UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2013

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to
Commission file number 1-3619

PFIZER INC.

(Exact name of registrant as specified in its charter)

Delaware	**13-5315170**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
235 East 42nd Street New York, New York (Address of principal executive offices)	**10017-5755 (Zip Code)**

(212) 733-2323
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Stock, $.05 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232-405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.) Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting stock held by non-affiliates of the registrant, computed by reference to the closing price as of the last business day of the registrant's most recently completed second fiscal quarter, June 28, 2013, was approximately $186 billion . The registrant has no non-voting common stock.

The number of shares outstanding of the registrant's common stock as of February 21, 2014 was 6,382,925,343 shares of common stock, all of one class.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the 2013 Annual Report to Shareholders	Parts I, II and IV
Portions of the Proxy Statement for the 2014 Annual Meeting of Shareholders	Part III

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PART I

ITEM 1. BUSINESS

General

Pfizer Inc. is a research-based, global biopharmaceutical company. We apply science and our global resources to bring therapies to people that extend and significantly improve their lives through the discovery, development and manufacture of healthcare products. Our global portfolio includes medicines and vaccines, as well as many of the world's best-known consumer healthcare products. We work across developed and emerging markets to advance wellness, prevention, treatments and cures that challenge the most feared diseases of our time. We collaborate with healthcare providers, governments and local communities to support and expand access to reliable, affordable healthcare around the world. Our revenues are derived from the sale of our products, and, to a much lesser extent, from alliance agreements, under which we co-promote products discovered by other companies (Alliance revenues). The majority of our revenues come from the manufacture and sale of biopharmaceutical products.

The Company was incorporated under the laws of the State of Delaware on June 2, 1942. Unless the context requires otherwise, references to "Pfizer," "the Company," "we," "us" or "our" in this Annual Report on Form 10-K for the fiscal year ended December 31, 2013 (2013 Form 10-K) refer to Pfizer Inc. and its subsidiaries. References to developed markets in this 2013 Form 10-K include the United States (U.S.), Western Europe, Japan, Canada, Australia, Scandinavia, South Korea, Finland and New Zealand; and references to emerging markets in this 2013 Form 10-K include the rest of the world, including, among other countries, China, Brazil, Mexico, Russia, Turkey and India.

In July 2011, we announced our decision to explore strategic alternatives for our Animal Health and Nutrition businesses.

On June 24, 2013, we completed the full disposition of our Animal Health business. The full disposition was completed through a series of steps and, as a result, we received cash and were relieved of debt obligations in the aggregate amount of approximately $6.1 billion and received shares of Pfizer common stock valued at approximately $11.4 billion. Prior-period financial information has been restated, as appropriate. For additional information, see the Notes to Consolidated Financial Statements — *Note 2B. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Divestitures* in our 2013 Financial Report (as hereinafter defined), as well as *Other Products — Animal Health* below.

On November 30, 2012, we completed the sale of our Nutrition business to Nestlé for $11.85 billion in cash. For additional information, see the Notes to Consolidated Financial Statements — *Note 2B. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Divestitures* in our 2013 Financial Report.

On August 1, 2011, we completed the sale of our Capsugel business for approximately $2.4 billion in cash. For additional information, see the Notes to Consolidated Financial Statements — *Note 2B. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Divestitures* in our 2013 Financial Report.

On January 31, 2011, we acquired King Pharmaceuticals, Inc. (King) and, in accordance with our domestic and international reporting periods, our consolidated financial statements for the year ended December 31, 2011 reflect approximately 11 months of King's U.S. operations and approximately ten months of King's international operations. For additional information, see the Notes to Consolidated Financial Statements — *Note 2A. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Acquisitions* in our 2013 Financial Report.

For a further discussion of our strategy and our business development initiatives, see the *Overview of Our Performance, Operating Environment, Strategy and Outlook — Our Strategy* and *— Our Business Development Initiatives* sections of the *Management's Discussion and Analysis of Financial Condition and Results of Operations* (MD&A) in our 2013 Financial Report.

Our businesses are heavily regulated in most of the countries in which we operate. In the U.S., the principal authority regulating our operations is the U.S. Food and Drug Administration (FDA). The FDA regulates the safety and efficacy of the products we offer and our research, quality, manufacturing processes, product promotion, advertising and product labeling. Similar regulations exist in most other countries, and in many countries the government also regulates our prices. See *Government Regulation and Price Constraints* below.

Commercial Operations

Following the full disposition of our Animal Health business on June 24, 2013, we managed our commercial operations through four operating segments — Primary Care; Specialty Care and Oncology; Established Products and Emerging Markets; and Consumer Healthcare. Prior to June 24, 2013, we managed our operations through these four operating segments, as well as our Animal Health operating segment. For additional information about this operating structure, see Notes to Consolidated Financial Statements — *Note 18A. Segment, Geographic and Other Revenue Information: Segment Information* in our 2013 Financial Report and *Operating Segments* below.

At the beginning of our fiscal year 2014, we began to manage our commercial operations through a new global commercial structure consisting of three businesses, each of which is led by a single manager — the Global Innovative Pharmaceutical business (GIP); the Global Vaccines, Oncology and Consumer Healthcare business (VOC); and the Global Established Pharmaceutical business (GEP).

Beginning with our first-quarter 2014 financial results, we will report under our new structure and will provide financial transparency into each of these businesses. Results for 2013 and prior periods in this 2013 Form 10-K and in our 2013 Financial Report are reported on the basis under which we managed our businesses in 2013 and do not reflect the 2014 reorganization.

A significant change effected by our new structure is the full integration of emerging markets into each business. Emerging markets are an important component of our strategy for global leadership, and our new structure recognizes that the demographics and rising economic power of the fastest-growing emerging markets are becoming more closely aligned with the profile found within developed markets.

Some additional information about each product grouping follows:

- Global Innovative Pharmaceutical business — GIP comprises medicines within several therapeutic areas that are generally expected to have market exclusivity beyond 2015. These therapeutic areas include immunology and inflammation, cardiovascular/metabolic, neuroscience and pain, rare diseases and women's/men's health.

- Global Vaccines, Oncology and Consumer Healthcare business — VOC focuses on the development and commercialization of vaccines and products for oncology and consumer healthcare. Each of the three businesses that comprise this group operates as a separate, global business, with distinct specialization in terms of the science, talent and market approach necessary to deliver value to consumers and patients.

- Global Established Pharmaceutical business —GEP includes the brands that have lost market exclusivity and, generally, the mature, patent-protected products that are expected to lose exclusivity through 2015 in most major markets and, to a much smaller extent, generic pharmaceuticals. Additionally, GEP includes our sterile injectable products and biosimilar development portfolio, as well as current established product collaborations, such as our existing agreements with Mylan Inc. in Japan, Zhejiang Hisun Pharmaceutical Co. Ltd. in China and Laboratório Teuto Brasileiro S.A. in Brazil.

We expect that the GIP and VOC biopharmaceutical portfolios of innovative, largely patent-protected, in-line products will be sustained by ongoing internal investments and targeted business development designed to maximize the value of our in-line products and ensure a robust pipeline of highly-differentiated product candidates in areas of unmet medical need. In addition, VOC includes our Consumer Healthcare business, which manufactures and markets several well-known over-the-counter (OTC) brands. The assets managed by these groups are science-driven, highly differentiated and generally require a high-level of engagement with healthcare providers and consumers.

GEP is expected to generate strong consistent cash flow by providing patients around the world with access to effective, lower-cost, high-value treatments. GEP leverages our biologic development, regulatory and manufacturing expertise to advance its biosimilar development portfolio. GEP may also engage in targeted business development to further enable its commercial strategies.

In addition, one of our goals in implementing the new commercial structure is to streamline the critical capabilities needed to effectively demonstrate the value of our medicines to payers, institutions and policy makers. We expect to do this through the Global Health and Value function that is intended to align market access, pricing, health economics, real world data and outcomes research.

Pfizer Website

This 2013 Form 10-K, our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (Exchange Act), are available (free of charge) on our website *(www.pfizer.com)* , in text format and, where applicable, in interactive data file format , as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (SEC).

Throughout this 2013 Form 10-K, we "incorporate by reference" certain information from other documents filed or to be filed with the SEC, including our Proxy Statement for the 2014 Annual Meeting of Shareholders (2014 Proxy Statement) and the 2013 Financial Report, portions of which are filed as Exhibit 13 to this 2013 Form 10-K, and which also will be contained in Appendix A to our 2014 Proxy Statement (2013 Financial Report). The SEC allows us to disclose important information by referring to it in that manner. Please refer to such information. Our 2013 Annual Report to Shareholders consists of the 2013 Financial Report and the Corporate and Shareholder Information attached to the 2014 Proxy Statement. Our 2013 Financial Report will be available on our website *(www.pfizer.com)* on or about February 28, 2014. Our 2014 Proxy Statement will be available on our website *(www.pfizer.com)* on or about March 13, 2014.

Information relating to corporate governance at Pfizer, including our Corporate Governance Principles; Director Qualification Standards; Pfizer Policies on Business Conduct (for all of our employees, including our Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer); Code of Business Conduct and Ethics for Members of the Board of Directors; information concerning our Directors; ways to communicate by e-mail with our Directors; Board Committees; Committee Charters; the Lead Independent Director Charter; and transactions in Pfizer securities by Directors and Officers; as well as Chief Executive Officer and Chief Financial Officer certifications, are available on our website *(www.pfizer.com)* . We will provide any of the foregoing information without charge upon written request to our Corporate Secretary, Pfizer Inc., 235 East 42nd Street, New York, NY 10017-5755. Information relating to shareholder services, including the Computershare Investment Program, book-entry share ownership and direct deposit of dividends, is also available on our website *(www.pfizer.com)* .

The information contained on our website does not constitute a part of this 2013 Form 10-K.

Operating Segments

As discussed above under *General — Commercial Operations* , following the full disposition of our Animal Health business on June 24, 2013, we managed our operations through four operating segments — Primary Care; Specialty Care and Oncology; Established Products and Emerging Markets; and Consumer Healthcare. Prior to June 24, 2013, we managed our operations through these four operating segments, as well as our Animal Health operating segment. Each operating segment had responsibility for its commercial activities and for certain research and development (R&D) activities related to in-line products and in-process research and development (IPR&D) projects that generally had achieved proof-of-concept.

A description of each of these four operating segments follows:

- Primary Care operating segment — included revenues from prescription pharmaceutical products primarily prescribed by primary-care physicians, and included products in the following therapeutic and disease areas: Alzheimer's disease, cardiovascular (excluding pulmonary arterial hypertension), erectile dysfunction, genitourinary, major depressive disorder, pain, respiratory and smoking cessation. Examples of products in this segment in 2013 included *Celebrex* , *Chantix/Champix* , *Eliquis* , *Lyrica* , *Premarin* , *Pristiq* and *Viagra* (outside Canada and South Korea). All revenues for such products were allocated to the Primary Care business unit, except those that were generated in emerging markets and those that were managed by the Established Products business unit.

- Specialty Care and Oncology operating segment — was comprised of the Specialty Care business unit and the Oncology business unit.

    - Specialty Care — included revenues from prescription pharmaceutical products primarily prescribed by physicians who are specialists, and included products in the following therapeutic and disease areas: anti-infectives, endocrine disorders, hemophilia, inflammation, ophthalmology, pulmonary arterial hypertension, specialty neuroscience and vaccines. Examples of products in this business unit in 2013 included *BeneFIX* , *Enbrel* , *Genotropin* , *Geodon* (outside the U.S.), the *Prevnar* family of products,

ReFacto AF , *Revatio* (outside the U.S.), *Tygacil* , *Vfend* (outside the U.S. and South Korea), *Vyndaqel* , *Xalatan* (outside the U.S., Canada, South Korea, developed Europe, Australia and New Zealand), *Xeljanz* , *Xyntha* and *Zyvox* . All revenues for such products were allocated to the Specialty Care business unit, except those that were generated in emerging markets and those that were managed by the Established Products business unit.

- Oncology — included revenues from prescription pharmaceutical products addressing oncology and oncology-related illnesses. The products in this business unit in 2013 included *Inlyta* , *Sutent* , *Torisel* , *Xalkori* , *Mylotarg* (in Japan), *Bosulif* (in the U.S. and European Union (EU)) and *Aromasin* (in Japan and South Korea). All revenues for such products were allocated to the Oncology business unit, except those that were generated in emerging markets and those that were managed by the Established Products business unit.

- Established Products and Emerging Markets operating segment — was comprised of the Established Products business unit and the Emerging Markets business unit.

  - Established Products — included revenues from prescription pharmaceutical products that had lost patent protection or marketing exclusivity in certain countries and/or regions. Typically, products were transferred to this business unit in the beginning of the fiscal year following loss of patent protection or marketing exclusivity. However, in certain situations, products were transferred to this business unit at a different point than the beginning of the fiscal year following loss of patent protection or marketing exclusivity in order to maximize their value. This business unit also excluded revenues generated in emerging markets. Examples of products in this business unit in 2013 included *Arthrotec* , *Effexor* , *Geodon* (in the U.S.), *Lipitor* , *Medrol* , *Norvasc* , *Protonix* , *Relpax* , *Vfend* (in the U.S. and South Korea), *Xalatan* (in the U.S., Canada, South Korea, developed Europe, Australia and New Zealand), *Zosyn/Tazocin* and *Viagra* (in Canada and South Korea).

    Beginning in 2012, sales of *Lipitor* in the U.S., Canada, South Korea and Japan were reported in our Established Products business unit and, beginning in 2013, sales of *Lipitor* in Australia and most of developed Europe were reported in our Established Products business unit.

  - Emerging Markets — included revenues from all prescription pharmaceutical products sold in emerging markets, including Asia (excluding Japan and South Korea), Latin America, the Middle East, Eastern Europe, Africa, Turkey and Central Europe.

- Consumer Healthcare operating segment — includes worldwide revenues from non-prescription products in the following therapeutic categories: dietary supplements, pain management, respiratory and personal care. In 2013, products marketed by Consumer Healthcare included *Advil* , *Caltrate* , *Centrum* , *ChapStick* , *Emergen-C* , *Preparation H* and *Robitussin* .

For a further discussion of these operating segments, including certain costs that were not allocated to our operating segment results, as well as comparative segment information for 2013, 2012 and 2011, see the Notes to Consolidated Financial Statements — *Note 18. Segment, Geographic and Other Revenue Information,* including the tables therein captioned *Selected income statement information, Geographic Information* and *Significant Product Revenues* in our 2013 Financial Report and the table captioned *Revenues by Segment and Geographic Area* in the MD&A in our 2013 Financial Report, which are incorporated by reference.

