain timely or adequate pricing or formulary placement for our products;
- the impact of any significant spending reductions or cost controls affecting Medicare, Medicaid or other publicly funded or subsidized health programs or changes in the tax treatment of employer-sponsored health insurance that may be implemented;
- the impact of any U.S. healthcare reform or legislation, including any replacement, repeal, modification or invalidation of some or all of the provisions of the U.S. Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act;
- U.S. federal or state legislation or regulatory action and/or policy efforts affecting, among other things, pharmaceutical product pricing, reimbursement or access, including under Medicaid, Medicare and other publicly funded or subsidized health programs; patient out-of-pocket costs for medicines, manufacturer prices and/or price increases that could result in new mandatory rebates and discounts or other pricing restrictions; the importation of prescription drugs from outside the U.S. at prices that are regulated by governments of various foreign countries; restrictions on direct-to-consumer advertising; limitations on interactions with healthcare professionals; or the use of comparative effectiveness methodologies that could be implemented in a manner that focuses primarily on the cost differences and minimizes the therapeutic differences among pharmaceutical products and restricts access to innovative medicines; as well as pricing pressures for our products as a result of highly competitive insurance markets;

- legislation or regulatory action in markets outside the U.S. affecting pharmaceutical product pricing, reimbursement or access, including, in particular, continued government-mandated reductions in prices and access restrictions for certain biopharmaceutical products to control costs in those markets;
- the exposure of our operations outside the U.S. to possible capital and exchange controls, expropriation and other restrictive government actions, changes in intellectual property legal protections and remedies, as well as political unrest, unstable governments and legal systems and inter-governmental disputes;
- contingencies related to actual or alleged environmental contamination;
- claims and concerns that may arise regarding the safety or efficacy of in-line products and product candidates;
- any significant breakdown, infiltration or interruption of our information technology systems and infrastructure;
- legal defense costs, insurance expenses and settlement costs;
- the risk of an adverse decision or settlement and the adequacy of reserves related to legal proceedings, including patent litigation, such as claims that our patents are invalid and/or do not cover the product of the generic drug manufacturer or where one or more third parties seeks damages and/or injunctive relief to compensate for alleged infringement of its patents by our commercial or other activities, product liability and other product-related litigation, including personal injury, consumer, off-label promotion, securities, antitrust and breach of contract claims, commercial, environmental, government investigations, employment and other legal proceedings, including various means for resolving asbestos litigation, as well as tax issues;
- the risk that our currently pending or future patent applications may not result in issued patents, or be granted on a timely basis, or any patent-term extensions that we seek may not be granted on a timely basis, if at all;
- our ability to protect our patents and other intellectual property, both domestically and internationally;
- interest rate and foreign currency exchange rate fluctuations, including the impact of possible currency devaluations in countries experiencing high inflation rates;
- governmental laws and regulations affecting domestic and foreign operations, including, without limitation, tax obligations and changes affecting the tax treatment by the U.S. of income earned outside the U.S. that may result from pending and possible future proposals, including further clarifications and/or interpretations of the recently passed Tax Cuts and Jobs Act;
- any significant issues involving our largest wholesale distributors, which account for a substantial portion of our revenues;
- the possible impact of the increased presence of counterfeit medicines in the pharmaceutical supply chain on our revenues and on patient confidence in the integrity of our medicines;
- the end result of any negotiations between the U.K. government and the EU regarding the terms of the U.K.'s exit from the EU, which could have implications on our research, commercial and general business operations in the U.K. and the EU, including the approval and supply of our products;
- any significant issues that may arise related to the outsourcing of certain operational and staff functions to third parties, including with regard to quality, timeliness and compliance with applicable legal requirements and industry standards;
- any significant issues that may arise related to our joint ventures and other third-party business arrangements;
- changes in U.S. generally accepted accounting principles;
- further clarifications and/or changes in interpretations of existing laws and regulations, or changes in laws and regulations, in the U.S. and other countries;
- uncertainties related to general economic, political, business, industry, regulatory and market conditions including, without limitation, uncertainties related to the impact on Pfizer, our customers, suppliers and lenders and counterparties to our foreign-exchange and interest-rate agreements of challenging global economic conditions and recent and possible future changes in global financial markets; the related risk

that our allowance for doubtful accounts may not be adequate; and the risks related to volatility of our income due to changes in the market value of equity investments;
- any changes in business, political and economic conditions due to actual or threatened terrorist activity in the U.S. and other parts of the world, and related U.S. military action overseas;
- growth in costs and expenses;
- changes in our product, segment and geographic mix;
- the impact of purchase accounting adjustments, acquisition-related costs, discontinued operations and certain significant items;
- the impact of acquisitions, divestitures, restructurings, internal reorganizations, including our plans to organize our commercial operations into three businesses effective at the beginning of the company's 2019 fiscal year, and cost-reduction and productivity initiatives, each of which requires upfront costs but may fail to yield anticipated benefits and may result in unexpected costs due to organizational disruption;
- the impact of product recalls, withdrawals and other unusual items;
- the risk of an impairment charge related to our intangible assets, goodwill or equity-method investments;
- risks related to internal control over financial reporting;
- risks and uncertainties related to our acquisitions of Hospira, Inc. (Hospira), Anacor Pharmaceuticals, Inc. (Anacor), Medivation, Inc. (Medivation) and AstraZeneca's small molecule anti-infectives business, including, among other things, the ability to realize the anticipated benefits of those acquisitions, including the possibility that expected cost savings related to the acquisition of Hospira and accretion related to the acquisitions of Hospira, Anacor and Medivation will not be realized or will not be realized within the expected time frame; the risk that the businesses will not be integrated successfully; disruption from the transactions making it more difficult to maintain business and operational relationships; risks related to our ability to grow revenues for Xtandi; significant transaction costs; and unknown liabilities; and
- risks and uncertainties related to our evaluation of strategic alternatives for our Consumer Healthcare business, including, among other things, the ability to realize the anticipated benefits of any strategic alternatives we may pursue for our Consumer Healthcare business, the potential for disruption to our business and diversion of management's attention from other aspects of our business, the possibility that such strategic alternatives will not be completed on terms that are advantageous to Pfizer, the possibility that we may be unable to realize a higher value for Pfizer Consumer Healthcare through strategic alternatives, and unknown liabilities.

We 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. A further list and description of risks, uncertainties and other matters can be found in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and in our subsequent reports on Form 10-Q, in each case including in the sections thereof captioned "Forward-Looking Information and Factors That May Affect Future Results" and "Item 1A. Risk Factors", and in our subsequent reports on Form 8-K.

The operating segment information provided in this earnings release and the related attachments does not purport to represent the revenues, costs and income from continuing operations before provision for taxes on income that each of our operating segments would have recorded had each segment operated as a standalone company during the periods presented.

This earnings release may include discussion of certain clinical studies relating to various in-line products and/or product candidates. These studies typically are part of a larger body of clinical data relating to such products or product candidates, and the discussion herein should be considered in the context of the larger body of data. In

addition, clinical trial data are subject to differing interpretations, and, even when we view data as sufficient to support the safety and/or effectiveness of a product candidate or a new indication for an in-line product, regulatory authorities may not share our views and may require additional data or may deny approval altogether.



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