



Ian C. Read
Chairman and CEO

CEO Letter

2016: Advancing Our Strategy

In 2016, we made significant progress in the execution of our strategy and the achievement of our mission to become the premier biopharmaceutical company in the industry by the end of this decade. It was a strong year with continued operational growth and ongoing progress in developing high-value medicines and vaccines.

To Our Shareholders

Six years ago, we put in place a long-term strategy to position Pfizer for a return to topline growth. The strategy is anchored on four imperatives that have guided our actions at every level of the organization.

2016 marked a year of solid execution with substantial contributions across every part of the enterprise. We ended the year by achieving our second consecutive year of operational revenue growth after overcoming more than \$23 billion in brand patent expiries between the years of 2011-2016. We received five product approvals, achieved six regulatory submissions and advanced 39 compounds in our pipeline. Each of our commercial businesses grew operationally, we advanced several initiatives that expanded access to our medicines and vaccines, and further embedded a strong culture of ownership and accountability across the organization.

This performance would not have been possible without the exceptional execution and commitment of Pfizer's approximately 96,500 employees (as of Dec. 31, 2016). Pfizer colleagues take their work personally – they understand the essential importance of what we do and act with a sense of urgency in their service to patients and all of Pfizer's stakeholders. They inspire confidence through their high competence, deep experience and compassion for patients and caregivers.

Advancing Our Strategy

2016 Milestones



5

product approvals



6

regulatory submissions



39

compounds in our pipeline advanced



Research & Development

96

assets in our current product pipeline (as of January 31, 2017)



Manufacturing

63

sites worldwide



Global Footprint

96,500

employees (as of December 31, 2016)



across

46

countries



Revenue

\$52.824bn

Bringing Therapies to Patients that Significantly Improve Their Lives

Pfizer Innovative Health

Strong revenue growth in 2016 and a differentiated and diverse group of products



Oncology

Building a strong capacity in immuno-oncology through partnerships with Merck KGaA and IBM



Vaccines

2 regulatory milestones received from the EMA and the FDA for vaccines to prevent meningococcal disease

Pfizer Essential Health

A strong portfolio and a presence over 125 countries



Anti-infectives

80 assets in our global portfolio, the largest in the industry



Biosimilars

3 marketed products and 14 biosimilars in the pipeline

Accelerating Patient Impact



250m

doses of Prevenar 13[®] delivered to Gavi, the Vaccine Alliance, protecting infants in 45 low-income nations



120m+

doses of the antibiotic Zithromax[®] donated to support the International Trachoma Initiative and fight the world's leading cause of preventable blindness



250,000+

patients in the U.S. obtained their medicines for free or at substantial discount through Pfizer RxPathways[®]

Underpinned by our Strong Ownership Culture

Annual global OWNIT! Day

Held fourth annual global OWNIT! Day in April 2016 as colleagues took time to reflect and celebrate Pfizer's OWNIT! culture, with a core focus on accountability.

Colleague Resource Groups (CRGs)

Are open to all colleagues and help drive diversity and inclusion (D&I) throughout our business.

Global Health Fellows program (GHF)

Is an international corporate volunteer program where Pfizer colleagues use their health and business expertise to promote access, quality, outcomes and efficiency of health services for people in need.

A Year of Achievement in Biomedical R&D

Pfizer's overall strategy is anchored on innovation – developing new medicines and vaccines, managing the lifecycles of all the products in our portfolio to significantly improve the lives of patients and generating returns that attract further investment.

We focus our research and development in these areas:

- Biosimilars
- Inflammation and Immunology
- Metabolic Disease and Cardiovascular Risks
- Neuroscience
- Oncology
- Rare Diseases
- Vaccines

Over the last six years, we have worked to shape the quality of the assets in our pipeline by sharpening our focus on these core research areas that give us the best promise of scientific and commercial success. We have a rich mix of assets that we are working to advance over the next few years.

Our current [product pipeline](#) (as of January 31, 2017) has 96 assets. More than two-thirds represent therapies with new mechanisms of action.

Many of our R&D pipeline's new molecular entities are aimed at cancer. A deeper understanding of the genetic basis of cancer and new insights into the microenvironment of tumors has resulted in promising new cancer targets and subtypes being defined. We are committed to discovering and developing meaningful therapies that improve the lives of cancer patients worldwide. Our pipeline covers a range of cancers, including kidney, breast, prostate, lung and blood cancers, and includes biologics, chemicals, immunotherapies, gene therapies and biosimilars.