As discussed above under *General — Commercial Operations* , at the beginning of our fiscal year 2014, we began to manage our commercial operations through three businesses, each of which is led by a single manager — the Global Innovative Pharmaceutical business ; the Global Vaccines, Oncology and Consumer Healthcare business ; and the Global Established Pharmaceutical business . For additional information regarding our new global commercial structure see the *Overview of Our Performance, Operating Environment, Strategy and Outlook — Our Strategy* section of the MD&A in our 2013 Financial Report and *General — Commercial Operations* above.

Biopharmaceutical Products

In 2013, our biopharmaceutical business was composed of the following five business units: Primary Care, Specialty Care, Oncology, Established Products and Emerging Markets, which are discussed under *Operating Segments* above. For additional information regarding how our new global commercial structure affects our biopharmaceutical business structure, see the *Overview of Our Performance, Operating Environment, Strategy and Outlook — Our Strategy* section of the MD&A in our 2013 Financial Report and *General — Commercial Operations* above.

For a discussion of certain of our key biopharmaceutical products, including *Lyrica* , the *Prevnar* family of products, *Enbrel* , *Celebrex* , *Lipitor* , *Viagra* , *Zyvox* , *Norvasc* , *Sutent* , and the *Premarin* family of products, see the *Analysis of the Consolidated Statements of Income — Biopharmaceutical — Selected Product Descriptions* section of the MD&A in our 2013 Financial Report.

We have entered into collaboration and/or co-promotion agreements relating to certain biopharmaceutical products, including *Aricept* , *Enbrel* (in the U.S. and Canada), *Spiriva* and *Rebif* , each of which has expired or will expire in various markets over the next several years. For additional information, including a description of these collaboration and co-promotion agreements and their expiration dates, see the *Analysis of the Consolidated Statements of Income — Biopharmaceutical — Selected Product Descriptions* and the *Overview of Our Performance, Operating Environment, Strategy and Outlook—Our Operating Environment — Intellectual Property Rights and Collaboration/Licensing Rights* sections of the MD&A in our 2013 Financial Report and *Item 1A. Risk Factors — Dependence on Key In-Line Products* below. In addition, *Eliquis* was developed and is being commercialized in collaboration with Bristol-Myers Squibb Company (BMS). For additional information, see the *Analysis of the Consolidated Statements of Income — Biopharmaceutical — Selected Product Descriptions* section of the MD&A in our 2013 Financial Report.

Revenues from biopharmaceutical products contributed approximately 93% of our total revenues in 2013 , 94% of our total revenues in 2012 , and 95% of our total revenues in 2011 .

We recorded direct product sales of more than $1 billion for each of 10 biopharmaceutical products in 2013 and 2012 , and each of 12 biopharmaceutical products in 2011 . These products represented 51% of our revenues from biopharmaceutical products in 2013, 50% of our revenues from biopharmaceutical products in 2012 and 56% of our revenues from biopharmaceutical products in 2011. See *Item 1A. Risk Factors — Dependence on Key In-Line Products* below.

Worldwide revenues from biopharmaceutical products in 2013 were $47.9 billion , a decrease of 7% compared to 2012 , reflecting a decrease in operational revenues of 4% and the unfavorable impact of foreign exchange of 3% .

Geographically, in the U.S., revenues from biopharmaceutical products decreased 6% in 2013 , compared to 2012 . In our international markets, revenues from biopharmaceutical products decreased 7% in 2013 , compared to 2012 , reflecting a decrease in operational revenues of 3% and the unfavorable impact of foreign exchange of 4% . During 2013 , international revenues from biopharmaceutical products represented 61% of total revenues from biopharmaceutical products, compared to 62% in 2012 .

For additional information, including a discussion of key operational revenue drivers, see the *Analysis of the Consolidated Statements of Income — Biopharmaceutical Revenues* and *— Revenues—Major Biopharmaceutical Products* sections of the MD&A in our 2013 Financial Report.

Other Products

Consumer Healthcare

Based on 2013 revenues, our Consumer Healthcare business is the fifth-largest branded multi-national, OTC, healthcare products business in the world and produces two of the ten largest selling consumer healthcare brands (*Centrum* and *Advil*) in the world. Consumer Healthcare revenues totaled $3.3 billion for 2013, an increase of 4% compared to 2012, reflecting operational revenue growth of 5% , partially offset by the unfavorable impact of foreign exchange of 1%.

The Consumer Healthcare business holds strong positions in various geographic markets, with its highest revenue volume in the U.S., China, Canada, Germany, Italy, Brazil, Colombia, Russia, Australia and France.

Major categories and product lines in our Consumer Healthcare business include:

- Dietary Supplements: *Centrum* brands (including *Centrum* , *Centrum Silver* , *Centrum Men's* and *Women's* , *Centrum Specialist* , *Centrum Flavor Burst* , and *Centrum Kids*), *Caltrate* , and *Emergen-C* ;
- Pain Management: *Advil* brands (including *Advil* , *Advil PM* , *Advil Liqui-Gels* , *Advil Film Coated, Children's Advil* , *Infants' Advil* and *Advil Migraine)* , and *ThermaCare* ;
- Respiratory: *Robitussin* , *Advil Cold & Sinus* , *Advil Congestion Relief* , and *Dimetapp* ; and
- Personal Care: *ChapStick* and *Preparation H.*

In August 2012, we entered into an agreement with AstraZeneca for the global OTC rights for *Nexium* , a leading prescription drug currently approved to treat the symptoms of gastroesophageal reflux disease. Under the terms of the agreement, we acquired the exclusive global rights to market *Nexium* for OTC indications, which are subject to regulatory approval. During 2013, (i) a New Drug Application (NDA) submission for *Nexium* OTC in the U.S. was accepted for review by the FDA and (ii) the European Commission granted a marketing authorization for an OTC version of *Nexium* . In February 2012, we completed our acquisition of Alacer, a company that manufactured, marketed and distributed *Emergen-C* , a line of effervescent, powdered drink mix vitamin supplements. In December 2011, we completed our acquisition of the consumer healthcare business of Ferrosan, a Danish company engaged in the sale of science-based consumer healthcare products, including dietary supplements and lifestyle products, primarily in the Nordic region and the emerging markets of Russia and Central and Eastern Europe. For additional information, see the Notes to Consolidated Financial Statements — *Note 2A. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Acquisitions* in our 2013 Financial Report and the *Overview of Our Performance, Operating Environment, Strategy and Outlook — Our Business Development Initiatives* section of the MD&A in our 2013 Financial Report.

For additional information regarding the revenues of our Consumer Healthcare business, see the *Analysis of the Consolidated Statements of Income — Consumer Healthcare Operating Segment* section of the MD&A in our 2013 Financial Report.

For additional information regarding how our new global commercial structure affects our Consumer Healthcare business, see the *Overview of Our Performance, Operating Environment, Strategy and Outlook — Our Strategy* section of the MD&A in our 2013 Financial Report and *General — Commercial Operations* above.

Animal Health

On June 24, 2013, we completed the full disposition of our Animal Health business, which was a business that discovered, developed, manufactured and commercialized animal health medicines and vaccines. The full disposition was completed through a series of steps, including the formation of Zoetis Inc. (Zoetis), an initial public offering of an approximate 19.8% interest in Zoetis and an exchange offer for the remaining 80.2% interest. As a result of these transactions, we received cash and were relieved of debt obligations in the aggregate amount of approximately $6.1 billion and received shares of Pfizer common stock valued at approximately $11.4 billion. For additional information, see the Notes to Consolidated Financial Statements — *Note 2B. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Divestitures* in our 2013 Financial Report.

Research and Development

Innovation by our R&D operations is very important to our success. Our goal is to discover, develop and bring to market innovative products that address major unmet medical needs. We spent $6.7 billion in 2013 , $7.5 billion in 2012 and $8.7 billion in 2011 on R&D.

Biopharmaceutical R&D

We conduct research internally and also through contracts with third parties, through collaborations with universities and biotechnology companies and in cooperation with other pharmaceutical firms. We also seek out promising compounds and innovative technologies developed by third parties to incorporate into our discovery and development processes or projects, as well as our product lines, through collaborations, alliance and license agreements, acquisitions and other arrangements.

Drug discovery and development is time-consuming, expensive and unpredictable. According to the Pharmaceutical Research and Manufacturers of America (PhRMA), out of 5,000-10,000 screened compounds, only 250 enter preclinical testing, five enter human clinical trials and one is approved by the FDA. The process from early discovery or design to development to regulatory approval can take more than 10 years. Drug candidates can fail at any stage of the process, and candidates may not receive regulatory approval even after many years of research.

As of year-end 2013, we had 279 projects in R&D, ranging from discovery through registration, of which 81 programs are in Phase 1 through registration, with the remainder of the projects in pre-clinical development. At year-end 2013, our Phase 3 portfolio contained 20 programs. Development of a single compound is often pursued as part of multiple different programs. While these new candidates may or may not eventually receive regulatory approval, new drug candidates entering clinical development phases are the foundation for future products.

In addition to discovering and developing new products, our research operations seek to add value to our existing products by improving their effectiveness and by discovering new uses or indications for them.

Information concerning several of our drug candidates in development, as well as supplemental filings for existing products, is set forth in the *Analysis of the Consolidated Statements of Income — Product Developments — Biopharmaceutical* section of the MD&A in our 2013 Financial Report, which is incorporated by reference.

Our competitors also devote substantial funds and resources to R&D. We also compete against numerous small biotechnology companies in developing potential drug candidates. The extent to which our competitors are successful in their research could result in erosion of the sales of our existing products and potential sales of products in development, as well as unanticipated product obsolescence. See *Item 1A. Risk Factors — Competitive Products* below.

We continue to transform our global R&D organization and pursue strategies intended to improve innovation and overall productivity in R&D to achieve a sustainable pipeline that will deliver value in the near term and over time. Our R&D priorities include: delivering a pipeline of differentiated therapies with the greatest scientific and commercial promise, innovating new capabilities that can position Pfizer for long-term leadership, and creating new models for biomedical collaboration that will expedite the pace of innovation and productivity. To that end, our research primarily focuses on five high-priority areas that have a mix of small molecules and large molecules — immunology and inflammation; oncology; cardiovascular and metabolic diseases; neuroscience and pain; and vaccines. Other areas of focus include rare diseases and biosimilars.

For additional information regarding our R&D operations, see the *Costs and Expenses—Research and Development (R&D) Expenses — Research and Development Operations* section of the MD&A in our 2013 Financial Report.

International Operations

We have significant operations outside the U.S. In 2013, for developed markets, these operations for pharmaceutical products were managed through the same business units as our U.S. operations (i.e., Primary Care, Specialty Care, Oncology and Established Products) and, for emerging markets, these operations for pharmaceutical products were managed through the Emerging Markets business unit within the Established Products and Emerging Markets operating segment. Our Consumer Healthcare operating segment managed its operations worldwide. For additional information regarding how our new global commercial structure affects our international operations, see the *Overview of Our Performance, Operating Environment, Strategy and Outlook — Our Strategy* section of the MD&A in our 2013 Financial Report and *General — Commercial Operations* above.

Revenues from operations outside the U.S. of $31.3 billion accounted for 61% of our total revenues in 2013 . Revenues exceeded $500 million in each of 12, 14 and 16 countries outside the U.S. in 2013, 2012 and 2011, respectively. The U.S. is our largest national market, comprising 39% of total revenues in 2013 and 2012, and 41% of total revenues in 2011. Japan is our second-largest national market, with approximately 10%, 12% and 10% of total revenues in 2013, 2012 and 2011, respectively.

For a geographic breakdown of revenues, see the table captioned *Geographic Information* in the Notes to Consolidated Financial Statements — *Note 18. Segment, Geographic and Other Revenue Information* in our 2013 Financial Report, and the table captioned *Revenues by Segment and Geographic Area* in the MD&A in our 2013 Financial Report. Those tables are incorporated by reference.

Our international businesses are subject, in varying degrees, to a number of risks inherent in carrying on business in other countries. These include, among other things, currency fluctuations, capital and exchange control regulations, expropriation and other restrictive government actions. See *Item 1A. Risk Factors — Risks Affecting International Operations* below. Our

international businesses are also subject to government-imposed constraints, including laws and regulations on pricing, reimbursement, and access to our products. See *Government Regulation and Price Constraints — Outside the United States* below for a discussion of these matters.

Depending on the direction of change relative to the U.S. dollar, foreign currency values can increase or decrease the reported dollar value of our net assets and results of operations. While we cannot predict with certainty future changes in foreign exchange rates or the effect they will have on us, we attempt to mitigate their impact through operational means and by using various financial instruments, depending upon market conditions. For additional information, see the Notes to Consolidated Financial Statements — *Note 7E. Financial Instruments: Derivative Financial Instruments and Hedging Activities* in our 2013 Financial Report, as well as the *Forward-Looking Information and Factors That May Affect Future Results — Financial Risk Management* section of the MD&A in our 2013 Financial Report. Those sections of our 2013 Financial Report are incorporated by reference.

Marketing

In our global biopharmaceutical businesses, we promote our products to healthcare providers and patients. Through our marketing organizations, we explain the approved uses, benefits and risks of our products to healthcare providers, such as doctors, nurse practitioners, physician assistants, pharmacists, and the Managed Care Organizations (MCOs) that provide insurance coverage, such as hospitals, Integrated Delivery Systems (IDS), Pharmacy Benefit Managers (PBMs), Health Plans, employers and government agencies. We also market directly to consumers in the U.S. through direct-to-consumer advertising that communicates the approved uses, benefits and risks of our products while motivating people to have meaningful conversations with their doctors. In addition, we sponsor general advertising to educate the public on disease awareness, prevention and wellness, important public health issues, and our patient assistance programs.

Our prescription pharmaceutical products are sold principally to wholesalers, but we also sell directly to retailers, hospitals, clinics, government agencies and pharmacies, and, in the case of *Prevnar 13* in the U.S., we primarily sell directly to individual provider offices. We seek to gain access for our products on healthcare authority and MCO formularies, which are lists of approved medicines available to members of the MCOs. MCOs use various benefit designs, such as tiered co-pays for formulary products, to drive utilization of products in preferred formulary positions. We also work with MCOs to assist them with disease management, patient education and other tools that help their medical treatment routines.

During 2013, Pfizer revenues from our three largest biopharmaceutical wholesalers were as follows:

- McKesson, Inc. — 12% of our total revenues (and 30% of our total U.S. revenues);
- Cardinal Health, Inc.— 9% of our total revenues (and 22% of our total U.S. revenues); and
- AmerisourceBergen Corporation— 8% of our total revenues (and 21% of our total U.S. revenues).

Sales to these wholesalers were concentrated in the biopharmaceutical businesses.

Our global Consumer Healthcare business utilizes its own sales and marketing organizations to promote its products, and occasionally uses distributors in smaller markets. Our Consumer Healthcare business's advertising and promotions are generally disseminated to consumers through television, print, digital and other media advertising, as well as through in-store promotion. Consumer Healthcare products are sold through a wide variety of channels, including distributors, pharmacies, retail chains and grocery and convenience stores. Our Consumer Healthcare business generates a significant portion of its sales from several large customers, the loss of any one of which could have a material adverse effect on the Consumer Healthcare business.

