Performance

FINANCIAL PERFORMANCE

THREE-YEAR SUMMARY AS OF AND FOR THE YEAR ENDED DECEMBER 31[1]

Millions (Except Per Common Share Data)	2016	2015	2014	% Change 16/15	% Change 15/14
Revenues	**$52,824**	$48,851	$49,605	8	(2)
Cost of Sales	**12,329**	9,648	9,577	28	1
Selling, informational and administrative expenses	**14,837**	14,809	14,097	–	5
Research and development expenses	**7,872**	7,690	8,393	2	(8)
Restructuring charges and certain acquisition-related costs	**1,724**	1,152	250	50	*
Income from continuing operations[2]	**7,229**	6,975	9,119	4	(24)
Discontinued operations – net of tax	**17**	11	48	49	(77)

Millions (Except Per Common Share Data)	2016	2015	2014	% Change 16/15	% Change 15/14
Net income attributable to Pfizer Inc.[2]	**7,215**	6,960	9,135	4	(24)
Diluted earnings per common share attributable to Pfizer Inc. common shareholders[2]	**1.17**	1.11	1.42	5	(22)
Weighted-average shares – diluted[2]	**6,159**	6,257	6,424	(2)	(3)
Number of common shares outstanding	**6,070**	6,175	6,291	(2)	(2)
Total assets[3, 4]	**171,615**	167,381	167,473	3	–
Total long-term obligations[3, 4, 5]	**80,660**	72,985	74,265	11	(2)
Total Pfizer Inc. shareholders' equity	**59,544**	64,720	71,301	(8)	(9)
Shareholders' equity per common share	**9.81**	10.48	11.33	(6)	(8)
Net cash provided by operating activities	**15,901**	14,688	17,084	8	(14)
Property, plant and equipment additions	**1,823**	1,397	1,199	30	17
Purchases of common stock	**5,000**	6,160	5,000	19	23
Cash dividends paid	**7,317**	6,940	6,609	5	5

1. 2016 reflects the acquisition of Medivation, Inc. on September 28, 2016 and the acquisition of Anacor Pharmaceuticals, Inc. on June 24, 2016. 2015 and 2016 reflect the acquisition of Hospira, Inc. on September 3, 2015. For additional information, see Notes to Consolidated Financial Statements–Note 2A. Acquisitions, Assets and Liabilities Held for Sale, Licensing Agreements, Research and Development and Collaborative Arrangements, Equity-Method Investments and Cost-Method Investment: Acquisitions in our 2016 Financial Report, which is filed as Exhibit 13 to our 2016 Annual Report on Form 10-K.
2. 2016 reflects the adoption of a new accounting standard, as of January 1, 2016, requiring excess tax benefits or deficiencies for share-based compensation to be recognized as a component of the Provision for taxes on income. For additional information, see Notes to Consolidated Financial Statements–Note 1B. Adoption of New Accounting Standards in our 2016 Financial Report, which is filed as Exhibit 13 to our 2016 Annual Report on Form 10-K.
3. All amounts reflect the retrospective adoption of a new accounting standard as of January 1, 2016 that changed the presentation of debt issuance costs related to a recognized debt liability as a direct deduction from the carrying value of the associated debt, consistent with the presentation of a debt discount. For additional information, see Notes to Consolidated Financial Statements–Note 1B. Adoption of New Accounting Standards in our 2016 Financial Report, which is filed as Exhibit 13 to our 2016 Annual Report on Form 10-K.
4. All amounts reflect the adoption of an accounting standard that requires all deferred tax assets and liabilities to be classified as noncurrent in the balance sheet.
5. Defined as Long-term debt, Pension benefit obligations, net, Postretirement benefit obligations, net, Noncurrent deferred tax liabilities, Other taxes payable and Other noncurrent liabilities. Our short-term borrowings are rated P-1 by Moody's Investors Service (Moody's) and A-1+ by Standard & Poor's (S&P). Our long-term debt is rated A1 by Moody's (Outlook: Stable) and AA by S&P (Outlook:Stable). Moody's and S&P are major corporate debt-rating organizations. A security rating is not a recommendation to buy, sell or hold securities and the rating is subject to revision or withdrawal at any time by the rating organization. Each rating should be evaluated independently of any other rating.