In 2016, we achieved several regulatory milestones. Our breakthrough oncology product Ibrance[®], which was approved by the Food and Drug Administration (FDA) in the U.S. in 2015 for the initial treatment of the most common form of advanced breast cancer, received a new U.S. indication for recurrent disease. Ibrance also was approved in 2016 by the European Medicines Agency (EMA) for both initial and recurrent disease. There are 77 ongoing or completed collaborative Ibrance studies with investigators, 43 of which are in breast cancer and 34 in non-breast tumors including pancreatic and head and neck cancers.

Xalkori[®], our treatment for non-small cell lung cancer, was approved by the FDA for a certain type of lung cancer known as ROS-1.

Two therapies in development for cancer were accepted for regulatory review in 2016. Inotuzumab for acute lymphoblastic leukemia is now in registration in the EU, and avelumab for metastatic Merkel cell carcinoma is being reviewed in the U.S. and EU.

With our partner Merck KGaA we are building a strong capacity in immuno-oncology, an approach to treatment that rallies the body's natural defenses and that was a theory just a decade ago. We currently have 30 avelumab clinical programs in the clinic and in 2016, we launched four "first in patient" studies and now have eleven immuno-oncology entries in the clinic. Pfizer is now well positioned to capitalize on what many believe will be the future of cancer treatment – immuno-oncology agents combined with more conventional therapies.

The past year saw positive news in biosimilars, where we hold a leadership position, thanks to longstanding capabilities in cell-line development, high-quality biologics manufacturing and supply, and global marketing. In 2016, we launched Inflectra[®], a biosimilar for Remicade[®] in the U.S. It's the first biosimilar monoclonal antibody therapy to be approved by the FDA and will treat difficult conditions including rheumatoid arthritis (RA), Crohn's disease, plaque psoriasis and ulcerative colitis (UC). We currently have 14 biosimilars in the pipeline, which are expected to compete in a global market that may grow to \$17 – 20 billion over the next five to 10 years.

Pfizer is developing new therapies for improving the quality of life of people who live with debilitating conditions such as RA, lupus, psoriatic arthritis and inflammatory bowel disease (IBD) – including UC. Our expertise in Janus kinase inhibitors (JAK), which interfere with the inflammation process in autoimmune diseases, is enabling us to advance several other potential anti-inflammatory therapies beyond our marketed product Xeljanz[®]. We anticipate initiating approximately six JAK studies in 2017.

Today, more people benefit from vaccines to prevent infectious diseases than ever before. Pfizer has a rich history in vaccine research and development, and in 2016 we continued to improve and expand our portfolio of potentially life-saving vaccines. The European Commission approved an expanded indication for our Nimenrix[™] vaccine making it the first and only conjugate vaccine in the EU for immunizing infants six weeks of age and older against invasive meningococcal disease caused by a certain group of bacteria. In addition, our Meningococcal Group B (MenB) vaccine, Trumenba[®], was approved by the FDA for a new two-dose schedule that should help prevent MenB in healthy adolescents and young adults. We also continued to advance our Staphylococcus aureus (S. aureus) and Clostridium difficile (C. difficile) vaccine candidates, designed to prevent widespread and increasingly drug-resistant infections.

In each therapeutic area, we have a rigorous process for evaluating and advancing projects if they provide value to patients based on their emerging clinical profile and the market landscape. In 2016, we ended the global development program for bococizumab, a therapy designed for those without options in their control of low-density lipoprotein or LDL (“bad”) cholesterol. After careful consideration of the emerging clinical data, we determined that it would not likely provide value to patients, physicians or shareholders.

Collaborations Enhance Pipeline Assets

Collaboration is an important element of Pfizer's overall discovery and early development process. In 2016, we received breakthrough therapy designation from the FDA for a hemophilia gene therapy being developed in partnership with SPARK Therapeutics, Inc. We also acquired Bamboo Therapeutics, Inc., a privately held biotechnology company based in Chapel Hill, N.C., focused on developing gene therapies for the potential treatment of patients with certain rare diseases including Duchenne muscular dystrophy (DMD) and Friedreich's ataxia (FA). Through this acquisition we acquired a number of novel assets, key technology and manufacturing capabilities that position Pfizer to be a leader in this promising area of research that has the potential to be game-changing.

We advanced our collaboration with Merck & Co. on ertugliflozin, which is in a new class of treatments for type 2 diabetes, the world's most prevalent type. We expect regulatory action in 2017. Through our partnership with Eli Lilly & Co., we have initiated six new phase 3 trials to continue the development of tanezumab, a novel potential treatment option for chronic, debilitating pain in patients with osteoarthritis, lower back pain and cancer.