Patents and Other Intellectual Property Rights

Our products are sold around the world under brand-name, logo and certain product design trademarks that we consider, in the aggregate, to be of material importance to Pfizer. Trademark protection continues in some countries for as long as the mark is used and, in other countries, for as long as it is registered. Registrations generally are for fixed, but renewable, terms.

We own or license a number of U.S. and foreign patents. These patents cover pharmaceutical and other products and their uses, pharmaceutical formulations, product manufacturing processes and intermediate chemical compounds used in manufacturing.

Patents for individual products extend for varying periods according to the date of patent filing or grant and the legal term of patents in the various countries where patent protection is obtained. The actual protection afforded by a patent, which can vary from country to country, depends upon the type of patent, the scope of its coverage and the availability of legal remedies in the country. Further, patent term extension may be available in many major countries to compensate for a regulatory delay in approval of the product. For additional information, see *Government Regulation and Price Constraints — Intellectual Property* below.

In the aggregate, our patent and related rights are of material importance to our businesses in the U.S. and most other countries. Based on current product sales, and considering the vigorous competition with products sold by others, the patent rights we consider most significant in relation to our business as a whole, together with the year in which the basic product patent expires (including, where applicable, the additional six-month pediatric exclusivity period and/or the granted patent term extension), are those for the medicines set forth in the table below. In some instances, there are later-expiring patents relating to our products directed to particular forms or compositions, to methods of manufacturing, or to use of the drug in the treatment of particular diseases or conditions. However, in some cases, such patents may not protect our drug from generic or, as applicable, biosimilar competition after the expiration of the basic patent.

Drug	U.S. Basic Product Patent Expiration Year	Major EU Basic Product Patent Expiration Year	Japan Basic Product Patent Expiration Year
Viagra	2012 [1]	2013	2013 [1]
Enbrel [2]	N/A	2015	2015
Celebrex	2014 [3]	2014	2019
Zyvox	2015	2016	2019
Lyrica	2018	2014 [4]	2022
Bosulif	2019	2019	N/A [5]
Chantix	2020	2021	2022
Inlyta	2020	2020	2025
Xeljanz	2020	N/A [6]	2025
Sutent	2021	2021	2024
Eliquis [7]	2023	2026	2026
Prevnar 13 [8]	2026	2026	2026
Xalkori	2029	2025	2028

[1] In addition to the basic product patent covering *Viagra* , which expired in 2012, it is covered by a U.S. method-of-treatment patent which, including the six-month pediatric exclusivity period associated with *Revatio* , which has the same active ingredient as *Viagra* , expires in 2020. However, as a result of a patent litigation settlement, Teva Pharmaceuticals USA, Inc. will be allowed to launch a generic version of *Viagra* in the U.S. in December 2017, or earlier under certain circumstances. The corresponding method-of-treatment patent covering *Viagra* in Japan expires in May 2014.

[2] Pfizer does not market *Enbrel* in the U.S. For additional information, see the *Overview of Our Performance, Operating Environment, Strategy and Outlook—Our Operating Environment—Intellectual Property Rights and Collaboration/Licensing Rights* section of the MD&A in our 2013 Financial Report. In other markets, biosimilar competition will depend, to a significant extent, on the timing and implementation of regulations governing the development and approval of biosimilar products.

[3] We obtained a reissue patent in the U.S. on March 5, 2013 covering the approved uses of *Celebrex* . The reissue patent expires on December 2, 2015. This patent is presently the subject of litigation between Pfizer and several generic companies.

[4] For *Lyrica* , regulatory exclusivity in the EU extends until 2014.

[5] *Bosulif* is not approved in Japan.

[6] *Xeljanz* is not approved in the EU.

[7] *Eliquis* was developed and is being commercialized in collaboration with BMS.

[8] *Prevnar 13* may eventually face competition in the form of alternative 13-valent and next-generation pneumococcal conjugate vaccines.

We co-promote *Aricept* with Eisai. We lost exclusivity for *Aricept* 5mg and 10mg tablets in the U.S. in November 2010, and in the majority of European markets in February 2012 and April 2012. We lost exclusivity for the *Aricept* 23mg tablet in the U.S. in July 2013. For additional information, including a description of certain of our other co-promotion agreements and their expiration dates, see the *Analysis of the Consolidated Statements of Income — Biopharmaceutical — Selected Product Descriptions* and the *Overview of Our Performance, Operating Environment, Strategy and Outlook—Our Operating Environment — Intellectual Property Rights and Collaboration/Licensing Rights* sections of the MD&A in our 2013 Financial Report and *Item 1A. Risk Factors — Dependence on Key In-Line Products* below.

A number of our current products have lost exclusivity in certain markets in the last few years. For example, in the U.S., we lost exclusivity for *Geodon* in March 2012, *Revatio* tablet in September 2012 and *Rapamune* in January 2014. We lost exclusivity for *Xalatan* and *Xalacom* in the majority of European markets in January 2012 and Australia in July 2012. We lost exclusivity in the U.S. for *Detrol* immediate release (*Detrol IR*) in June 2012 and *Detrol LA* in January 2014. *Detrol IR* and *Detrol LA* lost exclusivity in most European markets in September 2012. *Viagra* lost exclusivity in most major EU markets in June 2013. We lost exclusivity for *Lyrica* in Canada in February 2013. *Lipitor* has lost exclusivity in all major markets and now faces multi-source generic competition in the U.S., Europe, Japan and Australia.

For additional information, including a further discussion of our recent losses of exclusivity and associated revenues in various markets and of our expected losses of exclusivity in 2014, see the *Overview of Our Performance, Operating Environment, Strategy and Outlook—Our Operating Environment — Intellectual Property Rights and Collaboration/Licensing Rights* section of the MD&A in our 2013 Financial Report.

Companies have filed applications with the FDA seeking approval of products that we believe infringe our patents covering, among other products, *Viagra* , *Celebrex* , *Lyrica* , *Sutent* , *EpiPen* , *Pristiq* , *Toviaz* , *Tygacil* and *Embeda* extended-release capsules, and our patent for *Lipitor* in China is subject to a pending legal challenge . For additional information, see the Notes to Consolidated Financial Statements— *Note 17A1. Commitments and Contingencies—Legal Proceedings—Patent Litigation* in our 2013 Financial Report.

The expiration of a basic product patent or loss of patent protection resulting from a legal challenge normally results in significant competition from generic products against the originally patented product and can result in a significant reduction in revenues for that product in a very short period of time. In some cases, however, we can continue to obtain commercial benefits from product manufacturing trade secrets; patents on uses for products; patents on processes and intermediates for the economical manufacture of the active ingredients; patents for special formulations of the product or delivery mechanisms; and conversion of the active ingredient to OTC products.

Biotechnology Products

Our biotechnology products, including *BeneFIX* , *ReFacto* , *Xyntha, Enbrel* (we market *Enbrel* outside of the U.S. and Canada) and the *Prevnar* family, may face competition in the future from biosimilars (also referred to as follow-on biologics). Such biosimilars would reference biotechnology products approved under the U.S. Public Health Service Act. Additionally, the FDA has approved a biosimilar recombinant human growth hormone that referenced our biotechnology product, *Genotropin,* which was approved under the U.S. Federal Food, Drug and Cosmetic Act.

Abbreviated legal pathways for the approval of biosimilars exist in certain international markets and, since the passage of the Patient Protection and Affordable Care Act, as amended by the Heath Care and Education Reconciliation Act (commonly referred to as the Affordable Care Act, or ACA), a framework for such approval exists in the U.S. The regulatory implementation of these ACA provisions is ongoing and expected to take several years. However, the FDA has begun to clarify its expectations for approval via the biosimilar pathway with the issuance of three draft guidance documents in February 2012. Over the next several years, the FDA is expected to finalize the guidance documents released in 2012 and issue new draft guidance on clinical pharmacology for biosimilars. See *Government Regulation and Price Constraints — Biosimilars* below for additional information on the ACA's approval framework for biosimilars.

In Europe, the European Commission has granted marketing authorizations for several biosimilars pursuant to a set of general and product class-specific guidelines for biosimilar approvals issued over the past few years. In 2013, the European Medicines Agency (EMA) approved the first biosimilar of a monoclonal antibody. In Japan, the regulatory authority has

granted marketing authorizations for certain biosimilars, including somatropin (the recombinant human growth hormone in our *Genotropin* product), pursuant to a guideline for biosimilar approvals issued in 2009.

If competitors are able to obtain marketing approval for biosimilars that reference our biotechnology products, our biotechnology products may become subject to competition from these biosimilars, with attendant competitive pressure, and price reductions could follow. Expiration or successful challenge of applicable patent rights could trigger this competition, assuming any relevant exclusivity period has expired. However, biosimilar manufacturing is complex and biosimilars are not necessarily identical to the reference products. Therefore, at least initially upon approval of a biosimilar competitor, biosimilar competition with respect to biologics may not be as significant as generic competition with respect to small molecule drugs.

As part of our business strategy, we are capitalizing on our expertise in biologics manufacturing, as well as our regulatory and commercial strengths, to develop biosimilar medicines. As such, a better-defined biosimilars approval pathway will assist us in pursuing approval of our own biosimilar products in the U.S. See *Item 1A. Risk Factors — Biotechnology Products* below.

We may face more litigation with respect to the validity and/or scope of patents relating to our biotechnology products with substantial revenue. Likewise, as we enter the biosimilars area and seek to launch products, patents may be asserted against us.

International

One of the main limitations on our operations in some countries outside the U.S. is the lack of effective intellectual property protection for our products. Under international and U.S. free trade agreements in recent years, global protection of intellectual property rights has been improving. The World Trade Organization Agreement on Trade Related Aspects of Intellectual Property (WTO-TRIPs) required participant countries to amend their intellectual property laws to provide patent protection for pharmaceutical products by 2005, with an extension until 2016 for least-developed countries. While we still face enforcement and other intellectual property challenges around the world, a number of countries have made improvements. We have experienced significant growth in our businesses in some of those countries. We include further patent protection improvement among the factors we consider for continued business expansion in other participant countries. For additional information, see *Government Regulation and Price Constraints — Intellectual Property* below.

Competition

Our businesses are conducted in intensely competitive and often highly regulated markets. Many of our prescription pharmaceutical products face competition in the form of branded or generic drugs that treat similar diseases or indications. The principal forms of competition include efficacy, safety, ease of use, and cost effectiveness. Though the means of competition vary among product categories and business groups, demonstrating the value of our products is a critical factor for success in all of our principal businesses.

Our competitors include other worldwide research-based biopharmaceutical companies, smaller research companies with more limited therapeutic focus, and generic drug and consumer healthcare manufacturers. We compete with other companies that manufacture and sell products that treat diseases or indications similar to those treated by our major products.

This competition affects our core product business, which is focused on applying innovative science to discover and market products that satisfy unmet medical needs and provide therapeutic improvements. Our emphasis on innovation is underscored by our multi-billion-dollar investment in R&D, as well as our business development transactions, both designed to result in a strong product pipeline. Our investment in research does not stop with drug approval; we continue to invest in further understanding the value of our products for the conditions they treat, as well as potential new applications. We seek to protect the health and well-being of patients by striving to ensure that medically sound knowledge of the benefits and risks of our medicines is understood and communicated to patients, physicians and global health authorities. We also seek to continually enhance the organizational effectiveness of all of our biopharmaceutical functions, including coordinating support for our salespersons' efforts to accurately and ethically launch and promote our products to our customers.

Operating conditions have become more challenging under the mounting global pressures of competition, industry regulation and cost containment. We continue to take measures to evaluate, adapt and improve our organization and business practices to better meet customer and public needs. We believe that we have taken an industry-leading role in evolving our approaches to U.S. direct-to-consumer advertising; interactions with, and payments to, healthcare professionals; and medical education grants. We also continue to sponsor programs to address patient affordability and access barriers, as we strive to advance fundamental health system change through support for better healthcare solutions.

Our Consumer Healthcare business faces competition from OTC business units in other major pharmaceutical and consumer packaged goods companies, as well as retailers who carry their own private label brands. Our competitive position is affected by several factors, including, among others, the amount and effectiveness of our and our competitors' promotional resources; customer acceptance; product quality; our and our competitors' introduction of new products, ingredients, claims, dosage forms, or other forms of innovation; and pricing, regulatory and legislative matters (such as product labeling, patient access and prescription to OTC switches).

Managed Care Organizations

The evolution of managed care in the U.S. has been a major factor in the competitive makeup of the healthcare marketplace. Approximately 262 million people in the U.S. now have some form of health insurance coverage. Due to the expansion of health insurance coverage (see *Government Regulation and Price Constraints — In the United States* below), both the marketing of prescription drugs to consumers and the entities that manage this expanded coverage in the U.S. continue to grow in importance.

The influence of MCOs has increased in recent years due to the growing number of patients receiving coverage through MCOs. At the same time, those organizations have been consolidating into fewer, even larger entities. This consolidation enhances both their ability to negotiate, as well as their importance to Pfizer.

The growth of MCOs has increased pressure on drug prices as well as revenues. One objective of MCOs is to contain and, where possible, reduce healthcare expenditures. MCOs typically use formularies (which are lists of approved medicines available to members of the MCOs), clinical protocols (requiring prior authorization for a branded product if a generic product is available or requiring the patient to first fail on one or more generic products before permitting access to a branded medicine), volume purchasing, long-term contracts and their ability to influence market share and volume of prescription drugs to negotiate prices with pharmaceutical providers.

Due to their generally lower cost, generic medicines typically are placed in lowest cost tiers of MCO formularies. The breadth of the products covered by formularies can vary considerably from one MCO to another, and many formularies include alternative and competitive products for treatment of particular medical problems.

Exclusion of a product from a formulary or other MCO-implemented restrictions can significantly impact drug usage in the MCO patient population. Consequently, pharmaceutical companies compete to gain access to formularies for their products. Unique product features, such as greater efficacy, better patient ease of use, or fewer side effects, are generally beneficial to achieving access to formularies. However, lower overall cost of therapy is also an important factor. We have been generally, although not universally, successful in having our major products included on MCO formularies.

MCOs also emphasize primary and preventive care, out-patient treatment and procedures performed at doctors' offices and clinics as another way to manage costs. Hospitalization and surgery, typically the most expensive forms of treatment, are carefully managed. Since the use of certain drugs can reduce the need for hospitalization, professional therapy, or even surgery, such drugs can become favored first-line treatments for certain diseases.

The ACA has accelerated payment reform by distributing risk across MCOs and other stakeholders in care delivery with the intent of improving quality while reducing costs, which creates pressure on MCOs to tie reimbursement to defined outcomes.

Generic Products

One of the biggest competitive challenges that we face is from generic pharmaceutical manufacturers. Upon the expiration or loss of patent protection for a product, especially a small molecule product, we can lose the major portion of revenues for that product in a very short period of time. Several such competitors make a regular practice of challenging our product patents before their expiration. Unlike us, generic competitors often operate without large R&D expenses, as well as without costs of conveying medical information about products to the medical community. In addition, the FDA approval process exempts generics from costly and time-consuming clinical trials to demonstrate their safety and efficacy, allowing generic manufacturers to rely on the safety and efficacy data of the innovator product. Generic products need only demonstrate a level of availability in the body equivalent to that of the innovator product. This means that generic competitors can market a competing version of our product after the expiration or loss of our patent and often charge much less.

In addition, our patent-protected products can face competition in the form of generic versions of competitors' branded products that lose their market exclusivity.

As noted above, MCOs that focus primarily on the immediate cost of drugs often favor generics over brand-name drugs. Many governments also encourage the use of generics as alternatives to brand-name drugs in their healthcare programs, including Medicaid in the U.S. Laws in the U.S. generally allow, and in some cases require, pharmacists to substitute, for brand-name drugs, generic drugs that have been rated under government procedures to be chemically and therapeutically equivalent to brand-name drugs. The substitution must be made unless the prescribing physician expressly forbids it. In the U.S., Pfizer's Greenstone subsidiary and Pfizer Injectables sell generic versions of Pfizer's, as well as certain competitors', solid oral dose and sterile injectable pharmaceutical products, respectively, upon loss of exclusivity, as appropriate.

Raw Materials

Raw materials essential to our businesses are purchased worldwide in the ordinary course of business from numerous suppliers. In general, these materials are available from multiple sources. No serious shortages or delays of raw materials were encountered in 2013, and none are expected in 2014. We have successfully secured the materials necessary to meet our requirements where there have been short-term imbalances between supply and demand, but generally at higher prices than those historically paid.

Government Regulation and Price Constraints

In the United States

General. Pharmaceutical companies are subject to extensive regulation by national, state and local agencies in the countries in which they do business. Of particular importance in the U.S. is the FDA, which has jurisdiction over our biopharmaceutical products and administers requirements covering the testing, safety, effectiveness, manufacturing, labeling, marketing, advertising and post-marketing surveillance of these products. The FDA also regulates our Consumer Healthcare products. Other federal agencies, including the U.S. Department of Agriculture and the U.S. Drug Enforcement Administration, also regulate some of our products.

In addition, many of our activities are subject to the jurisdiction of other federal regulatory and enforcement departments and agencies, such as the Department of Health and Human Services (HHS) Office of the Inspector General (OIG), the Federal Trade Commission (FTC) (which also has the authority to regulate the advertising of consumer healthcare products, including OTC drugs and dietary supplements), the Department of Justice (DOJ) and the SEC. Individual states, acting through their attorneys general, have become active as well, seeking to regulate the marketing of prescription drugs under state consumer protection and false advertising laws.

We are subject to possible administrative and legal proceedings and actions by these various governmental bodies. See the Notes to Consolidated Financial Statements — *Note 17. Commitments and Contingencies* in our 2013 Financial Report. Such actions may involve product seizures and other civil and criminal sanctions.

Healthcare Reform. In March 2010, the ACA was enacted in the U.S. The principal provisions affecting the biopharmaceutical industry provide for the following:

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

As of May 2013, the Congressional Budget Office estimates that the ACA will result in the coverage of 25 million previously uninsured individuals by 2017. Effective in 2014, non-Medicare eligible individuals with incomes below 138% of the federal poverty level (FPL) are eligible for Medicaid if they live in one of the 25 states that elected to expand the program using federal funds. The remainder will be covered with private sector coverage, either through their employers, the individual insurance marketplace or new state or federal Health Insurance Exchanges enacted through the ACA (Health Insurance Exchanges). With limited exceptions, individuals who fail to purchase health insurance by March 31, 2014 will pay a penalty. Starting in 2015, employers with 100 or more employees who do not provide affordable and qualifying coverage will also pay a penalty (beginning in 2016, employers with between 50 and 99 employees who do not provide affordable and qualifying coverage will be penalized). Individuals with incomes between 100%-400% of the FPL will be eligible for subsidies to help pay for health insurance coverage in the Health Insurance Exchanges.

The Health Insurance Exchanges were created by the ACA to provide an opportunity for individuals without access to employer or other government sponsored coverage to purchase insurance from private health plans offering coverage compliant with ACA mandated provisions. States could choose to operate the Health Insurance Exchange with a federal grant, or defer operations to the federal government. Regardless of the facilitator, the Health Insurance Exchanges offer similar coverage. Federal and state Health Insurance Exchange websites opened for enrollment on October 1, 2013 and experienced computer access difficulties. The separate website for the small business exchanges (SHOP) was delayed until late 2014 for states utilizing the federal Health Insurance Exchange. Coverage began on January 1, 2014 and enrollment remains open until March 31, 2014.

The ACA specifies certain benefits and services that must be covered for health insurers to qualify to participate in the Health Insurance Exchanges, including prescription drugs. In general, health plans in the Health Insurance Exchange offer benefits that are more restrictive than the typical large employer, but more comprehensive than most catastrophic health insurance plans and some other limited policies available in the individual insurance marketplace. This means that there are high deductibles and co-pays, increased use of co-insurance, fewer medicines on formularies and restricted networks of physicians and hospitals. Expanding insurance coverage is expected to result in a negligible change in overall pharmaceutical industry sales, as the uninsured are principally young and relatively healthy and it is expected that a significant percentage may be covered by Medicaid (under which sales of pharmaceutical products are subject to substantial rebates and, in many states, to formulary restrictions limiting access to brand-name drugs, including ours), and the restrictive benefit designs discourage the use of branded drugs. At the same time, the rebates, discounts, taxes and other costs associated with the ACA are a significant cost to the industry.

The ACA created the Independent Payment Advisory Board (IPAB), a 15-member panel to be appointed by the President. The IPAB is charged with developing proposals to “reduce the per capita rate of growth in Medicare spending” in the event that the actual Medicare per capita growth rate exceeds a specified target. Due to slow growth in healthcare spending that did not exceed the target per capita growth rate, the IPAB will not be required to act until 2016, at the earliest. To date, the IPAB’s members have not been named or appointed.

The ACA also established the Patient Centered Outcomes Research Institute (PCORI), a federally funded, private, non-profit corporation empowered to fund and disseminate comparative effectiveness research (CER) and build infrastructure for improved outcomes analysis. PCORI has no authority to impose formulary changes directly in government-funded health programs. In 2013, PCORI announced that it will issue a new type of funding for pragmatic, head-to-head comparison studies, as well as plans to develop a national clinical research data network. Both developments are expected to increase the availability of medical evidence related to healthcare interventions. Overseeing and managing the PCORI is an advisory board drawn from multiple and varied stakeholder organizations, including the pharmaceutical industry. Pfizer’s Chief Medical Officer currently serves as an industry representative on the advisory board.

Changes in Marketing Activity Disclosure . The ACA expands the government’s investigative and enforcement authority and increases the penalties for fraud and abuse, including amendments to both the False Claims Act and the Anti-Kickback Statute to make it easier to bring suit under these statutes. The ACA also allocates additional resources and tools for the government to police healthcare fraud, with expanded subpoena power for HHS, additional funding to investigate fraud and abuse across the healthcare system, and expanded use of Recovery Audit Contractors for enforcement.

As of August 2013, biopharmaceutical and medical device manufacturers are required to record any transfers of value made to licensed physicians and teaching hospitals and to disclose such data to HHS, with the initial disclosure to HHS due no later than March 31, 2014. In addition to civil penalties for failure to report transfers of value to physicians or teaching hospitals, there will be criminal penalties if a manufacturer intentionally makes false statements or excludes information in such reports. The payment data across biopharmaceutical and medical device companies will be posted by HHS on a publicly available website no later than September 30, 2014. Increased access to such data by fraud and abuse investigators, industry

critics and media will draw attention to our collaborations with reported entities and will importantly provide opportunities to underscore the critical nature of our collaborations for developing new medicines and exchanging scientific information. This national payment transparency effort coupled with industry commitment to uphold voluntary codes of conduct (such as the PhRMA *Code on Interactions with Healthcare Professionals* and PhRMA *Guiding Principles Direct to Consumer Advertisements About Prescription Medicines*) and rigorous internal training and compliance efforts will complement existing laws and regulations to help ensure ethical collaboration and truthful product communications.

Medicare. Elderly and disabled beneficiaries have access to the Medicare drug benefit through private plans approved by the federal government. Beneficiaries with low incomes and modest assets are eligible for assistance with Medicare Part D plan premiums and cost sharing. Nationally, the share of such beneficiaries with comprehensive drug coverage increased from 59% in 2005 to approximately 90% in 2011.

The ACA made some important changes to the Medicare drug benefit, including phasing out the Medicare coverage gap by 2020. Prior to the ACA, beneficiaries who reached a certain level of spending on prescription medications (the Medicare Part D coverage gap or "doughnut hole") had to pay 100% of the cost of their drugs until personal out-of-pocket spending reached a level qualifying them for catastrophic coverage. The Medicare Part D Coverage Gap Discount Program uses public and private funding to relieve the financial burden facing beneficiaries who fall into this coverage gap. Beginning in 2011, branded pharmaceutical companies paid 50% of the cost of the branded drugs in the gap and the government paid 7% of the cost of the generic drugs in the gap. As a result, rather than paying 100% of the total cost of their drugs when they reached the coverage gap, enrollees paid 50% of the total cost of branded drugs and 93% of the total cost of generic drugs. The contribution from the government for generic drugs grew to 14% in 2012, and will grow steadily over time until reaching 75% in 2020. In addition, starting in 2013, the 50% discount from branded pharmaceutical companies was supplemented by a contribution from the government, which will also grow steadily over time until reaching 25% in 2020. That means that by 2020, enrollees will pay only 25% of the cost of their branded and generic drugs in the gap.

Biosimilars. The ACA also created a framework for the approval of biosimilars (also known as follow-on biologics) following the expiration of 12 years of exclusivity for the innovator biologic, with a potential six-month pediatric extension. Under the ACA, biosimilar applications may not be submitted until four years after the approval of the reference, innovator biologic. The FDA is responsible for implementation of the legislation, which will require the FDA to address such key topics as the type and extent of data needed to establish biosimilarity; the data required to achieve interchangeability compared to biosimilarity; the naming convention for biosimilars; the tracking and tracing of adverse events; and the acceptability of data using a non-U.S.-licensed comparator to demonstrate biosimilarity and/or interchangeability with a U.S.-licensed reference product. The FDA has begun to address some of these issues with the February 2012 release of three draft guidance documents. Specifically, the FDA has clarified that biosimilar applicants may use a non-U.S.-licensed comparator in certain studies to support a demonstration of biosimilarity to a U.S.-licensed reference product. Over the next several years, the FDA is expected to finalize the guidance documents released in 2012 and issue new draft guidance on clinical pharmacology for biosimilars.

Medicaid and Related Matters. Federal law requires branded pharmaceutical companies to provide rebates to state Medicaid agencies. The ACA brought about major changes in the Medicaid program. Collectively, the measures (i) increased federal rebates paid by manufacturers on branded drugs within the traditional Medicaid program from 15.1% to 23.1%, and for generic drugs from 11% to 13% of Average Manufacturer Price (AMP); (ii) expanded Medicaid drug rebates to cover drugs provided through managed Medicaid plans; and (iii) changed the rebate rates for line extensions or new formulations of solid oral dosage form drugs. The law also created a federal upper limit under the Medicaid program for generic drugs at 175% of AMP. In addition, the law expanded the types of entities eligible for the "Section 340B discounts" for outpatient drugs that began in 2010. Post-implementation of the ACA, the Centers for Medicare and Medicaid Services (CMS) withdrew its former, detailed AMP-calculation rules, and, in January 2014, a new rule regarding AMP was released, which revises requirements pertaining to Medicaid reimbursement for covered outpatient drugs.

The majority of states use preferred drug lists to restrict access to certain medicines in Medicaid. Restrictions exist for some Pfizer products in certain states. Access in the Medicaid managed care program is typically determined by the health plans providing coverage for Medicaid recipients contracting for the provision of services in the state. Given certain states' current and potential ongoing fiscal crises, a growing number of states are considering a variety of cost-control strategies, including capitated managed care plans that typically contain cost by restricting access to certain treatments.

Pfizer must give discounts or rebates on purchases or reimbursements of pharmaceutical products by certain other federal and state agencies and programs. See the discussion regarding rebates in the *Analysis of the Consolidated Statements of Income — Revenues — Overview* section of the MD&A in our 2013 Financial Report and in the Notes to Consolidated Financial Statements *— Note 1G. Basis of Presentation and Significant Accounting Policies: Revenues* in our 2013 Financial Report, which are incorporated by reference.

PDUFA Reauthorization. The Prescription Drug User Fee Act (PDUFA) was first enacted in 1992 to provide the FDA with additional resources to speed the review of important new medicines. Prior to PDUFA, inadequate funding of the FDA drug review process led to a backlog of application reviews and lengthy review times. PDUFA revolutionized the review process for new drugs and biologics without compromising high approval standards for demonstration of product safety, quality and efficacy. PDUFA expires every five years and must be reauthorized by Congress. PDUFA IV expired on September 30, 2012, and was renewed as Title I of the FDA Safety and Innovation Act (FDASIA). In addition to PDUFA V, FDASIA included a range of provisions important to the industry, including new user fee requirements for biosimilar products and generics. The PDUFA V reauthorization reflected months of discussion between the FDA, industry and other stakeholders such as patient groups and consumers. The current PDUFA V agreement focuses on improving the efficiency and predictability of the review process, strengthening the agency regulatory science base and enhancing benefit-risk assessment and post-approval safety surveillance.

Budget Control Act of 2011 . In August 2011, the federal Budget Control Act of 2011 (the Budget Control Act) was enacted in the U.S. The Budget Control Act includes provisions to raise the U.S. Treasury Department's borrowing limit, known as the debt ceiling, and provisions to reduce the federal deficit by $2.4 trillion between 2012 and 2021. Deficit-reduction targets included $900 billion of discretionary spending reductions associated with HHS and various agencies charged with national security, but those discretionary spending reductions do not include programs such as Medicare and Medicaid or direct changes to pharmaceutical pricing, rebates or discounts. The Office of Management and Budget (OMB) was responsible for identifying the remaining $1.5 trillion of deficit reductions, which were divided evenly between defense and non-defense spending. Under this OMB review process, Social Security, Medicaid, Veteran Benefits and certain other spending categories were excluded from consideration, but reductions in payments to Medicare providers are allowed, although these reductions are prohibited by law from exceeding a 2% reduction of the originally budgeted amount (until 2021). Additionally, certain payments to Medicare Part D plans, such as low-income subsidy payments, were exempt from reduction. The Budget Control Act spending reductions to date have not had a material adverse impact on our results of operations.

In December 2013, Congress enacted minor amendments to the Budget Control Act, providing for greater discretionary spending in 2014 and 2015 than originally budgeted. The amendments also provide for FDA user fee sequester relief for two years, allowing the FDA to continue to review new products. The new legislation continues to prohibit reductions in payments to Medicare providers from exceeding a 2% reduction of the originally budgeted amount, and extends this prohibition for two years (until 2023). The implications to Pfizer of these changes are expected to be nominal. However, any significant spending reductions affecting Medicare, Medicaid or other publicly funded or subsidized health programs that may be implemented, and/or any significant additional taxes or fees that may be imposed on us, as part of any broader deficit-reduction effort or legislative replacement for the Budget Control Act, could have an adverse impact on our results of operations.

Sustainable Growth Rate Replacement . The Medicare physician payment formula known as the Sustainable Growth Rate (SGR) is routinely overridden by Congressional action because it would lead to dramatic decreases in physician payment. Congress issued a bi-partisan proposal to repeal the SGR and replace it with a new payment model. The proposed fee-for-service system would provide a modest annual payment rate increase until 2018, while allowing physicians and healthcare professionals to earn performance-based incentive payments after 2018. This form of SGR replacement is estimated by the Congressional Budget Office to cost the federal government approximately $130 billion over 10 years. The source of those funds has yet to be determined, but could include additional taxes on and/or rebate requirements applicable to the pharmaceutical industry, including Pfizer. Congress is considering a bill and is working to identify the means to pay for it prior to March 31, 2014, when the current SGR will expire.

Federal Debt Ceiling. After the debt ceiling was reached on May 19, 2013 and measures taken by the U.S. Treasury Department to enable the U.S. federal government to continue meeting its financial obligations were nearly exhausted, Congress enacted legislation on October 16, 2013 that suspended the debt ceiling through February 7, 2014 and preserved the ability of the U.S. Treasury Department to use "extraordinary measures" to avoid a default on U.S. federal government debt for a short period of time thereafter. In February 2014, Congress enacted legislation that further suspends the debt ceiling until March 15, 2015, effectively ensuring the U.S. federal government's ability to satisfy its financial obligations in until that date, including under Medicare, Medicaid and other publicly funded or subsidized health programs that have a direct impact on our results of operations.

Outside the United States

We encounter similar regulatory and legislative issues in most other countries.

Pricing and Reimbursement . In Europe, Japan, China, Canada and South Korea and some other international markets, governments provide healthcare at low direct cost to consumers and regulate pharmaceutical prices or patient reimbursement levels to control costs for the government-sponsored healthcare system. This international patchwork of price regulation has led to different prices and some third-party trade in our products between countries.

The EU does not have jurisdiction over patient reimbursement or pricing matters in its Member States, so we continue to work with individual countries on such matters across the region.

The world economy in 2013 faced ongoing challenges and, in particular, continuing uncertainty around the solvency of governments. As a result, global growth has remained low, with many EU countries experiencing a recession in recent years. One of the consequences of the economic challenges for almost all world economies has been an increase in public debt as a proportion of gross domestic product, arising from increased government spending and reduced tax receipts. For many developed economies, particularly in Europe, this has exacerbated existing fiscal imbalances and has created doubt in investment markets about the sustainability of public debt levels in a number of European countries, further raising the cost of borrowing, with the result that financial support has been necessary from the EU to Greece, Portugal, Ireland and Spain and from the International Monetary Fund in the cases of Greece, Portugal, Ireland and Cyprus. Ireland ceased receiving EU financial support in December 2013, and Spain ceased receiving EU financial support in January 2014. Stringent austerity measures have been implemented in many European countries with the aim of closing the fiscal gap, in particular in Spain, Italy and Greece. While the second half of 2013 saw a return to slow economic growth in many Western European countries (and the EU as a whole) significant pressure on public spending is likely to continue for the foreseeable future as many countries seek to reduce their outstanding public debt. Central and Eastern Europe, particularly countries such as Romania, Hungary and Slovenia, are also experiencing pressures on public spending.

Under these macroeconomic conditions, Pfizer continues to face widespread downward pressures on international pricing and reimbursement, particularly in developed European markets, Japan and in certain emerging markets, all of which have a large government share of pharmaceutical spending and are facing a difficult fiscal environment. Specific pricing pressures in 2013 included measures to reduce pharmaceutical prices and expenditures in Japan, France, Italy, Spain, Greece, Belgium, Ireland and Portugal.

The practice of EU Member States linking their regulated medicine prices to those of other countries, i.e., international reference pricing (IRP), adds to the regional impact of price cuts in individual countries and hinders patient access and innovation. Price variations have also resulted from exchange rate fluctuations between the euro and other European currencies, which are exacerbated by IRP systems. The downward pricing pressure resulting from this dynamic can be expected to continue as a result of reforms to IRP policies, emergency measures targeting pharmaceuticals in some European countries and ongoing exchange rate fluctuations.

In several Latin American markets, Pfizer continues to face revenue pressures due to government policies aimed at health cost containment, including price controls (Venezuela), IRP (Colombia) and pricing reforms (Brazil and Argentina).

In Canada, introductory “non-excessive” prices and price increases are controlled by the federal Patented Medicines Prices Review Board. However, reimbursement is under provincial jurisdiction. As provinces continue to face budget pressure from growing healthcare expenditures, many provincial governments have developed pricing and purchasing strategies (including product listing agreements and a pan-Canadian pricing alliance initiative) to obtain lower drug prices. The private sector is also attempting to exert its negotiating power on drug manufacturers.

In South Korea, the national health insurance deficit prompted the government to make significant price cuts in the off-patent sector, effective April 2012. In September 2013, the government revised its pricing policy again to introduce risk sharing schemes. We continue to work with a committee established by the government to improve the pricing system for innovative new drugs.

Turkey references prices to several European markets at a fixed exchange rate between the euro and the Turkish lira. Though actual exchange rates have since diverged significantly from that fixed rate, the Turkish government has, to date, not adjusted the exchange rate, which negatively impacts our financial results in Turkey.

European Union

New Drug Approval . The approval of new drugs across the EU may be achieved using the Mutual Recognition Procedure/Decentralized Procedure or EU Commission/EMA Centralized Procedure. These procedures apply in the EU Member States, plus the European Economic Area countries, Norway and Iceland. The use of these procedures generally

provides a more rapid and consistent approval process across the Member States than was the case when the approval processes were operating independently within each country.

EU Regulation on Medicines for Pediatric Use . In January 2007, the EU Regulation on Medicines for Pediatric Use became effective. This introduced obligations on pharmaceutical companies to conduct research on their medicines for children and, subject to various conditions, offered the possibility of incentives for so doing, including exclusivity extensions. A Pediatric Committee was created within the EMA to provide scientific opinions and input on development plans for medicines for use with children. In accordance with this regulation, Pfizer has completed and is conducting pediatric research programs for its in-line and development products and has successfully obtained the exclusivity extension incentive for a number of products.

Pharmacovigilance Legislation . In July 2012, new pharmacovigilance legislation came into force in the EU, which included new and revised requirements that impact Pfizer's global safety system. Key changes include the establishment of a new Pharmacovigilance Risk Assessment Committee within the EMA, with responsibility for reviewing and making recommendations on product safety issues for the EU authorities. It also introduces the possibility for regulators in the EU to require pharmaceutical companies to conduct post-authorization efficacy studies at the time of approval, or, at any time afterwards in light of scientific developments. There are also additional requirements regarding adverse drug reaction reporting and additional monitoring of products. The new legislation also introduces significantly increased transparency into the safety review process.

Falsified Medicines Directive . In 2013, the Falsified Medicines Directive came into force, portions of which have become effective and the remaining portions of which will become effective at various times. The Directive is aimed at preventing falsified medicines from entering into the EU's legal supply chain. Notably, the Directive imposes new obligations on all parties in the distribution chain, including importers, traders, manufacturers, distributors, and any operator who repackages a product, with key safety features expected to be in place by 2017.

Draft Clinical Trials Regulation. At the end of 2013, the text of a new EU Regulation on Clinical Trials was agreed to in principle and is expected to become law in 2014, and to be implemented in 2016. The new Regulation is aimed at simplifying and harmonizing the governance of clinical trials in the EU, particularly the processes for submission and approval of clinical trial applications, which have been criticized as harming Europe's competitiveness in clinical R&D of new medicines. In line with the pro-transparency policy of the EU Institutions, the new Regulation will also require public posting of clinical trial results to a significantly greater extent than before.

Clinical Trial Data Sharing. Transparency in the pharmaceutical area is a key theme and priority for the European Commission and the EMA, particularly with regard to clinical trial results and data submitted for marketing authorization in the EU. Recently, the EMA has disclosed significantly more of such data, upon request, than in previous years. In June 2013, the EMA issued a draft policy on the publication and access to clinical trial data for public consultation, which proposes to publish certain clinical trial data, including Clinical Study Reports, on its website. This new policy was originally intended to be effective on January 1, 2014 and apply to Marketing Authorization Applications and variation applications submitted to the EMA after March 2014. However, due to the large number of comments received, the EMA has postponed the effective date and is currently reviewing the draft policy. In July 2013, the European Federation of Pharmaceutical Industries and Associations (EFPIA) and PhRMA introduced their *Principles for Responsible Clinical Trial Data Sharing: Our Commitment to Patients and Researchers* as an alternative to the EMA's proposed rules. Under these principles, EFPIA and PhRMA member companies have committed to enhancing public health through responsible sharing of clinical data. Pfizer publicly released its updated clinical trial data sharing policy in December 2013, which meets or exceeds all aspects of these commitments.

Corporate Responsibility in the EU Pharmaceutical Sector . In 2010, the Commissioner for Industry and Entrepreneurship of the European Commission launched a process on corporate responsibility in the pharmaceutical industry. The process, which concluded in October 2013, included three independent platforms: (i) transparency and ethics in the sector; (ii) access to medicines in Africa; and (iii) access to medicines in Europe in the context of pricing and reimbursement. While all platforms have produced reports, concrete recommendations appear vague. The European Commission is currently evaluating how to build on these results and is considering a new industrial policy for the pharmaceutical sector, likely to be launched in the second half of 2014.

Transfers of Value Disclosures (2013) . In July 2013, EFPIA released its disclosure code of transfers of value to healthcare professionals and organizations. The code requires all members of EFPIA, including Pfizer, to disclose transfers of value to healthcare professionals and healthcare organizations beginning in 2016, covering the relevant transfers in 2015. Each member

company will be required to document and disclose: (i) the names of healthcare professionals and associations that have received payments or other transfers of value and (ii) the amounts or value transferred, and the type of relationship.

Canada

Health Canada (HC) is the government agency that provides regulatory and marketing approval for drugs and therapeutic products in Canada. In 2012, as part of the Legislative Regulatory Modernization (LRM), HC released the Regulatory Roadmap for Health products and Food (a five-year plan) and, in 2013, a new patient safety legislation that is expected to give HC more authority (equivalent to the FDA and EMA) was introduced to Parliament. The goals of the new framework are: (i) to protect against the sale and advertising of unsafe food and health products; (ii) to implement a science-based regulatory system, in which benefits, harms and uncertainties associated with health products are made transparent to the public; and (iii) to ensure that the regulatory system is efficient, sustainable and responsive to the evolution of science, patient and consumer behavior, as well as practices in healthcare. The future regulatory system is expected to be more consumer and patient-centered and focused on evidence. 2014 priorities include orphan drug regulations, plain language labeling and use of foreign regulatory information.

The 2004 Federal Provincial Territorial (FPT) Health Accord that sets out the Canada Health Transfers payment (a budgetary mechanism, that provides for funding to provincial governments by the federal government), plus commitments on health policy initiatives expires on March 31, 2014. In advance of the 2014 expiration of the FPT Health Accord, the federal government announced, in December 2011, a new funding framework that provides for funding growth of 6% annually through 2016-2017, and growth each year thereafter (through 2024) equal to the increase in the nominal gross domestic product (with a floor set at 3%). While this new formula results in financial predictability through 2024, many provinces may face a funding shortfall that could potentially result in, among other things, budget reductions for drug reimbursement and/or additional cost containment measures.

Asia

The regulatory environment in Asia presents multiple challenges for companies trying to achieve simultaneous global development and registration (i.e., marketing products at the same time as in the U.S., Europe, Canada and elsewhere). While each country in Asia has its unique regulatory concerns, there are a number of regulatory issues that are common among the majority of countries in Asia. For example, with the exception of Japan, health authorities in Asia generally require marketing approval by a recognized regulatory authority (e.g., the FDA) before they begin to conduct their application review process and/or issue their final approval. Proof of reference country approval is usually satisfied by submitting a Certificate of Pharmaceutical Product, a legal document that is issued by the competent health authority certifying that the company's product has satisfied its country's registration requirements and manufacturing standards. Often, this requirement delays marketing authorization in Asia by 12-15 months following marketing authorization in the U.S. and Europe.

Another common regulatory issue in Asia is the requirement for local clinical data in the country's population in order to receive final marketing approval. Each of Japan, China, South Korea, Taiwan, India and Vietnam has regulations that in some form require clinical studies in the country (e.g., China requires a prescribed number of Chinese patients regardless of the product, therapeutic area or disease population). Although some agencies have shown flexibility based on scientific rationale related to ethnicity assessments, it is not uncommon for companies to be required to duplicate costly clinical trials in Asia pursuant to these regulations. This can further add to marketing approval delays compared to the U.S. and Europe. Additionally, similar requirements for local clinical data exist outside of Asia in countries such as Mexico and Russia, where we try to ensure their inclusion in global clinical studies, where feasible, or conduct additional studies there, which further delays marketing authorization in those countries.

In Japan, the government has taken measures to reduce the drug lag (i.e., historically, drugs were often launched in Japan years after the EU and U.S. markets) by utilizing a two-pronged approach: (i) reducing regulatory agency review times and (ii) establishing a new pilot pricing premium. The pilot pricing premium provides a financial incentive for drug development in Japan. While economic conditions and government debt levels continue to put pressure on healthcare costs resulting in cost containment (particularly in the off-patent sector), the extension of the pilot pricing premium (until December 2015) for innovative products is encouraging.

The controlling regulatory agency in China is the China Food and Drug Administration (CFDA). CFDA's scope of responsibilities is similar to that of the FDA and EMA. Two key agencies within CFDA are the Center for Drug Evaluation (CDE) and the National Institutes for Food and Drug Control (NIFDC). The CDE, which is analogous to the FDA's Center for Drug Evaluation and Research, is primarily responsible for the technical review of product applications, including clinical trial applications and new drug applications, and drafting technical guidance documents. NIFDC is the quality testing arm of CFDA, responsible for the testing of pharmaceuticals, biologics and medical devices nationwide.

China's regulatory system is unique in many ways, and its drug development and registration requirements are not always consistent with international standards. As a result, it is not uncommon to see treatments entering the market in China two to five years after first marketing in the U.S. and Europe. There are three main contributing factors to this delay: (i) clinical trial authorization approval times that are five to 10 times longer than international standards and add greater than 12 months to development time; (ii) significant local Chinese patient number requirements for biologic products, regardless of product characteristics or disease prevalence; and (iii) with respect to imported vaccines, a reference country approval is required in order to start clinical trials and the regulatory approval process.

Additionally, in 2013, the pharmaceutical industry, including Pfizer, experienced regulatory challenges in China, all of which contributed to delays in market access and/or further resource expenditures, including: (i) stricter Chinese quality standards compared to FDA and EU quality standards; (ii) increased CDE product registration application backlogs (e.g., the CDE initiated its review of a Pfizer product registration application 12 months after submission); and (iii) post-marketing clinical studies.

In India, the federal regulatory authority, the Central Drugs Standard Control Organization (CDSCO), led by the Drugs Controller General India, is responsible for regulation of biopharmaceuticals, including clinical trial authorization. In 2013, based on its evaluation of the CDSCO, the Indian government implemented legislative changes that impacted the conduct and regulatory oversight of clinical trials, which make it more difficult for the pharmaceutical industry, including Pfizer, to conduct clinical research in India. For example, during the first half of 2013, the Supreme Court of India banned all clinical trials for new chemical entities unless approved by the Ministry of Health. Additionally, approval times for product registration have increased in India compared to previous years, primarily due to internal framework changes within CDSCO.

Intellectual Property

While the global intellectual property environment has improved following WTO-TRIPS and bilateral/multilateral trade agreements, our future business growth depends on further progress in intellectual property protection (see *Patents and Other Intellectual Property Rights* above). In emerging market countries in particular, governments have used intellectual property policies as a tool for reducing the price of imported medicines, as well as to protect their national pharmaceutical industries. There is considerable political pressure to weaken existing intellectual property protection and resist implementation of any further protection, which has led to policies such as more restrictive standards and more difficult procedures for patenting biopharmaceutical inventions, restrictions on patenting certain types of inventions (e.g., new medical treatment methods), revocation of patents, issuance of compulsory licenses, weak intellectual property enforcement and failure to implement effective regulatory data protection. Our industry advocacy efforts focus on seeking a more balanced business environment for foreign manufacturers, as well as on underscoring the importance of strong intellectual property systems for local innovative industries.

In December 2012, the EU approved an EU Patent Package, which was agreed to by 25 out of 27 EU Member States (excluding Italy and Spain, which opted out but which are free to opt back in). This will create a Unitary EU patent, i.e., a uniform patent with equal effect that will be granted, transferred, and enforced in a unitary way through participating Member States. Patent grants will continue to be granted through the existing European Patent Office, but a new court system will be set up to enforce such patents and hear revocation actions. The central Division of the new court will be in Paris, although a section based in London will hear chemical and pharmaceutical cases. The new regime reduces the translation requirement, should allow patentees to obtain pan-European injunctions and damages, and should reduce forum-shopping in Europe for patent holders seeking to enforce their patents, as well as generic manufacturers alleging patent invalidity or non-infringement. The EU Patent Package will enter into force after 13 European countries have ratified it.

Canada's intellectual property regime for drugs provides some level of patent protection and data exclusivity, but is generally perceived to be less predictable than the intellectual property regimes of comparable countries. Through intense negotiations as part of the Canada/EU Comprehensive Economic & Trade Agreement (CETA), the Canadian intellectual property regime looks to potentially be further enhanced by EU demands to align their respective intellectual property regimes. Canada recently joined the ongoing negotiations of the Trans-Pacific Trade Partnership (TPP), and it is expected that the TPP negotiations will further pressure Canada to enhance its intellectual property regime.

In China, the intellectual property environment has improved, although effective enforcement and adequate legal remedies remain areas of concern. The government has taken steps to protect intellectual property rights in conformity with World Trade Organization (WTO) provisions, and several companies, including Pfizer, have established R&D centers in China due to increased confidence in China's intellectual property environment. Despite this, China remained on the U.S. Department of Commerce Priority Watch List for 2013. Further, the standards for patentability in China remain more restrictive than in

other major markets, including the U.S., Europe and Japan. Also, while a framework exists for protecting patents for 20 years, enforcement mechanisms are often lacking or inconsistent. For example, the absence of effective patent linkage mechanisms and preliminary injunctions, impractical evidentiary burdens, and heightened sufficiency standards have been used to invalidate patents at the enforcement stage.

In Brazil and other Latin American countries, the role of health regulatory authorities in reviewing patents (e.g., ANVISA in Brazil), restrictive patentability rules and backlogs at patent agencies may limit our ability to protect our products through patents. The lack of regulatory data protection and difficulties in protecting certain types of inventions, such as new medical uses of drug products, may limit the commercial lifespan of some pharmaceutical products.

In India, policies favoring compulsory licensing of patents, the increasing tendency of the Indian Patent Office to revoke pharmaceutical patents in opposition proceedings, and restrictive standards for patentability of pharmaceutical products have made it difficult to protect many of our inventions. India maintains a system of pre-grant patent oppositions that delays the granting of patents and adds an additional challenge in our ability to protect our products through patents. Indian law includes special restrictions on the types of pharmaceutical inventions that may be patented which may limit our ability to protect our products. Recent use by the Indian government of compulsory licensing and patent revocation mechanisms heightens the risk of additional patent challenges targeting innovative pharmaceutical products, especially in areas perceived as being important to the public health of the population, such as infectious diseases, cancer and diabetes. In September 2012, Pfizer's patent covering *Sutent* was revoked by the Indian Patent Office and other challenges against Pfizer patents are ongoing.

In South Korea, the laws and regulations for the patent-regulatory approval linkage system were finalized and are in the process of being implemented as part of the United States-Korea Free Trade Agreement in 2012. The Korean patent-regulatory approval linkage system includes biologics.

Environmental Matters

Most of our operations are affected by national, state and/or local environmental laws. We have made, and intend to continue to make, the expenditures necessary for compliance with applicable laws. We also are cleaning up environmental contamination from past industrial activity at certain sites. See the Notes to Consolidated Financial Statements — *Note 17. Commitments and Contingencies* in our 2013 Financial Report. As a result, we incurred capital and operational expenditures in 2013 for environmental compliance purposes and for the clean-up of certain past industrial activity as follows:

- environment-related capital expenditures — $14 million; and
- other environment-related expenses — $147 million.

While capital expenditures or operating costs for environmental compliance, including compliance with potential legislation and potential regulation related to climate change, cannot be predicted with certainty, we have no reason to believe they will have a material effect on our capital expenditures or competitive position.

Climate change presents risks to our operations, including potential physical risks to our facilities and supply chain due to more frequent and severe weather events and water availability. We cannot provide assurance that physical risks to our facilities and supply chain due to climate change will not occur in the future; however, we have reviewed the potential for these risks and have concluded that, because of our facility locations, our existing distribution networks and our controls, we do not believe these risks are material to Pfizer in the near term.

Tax Matters

The discussion of tax-related matters in the Notes to Consolidated Financial Statements — *Note 5. Tax Matters* in our 2013 Financial Report, is incorporated by reference.

Employees

In our innovation-intensive business, our employees are vital to our success. We believe we have good relationships with our employees. As of December 31, 2013, we employed approximately 77,700 people in our operations throughout the world.

Disclosure Pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012

Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 (ITRSHRA) requires disclosure by public companies of certain transactions involving the Government of Iran, as well as entities and individuals designated under Executive Order 13382 and Executive Order 13224 (the Executive Orders). In some instances, ITRSHRA requires companies to disclose these types of transactions, even if they were permissible under U.S. law or were conducted by a non-U.S. affiliate in accordance with the local law under which such entity operates.

As a global biopharmaceutical company, we conduct business in multiple jurisdictions throughout the world. During 2013, our activities included supplying life-saving medicines and medical products (Pfizer products) for patient and consumer use in Iran and Syria. We ship Pfizer products to Iran and Syria, and conduct related activities, in accordance with licenses issued by the U.S. Department of the Treasury's Office of Foreign Assets Control and other U.S. and non-U.S. governmental entities, and in line with our corporate policies. We will continue our global activities to improve the health and well-being of patients and consumers in a manner consistent with applicable laws and our corporate policies.

To our knowledge, none of our activities during 2013 is required to be disclosed pursuant to ITRSHRA, with the following possible exceptions: Pursuant to U.S. government authorizations, Pfizer, through a non-U.S. subsidiary, shipped Pfizer products to authorized customers in Iran. In 2013, some of these shipments, which were arranged and effectuated by a third-party logistics company, were sent to Iran on aircraft owned or operated by Iran Air or Aban Air. These air carriers are designated under the Executive Orders. Pfizer neither entered into agreements with these designated air carriers nor made any direct payments to these carriers. Pfizer paid air freight expenses associated with these shipments to the third-party logistics company, in the amount of approximately euro 43,716. We have voluntarily self-disclosed this matter to the U.S. government. We have instructed our third-party logistics companies not to use air carriers designated under the Executive Orders to ship Pfizer products in the future, and we are implementing additional controls to address this issue.

ITEM 1A. RISK FACTORS

The statements in this Section describe the major risks to our business and should be considered carefully. In addition, these statements constitute our cautionary statements under the Private Securities Litigation Reform Act of 1995.

Our disclosure and analysis in this 2013 Form 10-K and in our 2013 Annual Report to Shareholders contain forward-looking statements that set forth anticipated results based on management's plans and assumptions. From time to time, we also provide forward-looking statements in other materials we release to the public, as well as oral forward-looking statements. Such forward-looking statements involve substantial risks and uncertainties. We have tried, wherever possible, to identify such statements by using words such as "will," "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "target," "forecast," "goal," "objective," "aim" and other words and terms of similar meaning, or by using future dates in connection with any discussion of, among other things, our anticipated future operating or financial performance, business plans and prospects, in-line products and product candidates, strategic reviews, capital allocation, business-development plans and plans relating to share repurchases and dividends. In particular, these include statements relating to future actions, business plans and prospects, prospective products or product approvals, future performance or results of current and anticipated products, sales efforts, expenses, interest rates, foreign exchange rates, the outcome of contingencies, such as legal proceedings, plans relating to share repurchases and dividends, government regulation and financial results, including, in particular, the financial guidance set forth in the Overview of Our Performance, Operating Environment, Strategy and Outlook — Our Financial Guidance for 2014 section of the MD&A in our 2013 Financial Report; the anticipated costs and cost savings set forth in the Costs and Expenses — Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives section of the MD&A in our 2013 Financial Report; the planned capital spending set forth in the Analysis of Financial Condition, Liquidity and Capital Resources—Selected Measures of Liquidity and Capital Resources—Contractual Obligations section of the MD&A in our 2013 Financial Report; and the contributions that we expect to make from our general assets to the Company ' s pension and postretirement plans during 2014 set forth in the Notes to Consolidated Financial Statements—Note 11. Pension and Postretirement Benefit Plans and Defined Contribution Plans in our 2013 Financial Report and in the Analysis of Financial Condition, Liquidity and Capital Resources—Selected Measures of Liquidity and Capital Resources—Contractual Obligations section of the MD&A in our 2013 Financial Report.

We cannot guarantee that any forward-looking statement will be realized, although we believe we have been prudent in our plans and assumptions. 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. You should bear this in mind as you consider forward-looking statements, and you are cautioned not to put undue reliance on forward-looking statements.

We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our Form 10-Q and 8-K reports and our other filings with the SEC. Also note that we provide the following cautionary discussion of risks, uncertainties and possibly inaccurate assumptions relevant to our businesses. These are factors that, individually or in the aggregate, may cause our actual results to differ materially from expected and historical results. We note these factors for investors as permitted by the Private Securities Litigation Reform Act of 1995. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider the following to be a complete discussion of all potential risks or uncertainties.

U.S. Healthcare Reform/Healthcare Legislation

As mentioned above in *Item 1. Business* under the caption *Government Regulation and Price Constraints—In the United States* , the ACA was enacted by Congress in March 2010 and its provisions become effective on various dates, with the Medicaid and Health Insurance Exchange coverage expansion effective in 2014. We expect that the rebates, discounts, taxes and other costs resulting from the ACA over time will have a significant effect on our expenses and profitability in the future. See the discussion under the *Overview of Our Performance, Operating Environment, Strategy and Outlook — Our Operating Environment — Regulatory Environment/Pricing and Access — U.S. Healthcare Legislation* section of the MD&A in our 2013 Financial Report and in *Item 1. Business* under the caption *Government Regulation and Price Constraints—In the United States* . Furthermore, if asked to act in 2016 or beyond, the IPAB (created by the ACA to reduce the per capita rate of growth in Medicare spending) could potentially limit access to certain treatments or mandate price controls for our products. Moreover, expanded government investigative authority may increase the costs of compliance with new regulations and programs. We also face the uncertainties that might result from any modification, repeal or invalidation of any of the provisions of the ACA.

U.S. Deficit-Reduction Actions

As discussed above in *Item 1. Business* under the caption *Government Regulation and Price Constraints — Budget Control Act of 2011* , the Budget Control Act spending reductions to date have not had a material adverse impact on our results of operations. However, any significant spending reductions affecting Medicare, Medicaid or other publicly funded or subsidized health programs that may be implemented, and/or any significant additional taxes or fees that may be imposed on us, as part of any broader deficit-reduction effort or legislative replacement to the Budget Control Act, or to reform the Sustainable Growth Rate, could have an adverse impact on our results of operations.

Pricing Pressures and Government Regulation

U.S. and international governmental regulations mandating price controls and limitations on patient access to our products impact our business, and our future results could be adversely affected by changes in such regulations or policies.

In the U.S., many of our biopharmaceutical products are subject to increasing pricing pressures. Such pressures have increased as a result of the 2003 Medicare Modernization Act (2003 MMA) and the ACA due to the enhanced purchasing power of the private sector plans that negotiate on behalf of beneficiaries. In addition, if the 2003 MMA or the ACA were amended to impose direct governmental price controls and access restrictions, it would have a significant adverse impact on our business. Furthermore, MCOs, as well as Medicaid and other government agencies, continue to seek price discounts. Some states have implemented, and other states are considering, price controls or patient access constraints under the Medicaid program, and some states are considering price-control regimes that would apply to broader segments of their populations that are not Medicaid-eligible. Other matters also could be the subject of U.S. federal or state legislative or regulatory action that could adversely affect our business, including, among others, changes in patent laws, the importation of drugs from outside the U.S. at prices that are regulated by governments of foreign countries, restrictions on U.S. 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 cost differences and minimizes the therapeutic differences among pharmaceutical products and restricts access to innovative medicines.

We encounter similar regulatory and legislative issues in most other countries. In Europe, Japan, China, Canada and South Korea and some other international markets, governments provide healthcare at low direct cost to consumers and regulate pharmaceutical prices or patient reimbursement levels to control costs for government-sponsored healthcare systems. In particular, there were government-mandated price reductions for certain biopharmaceutical products in Japan and certain European and emerging market countries in 2013, and we anticipate continuing pricing pressures in Japan, Europe and emerging markets in 2014. This international patchwork of price regulation has led to different prices and some third-party trade in our products between countries. As a result, it is expected that pressures on the pricing component of operating results will continue. The adoption of restrictive price controls in new jurisdictions or more restrictive ones in existing jurisdictions, failure to obtain timely or adequate government-approved pricing or formulary placement where required for our products or obtaining such pricing or placement at unfavorable pricing could also adversely impact revenue. In our vaccines business, we participate in a tender process in many countries for participation in national immunization programs. Failure to secure participation in national immunization programs or to obtain acceptable pricing in the tender process could adversely affect our business.

Managed Care Trends

Consolidation among MCOs has increased the negotiating power of MCOs and other private insurers. Private third-party insurers, as well as governments, increasingly employ formularies to control costs by negotiating discounted prices in exchange for formulary inclusion. Failure to obtain timely or adequate pricing or formulary placement for our products or obtaining such pricing or placement at unfavorable pricing could adversely impact revenue. In addition to formulary tier co-pay differentials, private health insurance companies and self-insured employers have been raising co-payments required from beneficiaries, particularly for branded pharmaceuticals and biotechnology products. This cost shifting has given consumers greater control of medication choices, as they pay for a larger portion of their prescription costs and may cause consumers to favor lower cost generic alternatives to branded pharmaceuticals. Private health insurance companies also are increasingly imposing utilization management tools, such as clinical protocols, requiring prior authorization for a branded product if a generic product is available or requiring the patient to first fail on one or more generic products before permitting access to a branded medicine. As the U.S. payer market concentrates further and as more drugs become available in generic form, biopharmaceutical companies may face greater pricing pressure from private third-party payers, who will continue to drive more of their patients to use lower cost generic alternatives.

Generic Competition

Competition from manufacturers of generic drugs is a major challenge for us around the world, and the loss or expiration of intellectual property rights can have a significant adverse effect on our revenues. Upon the expiration or loss of patent protection for one of our products, or upon the "at-risk" launch (despite pending patent infringement litigation against the generic product) by a generic manufacturer of a generic version of one of our patented products, we can lose the major portion of revenues for that product in a very short period of time, which can adversely affect our business. As discussed above, a number of our current products are expected to face significantly increased generic competition over the next few years.

Also, the patents covering several of our medicines, including *Viagra* , *Celebrex* , *Lyrica* , *Sutent* , *EpiPen* , *Pristiq* , *Toviaz* , *Tygacil* and *Embeda* extended-release capsules in the U.S. and *Lipitor* in China are being challenged by generic manufacturers. In addition, our patent-protected products may face competition in the form of generic versions of competitors' branded products that lose their market exclusivity.

Competitive Products

We cannot predict with accuracy the timing or impact of the introduction of competitive products, which can result in erosion of the sales of our existing products and potential sales of products in development, as well as unanticipated product obsolescence. Products that compete with ours, including some of our best-selling medicines, are launched from time to time. Competitive product launches have occurred in recent years, and certain potentially competitive products are in various stages of development, some of which have been filed for approval with the FDA and with regulatory authorities in other countries.

Dependence on Key In-Line Products

We recorded direct product revenues of more than $1 billion for each of 10 biopharmaceutical products in 2013: *Lyrica* , the *Prevnar* family of products, *Enbrel* , *Celebrex* , *Lipitor* , *Viagra* , *Zyvox* , *Norvasc* , *Sutent* , and the *Premarin* family of products. Those products accounted for 51% of our total biopharmaceutical revenues in 2013. If these products or any of our other major products were to become subject to problems such as loss of patent protection, changes in prescription growth rates, material product liability litigation, unexpected side effects, regulatory proceedings, publicity affecting doctor or patient confidence, pressure from existing competitive products, changes in labeling or, if a new, more effective treatment should be introduced, the adverse impact on our revenues could be significant. As noted above in *Item 1. Business* under the caption *Patents and Other Intellectual Property Rights* , patents covering several of our best-selling medicines have recently expired or will expire in the next few years (including some of our billion-dollar and previously billion-dollar products), and patents covering a number of our best-selling medicines are the subject of pending legal challenges. In addition, our revenues could be significantly impacted by the timing and rate of commercial acceptance of key new products.

Further, our Alliance revenues have been and will continue to be adversely affected by the termination or expiration of collaboration and co-promotion agreements that we have entered into and that we may enter into from time to time. For example, our rights to *Aricept* in Japan returned to Eisai in December 2012; our collaboration with Boehringer Ingelheim for *Spiriva* expires on a country-by-country basis between 2012 and 2016, including the expiration in certain EU markets, Canada and Australia in early 2013 and in the U.S. and certain other EU markets in early 2014; our U.S. and Canada co-promotion agreement with Amgen Inc. (Amgen) for *Enbrel* expired on October 31, 2013 (our exclusive rights to *Enbrel* outside the U.S. and Canada are not affected by the expiration of the co-promotion agreement with Amgen); and our collaboration agreement with EMD Serono Inc. to co-promote *Rebif* in the U.S. will expire at the end of 2015. See the *Analysis of the Consolidated Statements of Income — Biopharmaceutical — Selected Product Descriptions* and *Overview of Our Performance, Operating Environment, Strategy and Outlook—Our Operating Environment — Intellectual Property Rights and Collaboration/Licensing Rights* sections of the MD&A in our 2013 Financial Report for additional information on the expirations of these agreements.

Research and Development Investment

The discovery and development of safe, effective new products, and the development of additional uses for existing products, are necessary for the continued strength of our businesses. Our product lines must be replenished over time in order to offset revenue losses when products lose their exclusivity, as well as to provide for earnings growth. Our growth potential depends in large part on our ability to identify and develop new products or new indications for existing products that address unmet medical needs and receive reimbursement from payers, either through internal R&D or through collaborations, acquisitions, joint ventures or licensing or other arrangements with third parties. However, balancing current growth, investment for the future and the delivery of shareholder return remains a major challenge. Our ongoing investments in new

product introductions and in R&D for new products and existing product extensions could exceed corresponding sales growth. This could produce higher costs without a proportional increase in revenues.

Additionally, our R&D investment plans and resources may not be correctly matched between science and markets, and failure to invest in the right technology platforms, therapeutic segments, product classes, geographic markets and/or in-licensing and out-licensing opportunities in order to deliver a robust pipeline could adversely impact the productivity of our pipeline. Further, even if the areas with the greatest market attractiveness are identified, the science may not work for any given program despite the significant investment required for R&D.

We continue to transform our global R&D organization and pursue strategies intended to improve innovation and overall productivity in R&D to achieve a sustainable pipeline that will deliver value in the near term and over time. There can be no assurance that this transformation or these strategies will deliver the desired result, which could affect profitability in the future.

Development, Regulatory Approval and Marketing of Products

The outcome of the lengthy and complex process of identifying new compounds and developing new products is inherently uncertain and involves a high degree of risk and cost. Drug discovery and development is time-consuming, expensive and unpredictable. The process from early discovery or design to development to regulatory approval can take many years. Drug candidates can fail at any stage of the process, including as the result of unfavorable clinical trial results. There can be no assurance regarding our ability to meet anticipated clinical trial commencement and completion dates, regulatory submission dates, and launch dates for product candidates, or as to whether or when we will receive regulatory approval for new products or for new indications or dosage forms for existing products. Decisions by regulatory authorities regarding labeling, ingredients and other matters could adversely affect the availability or commercial potential of our products, and there is no assurance that any of our late stage pipeline products will receive regulatory approval and/or be commercially successful or that recently approved products will be approved in other markets and/or be commercially successful. There is also a risk that we may not adequately address existing regulatory agency findings concerning the adequacy of our regulatory compliance processes and systems or implement sustainable processes and procedures to maintain regulatory compliance and to address future regulatory agency findings, should they occur.

There are many considerations that can affect the marketing of our products around the world. Regulatory delays, the inability to successfully complete or adequately design and implement clinical trials within the anticipated quality, time and cost guidelines or in compliance with applicable regulatory expectations, claims and concerns about safety and efficacy, new discoveries, patent disputes and claims about adverse side effects are a few of the factors that can adversely affect the realization of R&D and product-related, forward-looking statements. Further, claims and concerns about safety and efficacy can result in a negative impact on product sales, product recalls or withdrawals, and/or consumer fraud, product liability and other litigation and claims. Also, increasing regulatory scrutiny of drug safety and efficacy, with regulatory authorities increasingly focused on product safety and the risk/benefit profile of products as they relate to already-approved products, has resulted in a more challenging, expensive and lengthy regulatory approval process due to requests for, among other things, additional clinical trials prior to granting approval or increased post-approval requirements, such as risk evaluation and mitigation strategies (see *Post-Approval Data* below).

In addition, failure to put in place adequate controls and/or resources for effective collection, reporting and management of adverse events from clinical trials and post-marketing surveillance (see *Post-Approval Data* below), in compliance with current and evolving regulatory requirements could result in risks to patient safety, regulatory actions and risks to product sales.

Post-Approval Data

As a condition to granting marketing approval of a product, the FDA may require a company to conduct additional clinical trials. The results generated in these Phase IV trials could result in loss of marketing approval, changes in product labeling, and/or new or increased concerns about the side effects or efficacy of a product. The Food and Drug Administration Amendments Act of 2007 (the FDAAA) gave the FDA enhanced post-market authority, including the explicit authority to require post-market studies and clinical trials, labeling changes based on new safety information, and compliance with FDA-approved risk evaluation and mitigation strategies. The FDA's exercise of its authority under the FDAAA has in some cases resulted, and in the future could result, in delays or increased costs during product development, clinical trials and regulatory review, increased costs to comply with additional post-approval regulatory requirements and potential restrictions on sales of approved products. Non-U.S. regulatory agencies often have similar authority and may impose comparable costs. For example, a post-marketing study as part of a post-approval commitment to marketing authorization is becoming more

common in China, where the CFDA requires additional clinical data in the Chinese population in order to further assess the safety and efficacy of a product, sometimes independent of the level of global clinical data available. Post-marketing studies, whether conducted by us or by others and whether mandated by regulatory agencies or voluntary, and other emerging data about marketed products, such as adverse event reports, may also adversely affect sales of our products. Further, the discovery of significant problems with a product similar to one of our products that implicate (or are perceived to implicate) an entire class of products could have an adverse effect on sales of the affected products. Accordingly, new data about our products, or products similar to our products, could negatively impact demand for our products due to real or perceived side effects or uncertainty regarding efficacy and, in some cases, could result in updated labeling, restrictions on use, product withdrawal or recall. Furthermore, new data and information, including information about product misuse, may lead government agencies, professional societies, practice management groups or organizations involved with various diseases to publish guidelines or recommendations related to the use of our products or the use of related therapies or place restrictions on sales. Such guidelines or recommendations may lead to lower sales of our products.

Patent Protection

Our long-term success largely depends on our ability to market technologically competitive products. We rely and expect to continue to rely on a combination of intellectual property, including patent, trademark, trade dress, copyright, trade secret and domain name protection laws, as well as confidentiality and license agreements with our employees and others, to protect our intellectual property and proprietary rights. If we fail to obtain and maintain adequate intellectual property protection, we may not be able to prevent third parties from launching generic versions of our products, using our proprietary technologies or from marketing products that are very similar or identical to ours. Our currently pending or future patent applications may not result in issued patents, or be granted on a timely basis. Similarly, any term extensions that we seek may not be granted on a timely basis, if at all. In addition, our issued patents may not contain claims sufficiently broad to protect us against third parties with similar technologies or products or provide us with any competitive advantage, including exclusivity in a particular product area. The scope of our patent claims also may vary between countries, as individual countries have distinctive patent laws. We may be subject to challenges by third parties regarding our intellectual property, including, among others, claims regarding validity, enforceability, scope and effective term.

Our ability to enforce our patents also depends on the laws of individual countries and each country's practice with respect to enforcement of intellectual property rights, and the extent to which certain sovereigns may seek to engage in a policy of routine compulsory licensing of pharmaceutical intellectual property as a result of local political pressure or in the case of national emergencies. In addition, mechanisms exist in much of the world permitting some form of challenge by competitors or generic drug marketers to our patents prior to, or immediately following, the expiration of any regulatory exclusivity, and generic companies are increasingly employing aggressive strategies, such as "at risk" launches to challenge our patent rights. Further, if we are unable to maintain our existing license agreements or other agreements pursuant to which third parties grant us rights to intellectual property, including because such agreements expire or are terminated, our operating results and financial condition could be materially adversely affected.

Likewise, in the U.S. and other countries, we currently hold issued trademark registrations and have trademark applications pending, any of which may be the subject of a governmental or third party objection, which could prevent the maintenance or issuance of the same. As our products mature, our reliance on our trademarks to differentiate us from our competitors increases and as a result, if we are unable to prevent third parties from adopting, registering or using trademarks and trade dress that infringe, dilute or otherwise violate our trademark rights, our business could be materially adversely affected. We actively seek to protect our proprietary information, including our trade secrets and proprietary know-how, by requiring our employees, consultants, other advisors and other third parties to execute proprietary information and confidentiality agreements upon the commencement of their employment, engagement or other relationship. Despite these efforts and precautions, we may be unable to prevent a third party from copying or otherwise obtaining and using our trade secrets or our other intellectual property without authorization, and legal remedies in some countries may not adequately compensate us for the damages caused by such unauthorized use. Further, others may independently and lawfully develop substantially similar or identical products that circumvent our intellectual property by means of alternative designs or processes or otherwise.

Biotechnology Products

As discussed above in *Item 1. Business* under the captions *Patents and Other Intellectual Property* and *Government Regulation and Price Constraints — Biosimilars* , abbreviated legal pathways for the approval of biosimilars exist in certain international markets and, since the passage of the ACA, a framework for such approval exists in the U.S. If competitors are able to obtain marketing approval for biosimilars referencing our biotechnology products, our biotechnology products may

become subject to competition from biosimilars, with attendant competitive pressure, and price reductions could follow. The expiration or successful challenge of applicable patent rights could trigger this competition, assuming any relevant exclusivity period has expired. We may face more litigation with respect to the validity and/or scope of patents relating to our biotechnology products with substantial revenue.

We are developing biosimilar medicines. The developing pathway for registration and approval of biosimilar products in the U.S. could diminish the value of our past and future investments in biosimilars. Other risks related to our development of biosimilars include the potential for steeper than anticipated price erosion due to increased competitive intensity, coupled with high costs associated with clinical development or intellectual property challenges that may preclude timely commercialization of our potential biosimilar products. There is also a risk of lower prescriptions of biosimilars due to potential concerns over comparability with innovator medicines.

Research Studies

Decisions about research studies made early in the development process of a drug candidate can have a substantial impact on the marketing strategy and payer reimbursement possibilities once the drug receives approval. For example, more detailed studies can lead to approval for a broader set of indications that may impact the marketing and payer reimbursement process, but each additional indication must be balanced against the time and resources required to demonstrate benefit and the potential delays to approval of the primary indication. We try to plan clinical trials prudently and to reasonably foresee and address challenges, but there is no guarantee that an optimal balance between speed, trial conduct and desired outcome will be achieved each time. The degree to which these challenges are foreseen and addressed could affect our future results.

Foreign Exchange and Interest Rate Risk

Significant portions of our revenues and earnings, as well as our substantial international net assets, are exposed to changes in foreign exchange rates. 61% of our total 2013 revenues were derived from international operations, including 26% from the Europe region and 21% from Japan and the rest of Asia region. As we operate in multiple foreign currencies, including the euro, the Japanese yen, the Chinese renminbi, the U.K. pound, the Canadian dollar and approximately 100 other currencies, changes in those currencies relative to the U.S. dollar will impact our revenues and expenses. If the U.S. dollar were to weaken against another currency, assuming all other variables remained constant, our revenues would increase, having a positive impact on earnings, and our overall expenses would increase, having a negative impact on earnings. Conversely, if the U.S. dollar were to strengthen against another currency, assuming all other variables remained constant, our revenues would decrease, having a negative impact on earnings, and our overall expenses would decrease, having a positive impact on earnings. Therefore, significant changes in foreign exchange rates can impact our results and our financial guidance.

The impact of possible currency devaluations in countries experiencing high inflation rates or significant exchange fluctuations can impact our results and financial guidance. For example, on February 13, 2013, the Venezuelan government devalued its currency from a rate of 4.3 to 6.3 of Venezuelan currency to the U.S. dollar. We have experienced and will continue to experience ongoing adverse impacts to earnings as our revenues and expenses will be translated into U.S. dollars at a lower rate. We cannot predict whether there will be further devaluations of the Venezuelan currency or devaluations of any other currencies.

In addition, our interest-bearing investments and borrowings are subject to risk from changes in interest rates and foreign exchange rates. These risks and the measures we have taken to help contain them are discussed in the *Forward-Looking Information and Factors That May Affect Future Results — Financial Risk Management* section of the MD&A in our 2013 Financial Report. For additional details, see the Notes to Consolidated Financial Statements — *Note 7E. Financial Instruments: Derivative Financial Instruments and Hedging Activities* in our 2013 Financial Report. Those sections of our 2013 Financial Report are incorporated by reference.

Notwithstanding our efforts to foresee and mitigate the effects of changes in external fiscal circumstances, we cannot predict with certainty changes in currency and interest rates, inflation or other related factors affecting our businesses.

Risks Affecting International Operations

Our international operations could be affected by currency fluctuations, capital and exchange controls, expropriation and other restrictive government actions, changes in intellectual property legal protections and remedies, trade regulations and procedures and actions affecting approval, production, pricing, and marketing of, reimbursement for and access to our products, as well as by political unrest, unstable governments and legal systems and inter-governmental disputes. Any of these changes could adversely affect our business.

Many emerging markets have experienced growth rates in excess of developed markets, leading to an increased contribution to the industry's global performance. As a result, we have been employing strategies to grow in emerging markets, including the full integration of emerging markets into each of our three new businesses — the Global Innovative Pharmaceutical business ; the Global Vaccines, Oncology and Consumer Healthcare business ; and the Global Established Pharmaceutical business . However, there is no assurance that our strategies in emerging markets will be successful or that these countries will continue to sustain these growth rates. In addition, some emerging market countries may be particularly vulnerable to periods of financial instability or significant currency fluctuations or may have limited resources for healthcare spending, which, as discussed above, can adversely affect our results.

Specialty Pharmaceuticals

Specialty pharmaceuticals are medicines that treat rare or life-threatening conditions that typically have smaller patient populations. The growing availability and use of innovative specialty pharmaceuticals, combined with their relative higher cost as compared to other types of pharmaceutical products, has generated payer interest in developing cost-containment strategies targeted to this sector. While the impact on us of payers' efforts to control access to and pricing of specialty pharmaceuticals has been limited to date, our growing portfolio of specialty products, combined with the increasing use of health technology assessment in markets around the world, and the deteriorating finances of certain governments, may lead to a more significant adverse business impact in the future.

Consumer Healthcare

The Consumer Healthcare business may be impacted by economic volatility, the timing and severity of the cough, cold and flu season, generic or store brand competition affecting consumer spending patterns and market share gains of competitors' branded products or generic store brands. In addition, regulatory and legislative outcomes regarding the safety, efficacy or unintended uses of specific ingredients in our Consumer Healthcare products may require withdrawal, reformulation and/or relabeling of certain products (e.g., cough/cold products). See *Global Economic Conditions* below.

Global Economic Conditions

In addition to industry-specific factors, we, like other businesses, continue to face the effects of the challenging economic environment, which have impacted our biopharmaceutical operations in the U.S., Europe and Japan, and in a number of emerging markets. We believe that patients, experiencing the effects of the challenging economic environment, including high unemployment levels, and increases in co-pays, sometimes switch to generic products, delay treatments, skip doses or use less effective treatments to reduce their costs. Challenging economic conditions in the U.S. also have increased the number of patients in the Medicaid program (and the number will continue to grow as a result of the Medicaid coverage expansion effective in some states in 2014 in accordance with the ACA), under which sales of pharmaceuticals are subject to substantial rebates and, in many states, to formulary restrictions limiting access to brand-name drugs, including ours. In addition, we continue to experience pricing pressure in various markets around the world, including in developed European markets, Japan and in a number of emerging markets, with government-mandated reductions in prices for certain biopharmaceutical products and government-imposed access restrictions in certain countries. Furthermore, some government agencies and third-party payers use health technology assessments in ways that, at times, lead to lower prices for and restricted access to new medicines.

The challenging global economic environment has not had, nor do we anticipate it will have, a material impact on our liquidity or capital resources. Due to our significant operating cash flows, financial assets, access to capital markets and available lines of credit and revolving credit agreements, we continue to believe that we have, and will maintain, the ability to meet our liquidity needs for the foreseeable future. As market conditions change, we continue to monitor our liquidity position. However, there can be no assurance that possible future changes in global financial markets and global economic conditions will not affect our liquidity or capital resources or impact our ability to obtain financing in the future.

Other potential impacts of these challenging economic conditions include declining sales; increased costs; changes in foreign exchange rates; a decline in the value of, or a lower rate of return on, our financial assets and pension plan investments, which may require us to increase our pension funding obligations; adverse government actions; delays or failures in the performance of customers, suppliers, and other third parties on whom we may depend for the performance of our business; and the risk that our allowance for doubtful accounts may not be adequate.

Outsourcing

We outsource certain services to third parties in areas including transaction processing, accounting, information technology, manufacturing, clinical trial execution, non-clinical research, safety services and other areas. In 2013, we continued to place the majority of our clinical trial execution services with two strategic clinical research organizations (CROs) and we also utilized another CRO to execute early phase development studies. Service performance issues with these CROs may adversely impact the progression of our clinical trial programs. Outsourcing of services to third parties could also expose us to sub-optimal quality of service delivery, which may result in missed deadlines, supply disruptions, non-compliance or reputational harm, all with potential negative implications for our results.

We continue to pursue a multi-year initiative to outsource some transaction-processing activities within certain accounting processes and are migrating to a consistent enterprise resource planning system across the organization. These are enhancements of ongoing activities to support the growth of our financial shared service capabilities and standardize our financial systems. If any difficulties in the migration to or in the operation of the new system were to occur, they could adversely affect our operations, including, among other ways, through a failure to meet demand for our products, or adversely affect our ability to meet our financial reporting obligations.

Interactions with Healthcare Professionals and Government Officials

Risks and uncertainties apply where we provide something of value to a healthcare professional and/or government official, which, if found to be improper, could potentially result in government enforcement actions and penalties. These risks may increase as non-U.S. jurisdictions adopt new anti-bribery laws and regulations.

Difficulties of Our Wholesale Distributors

In 2013, our largest wholesale distributor accounted for approximately 12% of our total revenue (and 30% of our total U.S. revenue), and our top three wholesale distributors accounted for approximately 29% of our total revenue (and 73% of our total U.S. revenue). If one of our significant wholesale distributors should encounter financial or other difficulties, such distributor might decrease the amount of business that it does with us, and we might be unable to collect all the amounts that the distributor owes us on a timely basis or at all, which could negatively impact our results of operations.

Product Manufacturing and Marketing Risks

Difficulties or delays in product manufacturing or marketing could affect future results through regulatory actions, shut-downs, approval delays, withdrawals, recalls, penalties, supply disruptions or shortages, reputational harm, product liability, unanticipated costs or otherwise. Examples of such difficulties or delays include, but are not limited to, the inability to increase production capacity commensurate with demand; the failure to predict market demand for, or to gain market acceptance of, approved products; the possibility that the supply of incoming materials may be delayed or become unavailable and that the quality of incoming materials may be substandard and not detected; the possibility that we may fail to maintain appropriate quality standards throughout the internal and external supply network and/or comply with current Good Manufacturing Practices and other applicable regulations such as serialization (which allows for track and trace of products in the supply chain to enhance patient safety); risks to supply chain continuity as a result of natural or man-made disasters at our facilities or at a supplier or vendor, including those that may be related to climate change; or failure to maintain the integrity of our supply chains against intentional and criminal acts such as economic adulteration, product diversion, product theft, and counterfeit goods.

Counterfeit Products

A counterfeit medicine is one that has been deliberately and fraudulently mislabeled as to its identity and source. A counterfeit Pfizer medicine, therefore, is one manufactured by someone other than Pfizer, but which appears to be the same as an authentic Pfizer medicine. The prevalence of counterfeit medicines is a significant and growing industry-wide issue due to a variety of factors, including, but not limited to, the following: the widespread use of the internet, which has greatly facilitated the ease by which counterfeit medicines can be advertised, purchased and delivered to individual patients; the availability of sophisticated technology that makes it easier for counterfeiters to make counterfeit medicines; the growing involvement in the medicine supply chain of under-regulated wholesalers and repackagers; the importation of medicines across borders; and the relatively modest risk of penalties faced by counterfeiters. Further, laws against pharmaceutical counterfeiting vary greatly from country to country, and the enforcement of existing law varies greatly from jurisdiction to jurisdiction. For example, in some countries, pharmaceutical counterfeiting is not a crime; in others, it may result in only

minimal sanctions. In addition, those involved in the distribution of counterfeit medicines use complex transport routes in order to evade customs controls by disguising the true source of their products.

Counterfeit medicines pose a risk to patient health and safety because of the conditions under which they are manufactured — often in unregulated, unlicensed, uninspected and unsanitary sites—as well as the lack of regulation of their contents. Failure to mitigate the threat of counterfeit medicines, which is exacerbated by the complexity of the supply chain, could adversely impact our business, by, among other things, causing the loss of patient confidence in the Pfizer name and in the integrity of our medicines, potentially resulting in lost sales, product recalls, and an increased threat of litigation.

We undertake significant efforts to counteract the threats associated with counterfeit medicines, including, among other things, working with the FDA and other regulatory authorities and multinational coalitions to combat the counterfeiting of medicines and supporting efforts by law enforcement authorities to prosecute counterfeiters; assessing new and existing technologies to seek to make it more difficult for counterfeiters to copy our products and easier for patients and healthcare providers to distinguish authentic from counterfeit medicines; implementing business practices designed to protect patient health; promoting public policies intended to hinder counterfeiting; and working collaboratively with wholesalers, pharmacies, customs offices, and law enforcement agencies to increase inspection coverage, monitor distribution channels, and improve surveillance of distributors and repackagers. No assurance can be given, however, that our efforts and the efforts of others will be entirely successful, and the presence of counterfeit medicines may continue to increase.

Cost and Expense Control/Unusual Events/Failure to Realize the Anticipated Benefits of Strategic Initiatives and Acquisitions/Intangible Assets and Goodwill

Growth in costs and expenses, changes in product, segment and geographic mix and the impact of acquisitions, divestitures, restructurings, internal reorganizations, product withdrawals, recalls and other unusual events that could result from evolving business strategies, evaluation of asset realization and organizational restructuring could adversely affect future results. Such risks and uncertainties include, in particular, our ability to realize the projected benefits of (i) our cost-reduction and productivity initiatives, including those related to our R&D organization; (ii) our internal separation of our commercial operations into three new, global businesses; (iii) any other corporate strategic initiatives we may pursue in the future; and (iv) any acquisitions, divestitures or other initiatives we may pursue in the future.

In addition, our consolidated balance sheet contains significant amounts of intangible assets, including goodwill. For IPR&D assets, the risk of failure is significant, and there can be no certainty that these assets will ultimately yield successful products. The nature of the biopharmaceutical business is high-risk and requires that we invest in a large number of projects in an effort to achieve a successful portfolio of approved products. Our ability to realize value on these significant investments is often contingent upon, among other things, regulatory approvals and market acceptance. As such, we expect that many of these IPR&D assets will become impaired and be written off at some time in the future. For goodwill, all reporting units can confront events and circumstances that can lead to a goodwill impairment charge (such as, among other things, unanticipated competition, an adverse action or assessment by a regulator, a significant adverse change in legal matters or in the business climate and/or a failure to replace the contributions of products that lose exclusivity). Any such charges may be significant.

Changes in Laws and Accounting Standards

Our future results could be adversely affected by changes in laws and regulations, including, among others, changes in accounting standards, taxation requirements (including tax rate changes, new tax laws and revised tax law and regulatory interpretations, including changes affecting the taxation by the U.S. of income earned outside the U.S. that may result from pending and possible future proposals), competition laws, privacy laws and environmental laws in the U.S. and other countries.

Terrorist Activity

Our future results could be adversely affected by changes in business, political and economic conditions, including the cost and availability of insurance, due to the threat of terrorist activity in the U.S. and other parts of the world and related U.S. military action overseas.

Legal Proceedings

We and certain of our subsidiaries are involved in various patent, product liability, consumer, commercial, securities, antitrust, environmental, employment and tax litigations and claims, government investigations and other legal proceedings that arise from time to time in the ordinary course of our business. Litigation is inherently unpredictable, and excessive

verdicts do occur. Although we believe we have substantial defenses in these matters, we could in the future incur judgments, enter into settlements of claims or revise our expectations regarding the outcomes of certain matters, and such developments could have a material adverse effect on our results of operations in the period in which the amounts are accrued and/or our cash flows in the period in which the amounts are paid.

Our activities relating to the sale and marketing and the pricing of our products are subject to extensive regulation under the U.S. Federal Food, