

## Compensation Practices

### COMPENSATION RISK ASSESSMENT

Pfizer continues to implement and maintain leading practices in its compensation program, shareholder outreach and related areas. We annually conduct a comprehensive assessment of potential risks related to our compensation program, policies and practices.

**Executive Compensation Program.** An assessment is conducted annually by Frederic W. Cook & Co., the Committee's independent advisor. The assessment focuses on having (1) appropriate balance in our program structure to mitigate compensation-related risk with cash versus stock, short-term versus long-term measurement and financial versus non-financial goals, and (2) best-practice policies to mitigate compensation-related risk including clawbacks, stock ownership guidelines, equity administration rules, and insider-trading and hedging prohibitions.

**Global Compensation Programs.** The assessment process for our compensation programs around the world was designed with outside counsel and is conducted annually by management and reviewed by the Committee's independent advisor. The assessment includes the evaluation of the global incentive plans and commission plans, and takes into consideration the plan metrics, plan participation rate, clawback/recovery provisions and other risk-mitigation factors, as well as the maximum potential payouts.

### LEADING COMPENSATION PRACTICES

#### WHAT WE DO

- ✓ **Risk Mitigation.** Our executive compensation program includes a number of controls that mitigate risk, including executive stock ownership and holding requirements and our ability to recover compensation paid to executives in certain circumstances.
- ✓ **Compensation Recovery.** To the extent permitted by law, we can recover cash- or equity-based compensation paid to executives in various circumstances, including where the compensation is based upon the achievement of specified financial results that are the subject of a subsequent restatement.
- ✓ **Stock Ownership Requirements.** We require our executive officers and Directors to meet stock ownership requirements, and we prohibit them from selling any shares (except to meet tax withholding obligations) if doing so would cause them to fall below required levels.
- ✓ **Minimum Vesting.** Our annual equity awards provide for minimum three-year vesting, except in limited circumstances involving certain terminations of employment.
- ✓ **Robust Investor Outreach.** We maintain a robust investor outreach program that enables us to obtain ongoing feedback concerning our compensation program, as well as how we disclose that program.
- ✓ **Independent Compensation Consultant.** The Committee and the Corporate Governance Committee have engaged an independent compensation consultant that has no other ties to the company or its management and that meets stringent selection criteria.

#### WHAT WE DON'T DO

- X **No Hedging or Pledging.** We prohibit our executives and Directors from pledging, hedging, or engaging in any derivatives trading with respect to company shares.
- X **No "Gross-Ups."** We do not provide tax "gross-ups" for perquisites or other benefits provided to our executive officers, other than in the case of certain relocation expenses, consistent with our relocation policy for all U.S.-based employees.
- X **No Repricing.** Our equity incentive plan prohibits the repricing or exchange of equity awards without shareholder approval.
- X **No Employment Agreements.** None of our executive officers has an employment agreement with the company.

## 2015 Advisory Vote on Executive Compensation and Shareholder Outreach Program

### HISTORICAL ADVISORY VOTES

Pfizer's executive compensation program received substantial and consistent shareholder support ranging from 94.2% to 96.8% over the past several years. Pfizer's executive compensation program received support of 94.2% and 95.6% of the votes cast at the 2015 and 2014 Annual Meetings, respectively. Our Compensation Committee and the other members of our Board believe this consistent high level of support from our shareholders is a result of our commitment to ensuring that our