We also entered into several research collaborations and business relationships. They include collaborations with BioInvent International AB to develop antibodies targeting tumor-associated myeloid cells and Western Oncolytics to advance their novel oncolytic vaccinia virus, WO-12, adding another novel technology platform to our cancer vaccine efforts, as well as a relationship with IBM where we will utilize IBM Watson for Drug Discovery to help accelerate research in immuno-oncology by identifying potential new targets and combination therapies.

Solid Execution Driving Strong Financial Performance

2016 marked another year of operational revenue growth and strong financial performance on behalf of our shareholders. We returned \$12.3 billion to shareholders through share repurchases and dividends, and sustained our eight-year record of increasing our dividends.

Since embarking on our current strategy in 2011, we have returned nearly \$90 billion to our shareholders through share repurchases of approximately \$50 billion and dividends of approximately \$40 billion, and the price of Pfizer shares has increased approximately 79 percent, (Dec. 31, 2010 to Jan. 27, 2017), in line with the S&P 500 (+~80 percent).

In 2016, we concluded an extensive assessment of our commercial businesses – Pfizer Essential Health and Pfizer Innovative Health. We concluded that shareholders would benefit best from our continuing to operate these two businesses within Pfizer, taking advantage of our operational strength and financial flexibility.

In 2016, Pfizer Innovative Health achieved strong revenue growth due to the performance of a differentiated and diverse group of new and older products.

Eliquis[®], which is co-promoted with Bristol-Myers Squibb, is now cardiologists' top prescribed oral anticoagulant in 12 countries. Ibrance[®], for certain types of breast cancer, is now launched in over 50 nations, and now, approximately one out of two adults over age 65 in the U.S. has been vaccinated with Prevnar 13[®]. Products including Xeljanz[®], Lyrica[®] and Chantix[®] had solid growth. In 2016, regulators in the U.S. and EU removed the boxed warning in the U.S. and the black triangle in the EU from product labels for Chantix[®]/ Champix[®], our smoking cessation therapy. These actions were based on EAGLES, the largest smoking cessation clinical trial of its kind. We expect this revision will help many more individuals to discuss quitting smoking with health care providers. Additionally Pfizer's Consumer Healthcare business continued its leadership through brands like Advil[®], Robitussin[®] and Centrum[®].

The business was further strengthened with the addition of new products, including Eucrisa[™] for mild to moderate atopic dermatitis and Xtandi[®] for men with metastatic castration-resistant prostate cancer, from the Anacor Pharmaceuticals, Inc. and Medivation, Inc. acquisitions.

Pfizer Essential Health established market leading positions in sterile injectables with more than 250 products, biosimilars with three marketed products and the industry's largest anti-infectives portfolio with approximately 80 assets globally. The anti-infectives portfolio was further bolstered through the acquisition of AstraZeneca's small molecule anti-infectives portfolio primarily outside of the U.S.

The Essential Health business also includes many of Pfizer's long-established products such as Lipitor[®] and Celebrex[®]. In 2016, a 10-year study of over 24,000 osteoarthritis or rheumatoid arthritis (RA) patients with or at a high risk for cardiovascular disease and who required daily treatment with nonsteroidal anti-inflammatory drugs (NSAIDs), did not experience a greater cardiovascular risk when treated with Celebrex[®] as compared to patients receiving prescription doses of ibuprofen and naproxen.

Pfizer Essential Health has built an attractive financial profile, a strong portfolio and a presence in more than 125 countries. In 2016, the business broke ground for a new Global Biotechnology Center in Hangzhou, China.

In 2016, business development, which included the Medivation, Inc., Anacor Pharmaceuticals, Inc. and AstraZeneca small-molecule anti-infectives acquisitions, continued to be an important lever for accelerating our strategy despite the fact that we decided not to move forward with the Allergan plc transaction due to actions by the U.S. Department of the Treasury.

Working to Improve Global Health & Earn Respect

At our core, we discover, develop and deliver vaccines and therapies that help people live healthier lives. We believe all individuals deserve access to quality health care and we have an important role to play in positively impacting global health by making our therapies more accessible.

In the past year, we:

- Delivered our 250 millionth dose of Prevenar 13[®] to Gavi, the Vaccine Alliance, protecting infants in 45 low-income nations. We also expanded our assistance program for large-scale humanitarian crises.
- Continued, for the 19th year, our deep involvement in the International Trachoma Initiative, donating more than 120 million doses of the antibiotic Zithromax[®], which is highly effective against trachoma, the world's leading cause of preventable blindness.
- Improved our U.S. prescription access program, known as Pfizer RxPathways[®], helping more than 250,000 patients obtain their medicines for free or at substantial discount.
- Supported a global call to action to strengthen public health systems and combat a rising tide of antimicrobial resistance. We pledged, along with 13 industry partners, to work to expand the range of new anti-infectives and vaccines, and to do all we can to ensure their proper use.
- Established a Naloxone Access initiative in the U.S. to help address the opioid abuse epidemic by donating one million doses of naloxone and awarding educational grants totaling USD \$1 million to five states to fund educational initiatives focused on increasing public awareness of the risks of opioid addiction.
- Launched, with 22 other partners, "Access Accelerated"—a pioneering approach to aiding lower and middle-income countries facing a fast-rising tide of chronic disease, including cancer and heart disease.
- Joined the Coalition for Epidemic Preparedness Innovations (CEPI), which is an important step to better address emerging global infectious disease threats. CEPI will work to develop vaccines before there is an epidemic.

We are also connecting with members of the public to help them navigate health care decision-making through programs such as Get Old, which focuses on healthy aging, and Get Healthy Stay Healthy, now expanding from the U.S. to major markets overseas.

We also made further progress in reaching our 2020 environmental sustainability goals related to greenhouse gas, waste and water reductions. In 2016, we launched a new goal focused on reducing our environmental footprint with key suppliers and strategic research partners.

All of these initiatives are fundamental to our efforts to build public trust and support our commitment to significantly improve patients' lives through the therapies we develop. Earning public trust also requires our continued dedication to approaching everything we do with integrity.

Our longstanding commitment to integrity continued in 2016 with the implementation of a company-wide campaign, “integrity is...” to reinforce a culture of compliance, integrity and accountability throughout the organization. We launched a series of workshops for managers to foster a deeper understanding of potential emerging risk areas and advance their leadership skills. Workshops were held in over 40 markets across the globe including Latin America, Eastern and Western Europe, Africa and the Middle East (AfME) and Asia Pacific (APAC).

Earning greater respect from society is core to demonstrating the value of what we do for society. We know that understanding can enhance respect and believe that if more people understand what it takes to bring a new medicine to patients and our commitment to this purpose, we will create a better environment for discovering treatments today and in the future.

This belief provided the impetus for launching our first corporate advertising initiative in 10 years. The campaign tells the story of our drive to discover and develop needed treatments and cures that improve patients’ lives. The ad features Pfizer scientists from our La Jolla research center.

All of these initiatives, along with our core values, including integrity, quality and community, are aimed at demonstrating the value of what we do and ultimately, creating a more positive environment for biomedical innovation.

Culture – Our Foundation for Achieving Strong Results

A company’s culture is essential to its sustainability. Over the last several years, we have diligently worked to embed a culture of ownership across the company that we describe as our **OWNIT!** Culture.

It gives us the confidence, ability and resilience to adapt to change and thrive in the face of challenges. It is the foundation for our strong performance.

Our culture is built upon having a diverse workforce that has wide-ranging capabilities and talents that enable us to address the world’s most important medical needs. In 2016, our leaders demonstrated their strong commitment to embracing diversity in their thinking and actions through frequent face-to-face engagements and discussions about inclusion with colleagues.

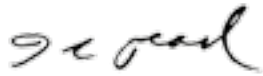
During the year, we also focused much of our communications with colleagues on accountability – to engender greater role clarity, improve decision-making and innovation, and encourage the straight talk that often uncovers opportunities.

2016 also saw a substantial improvement in colleagues’ opinion on the question, “Is it difficult to get things done?” in our annual colleague engagement survey. Colleagues told us they feel positive about the company and our **OWNIT!** Culture that is creating the drive, passion, dedication and personal accountability required to build a strong sustainable business.

Building on Our Momentum

2016 was a year of significant progress across each of our strategic imperatives. We have advanced the pipeline and transformed our approach to R&D, launched multiple products addressing patients' unmet medical needs, wisely invested our capital to drive growth, worked to expand access to our medicines and vaccines, and prioritized our time and resources to create a strong and sustainable culture.

Thank you for your continued confidence and support of the work we do every day to help make patients' lives better.



Ian C. Read
Chairman and CEO

We encourage you to read our [2016 Financial Report](#), which includes our financial statements as of and for the year ended December 31, 2016,