* Calculation not meaningful

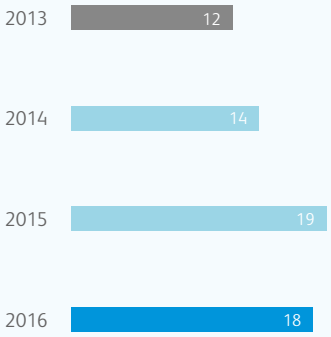
Detailed information on our financial and operational performance can be found in the 2016 Financial Report, which is filed as Exhibit 13 to our 2016 Annual Report on Form 10-K.

Key Performance Indicators
Access to Medicines

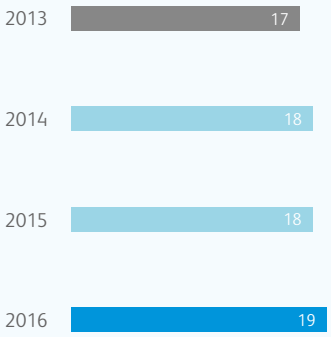
We currently have **46** active programs[3] for launched medicines in markets that have a gross domestic product (GDP) per capita less than Portugal.

This covers **29** countries. Of these, **15** programs cover multiple therapies while the rest are product specific. In total, these cover **64** different products in our portfolio.

Global programs and commercial transactions to increase access to medicines in emerging markets[1]



Top 21 global burdens of disease addressed by products and pipeline[2]



Top Ten Medicines and Vaccines by Revenues in 2016

1	Prevnar 13®/Prevenar 13® (pneumococcal 13-valent conjugate vaccine [diphtheria crm(197) protein])	**$5,718 million**
2	Lyrica® (pregabalin)	**$4,966 million**
3	Enbrel® (etanercept) outside the U.S. and Canada	**$2,909 million**
4	Ibrance® (palbociclib)	**$2,135 million**
5	Lipitor® (atorvastatin)	**$1,758 million**
6	Eliquis® (apixaban)*	**$1,713 million**
7	Viagra® (sildenafil citrate)	**$1,564 million**
8	Sutent® (sunitinib malate)	**$1,095 million**
9	Premarin® Family (conjugated estrogens)	**$1,017 million**
10	Norvasc® (amlodipine besylate)	**$962 million**

* Includes Pfizer's share of the global revenues for Eliquis® (apixaban). Eliquis® is co-marketed by Pfizer and Bristol-Myers Squibb.

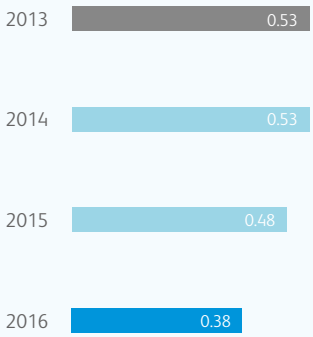
For more information on any of these medicines and vaccines, visit:
Pfizer Pharmaceutical Products

Colleagues

Injuries Per 100 Colleagues*

Total injury rate in 2016 compared to 2015

-20%



* Hospira, Inc. injury data has been included.

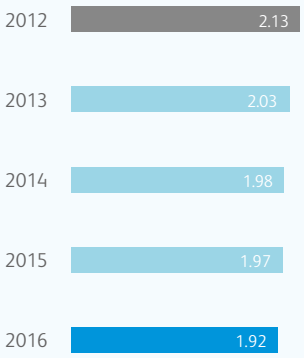
Progress on Our 2020 Environmental Sustainability Goals[4]

Greenhouse Gas (GHG) Emissions*

Total scope 1 and 2 GHG emissions in million metric tons CO_2EQ

-20%

2020 Goals vs 2012 (baseline)



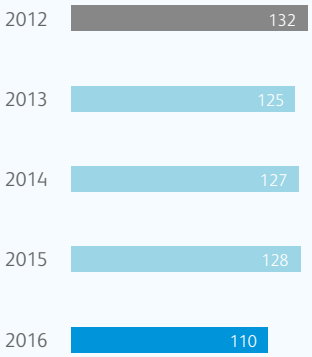
* GHG emissions in 2016 were 3 percent lower than in 2015.

Waste Disposed*

Total hazardous and non-hazardous waste in thousand metric tons

-15%

2020 Goals vs 2012 (baseline)



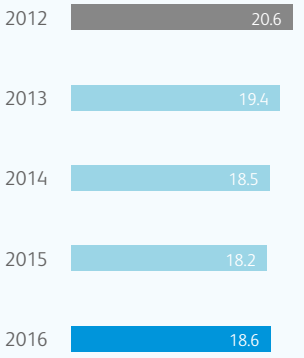
* Total waste disposed in 2016 was 14 percent lower than in 2015.

Water Withdrawal

Excluding non-contact cooling water in million cubic meters

-5%

2020 Goals vs 2012 (baseline)



* Total water withdrawal (excluding non-contact cooling water) in 2016 was 2% higher than in 2015.

Supply Chain Environmental Sustainability Goal[5]

Percent of key suppliers supporting Pfizer's supplier code of conduct and aligning with Pfizer Supply Chain Initiative (PSCI) principles	
2016 Baseline: Supporting Pfizer's Supplier Code of Conduct	**79%**
2016 Baseline: Aligning to PSCI Principles	**35%**
2020 Goals vs. Baseline	**100%**

Percent of key suppliers managing their environmental impacts	
2016 Baseline	**76%**
2020 Goals vs. Baseline	**100%**

Percent of key suppliers with reduction goals for GHG, waste disposal and water withdrawal instituted	
2016 Baseline	**51%**
2020 Goals vs. Baseline	**90%**

KPI Footnotes

1. Program/commercial transaction defined as a Pfizer investment or dedicated contract of over $250,000 with a national government or procurement agency, multilateral organization, non-governmental organization, private institution or aid agency. Represents multi-country initiatives only and does not include numerous local initiatives to address access.
2. As defined by the World Health Organization. Burdens of illness not addressed include road traffic accidents, prematurity and low birth weight, and self-inflicted injuries.
3. The number of patient access programs with pricing tailored to different patient segments (for at least one product), allowing access for more patients.
4. Applies to facilities within Pfizer's operational control as compared with a 2012 baseline including Hospira. Data are baseline adjusted, reported absolute, using reporting boundaries per the WRI GHG Protocol. The 2012–2015 GHG data was independently verified to the limited assurance level. The verification of the 2016 GHG data is expected to be accomplished in 2017. Water withdrawal in 2016 included an operational change from using non-contact cooling water to city water at a site. Expanded environmental reporting will be posted on www.pfizer.com later this year.
5. Hospira key suppliers not included. Supplier code of conduct and PSCI principle data to be confirmed with relevant key suppliers in 2017.

Performance and Financial Guidance[1]

Revenues
(in billions)

2016 Actual

$52.8

2016 Guidance[2]

$52.0 – $53.0

2017 Guidance[3]

$52.0 – $54.0

Adjusted cost of sales[4]
(as a percentage of revenues)

2016 Actual

22.0%

2016 Guidance[2]

21.5% – 22.0%

2017 Guidance[3]

20.0% – 21.0%

Adjusted SI&A expenses[4]
(in billions)

2016 Actual

$14.7

2016 Guidance[2]

$14.2 – $14.7

2017 Guidance[3]

$13.7 – $14.7

Adjusted R&D expenses[4]
(in billions)

2016 Actual

$7.8

2016 Guidance[2]

$7.8 – $8.1

2017 Guidance[3]

$7.5 – $8.0

Adjusted other (income)/deductions[4]
(In millions)

2016 Actual

$729 of income

2016 Guidance[2]

Approx. **$600** of income

2017 Guidance[3]

Approx. **$100** of deductions

Effective tax rate on adjusted income[4]
2016 Guidance[2]

2016 Actual

23.0%

2016 Guidance[2]

Approx. **24.0%**

2017 Guidance[3]

Approx. **23.0%**

Adjusted diluted EPS[4]

2016 Actual

$2.40

2016 Guidance[2]

$2.38 – $2.43

2017 Guidance[3]

$2.50 – $2.60

1. Please refer to Pfizer's 2016 Annual Report on Form 10-K, including the sections captioned Risk Factors and Forward-Looking Information and Factors That May Affect Future Results, for a description of the substantial risks and uncertainties related to the forward-looking statements, including our 2017 Financial Guidance, included in this Annual Review. 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.
2. Our 2016 financial guidance reflected:
   a. Did not assume the completion of any business development transactions not completed as of October 2, 2016, including any one-time upfront payments associated with such transactions.
   b. Exchange rates that assumed a blend of the actual exchange rates in effect through the third quarter of 2016 and the mid-October 2016 exchange rates for the remainder of the year.
   c. For Revenues, the anticipated negative impact of $1.8 billion due to recent and expected generic competition for certain products that have recently lost or were anticipated to soon lose patent protection.
   d. Our November 1, 2016 announced decision to discontinue development of bococizumab. As a result, 2016 financial guidance for Adjusted R&D expenses was negatively impacted by $0.3 billion and 2016 financial guidance for Adjusted diluted EPS was negatively impacted by $0.04. This represented the estimated net impact of expected close down costs of approximately $400 million for these activities less spending no longer required for the trials.
   e. For Revenues, the anticipated negative impact of $1.4 billion as a result of unfavorable changes in foreign exchange rates relative to the U.S. dollar compared to foreign exchange rates from 2015, including $0.8 billion due to the estimated significant negative currency impact related to Venezuela. The anticipated negative impact on adjusted diluted EPS resulting from unfavorable changes in foreign exchange rates compared to foreign exchange rates from 2015 was anticipated to be approximately $0.20, including $0.08 due to the estimated significant negative currency impact related to Venezuela.
   f. For adjusted diluted EPS, assumed diluted weighted-average shares outstanding of approximately 6.2 billion shares.
3. The 2017 financial guidance was issued in January 2017 and reflects:
   a. The disposition of the Hospira Infusion Systems (HIS) net assets in February 2017, which contributed $1.2 billion of revenues and $0.03 of adjusted diluted EPS in 2016.
   b. Does not assume the completion of any business development transactions not completed as of December 31, 2016, including any one-time upfront payments associated with such transactions, except for the disposition of HIS in February 2017.
   c. Exchange rates assumed are as of mid-January 2017.
   d. For Revenues, reflects an anticipated negative impact of $2.4 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.
   e. The anticipated negative impact of $0.9 billion on Revenue and $0.05 on adjusted diluted EPS as a result of unfavorable changes in foreign exchange rates relative to the U.S. dollar compared to foreign exchange rates from 2016.
   f. For adjusted diluted EPS, assumes diluted weighted-average shares outstanding of ~6.1 billion shares, which reflects our $5.0 billion accelerated share repurchase agreement announced in February 2017, which is expected to more than offset potential dilution related to employee compensation programs.
4. Adjusted Income and its components and Adjusted Diluted Earnings Per Share (EPS) are defined as reported U.S. generally accepted accounting principles (U.S. GAAP) net income(5) and its components and reported diluted EPS(5) 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), 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 under Adjusted Income in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of our Annual Report on Form 10-K for the year ended December 31, 2016, 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, and certain components of Adjusted income, in order to portray the results of 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. Reconciliations of certain U.S. GAAP Reported to Non-GAAP Adjusted information for 2016 are provided in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of our Annual Report on Form 10-K for the year ended December 31, 2016. 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. Adjusted income and its components and Adjusted diluted EPS are Non-GAAP financial measures that have no standardized meaning prescribed by U.S. GAAP and, therefore, are limited in their usefulness to investors. Because of their non-standardized definitions, Adjusted income and its components (unlike U.S.GAAP net income and its components) and Adjusted diluted EPS (unlike U.S. GAAP diluted EPS) may not be comparable to the calculation of similar measures of other companies. Adjusted income and its components and Adjusted diluted EPS are presented solely to permit investors to more fully understand how management assesses performance.
5. Reported Net Income in accordance with U.S. GAAP is defined as net income attributable to Pfizer Inc. in accordance with U.S. GAAP and Reported Diluted EPS is defined as reported diluted EPS attributable to Pfizer Inc. common shareholders in accordance with U.S. GAAP.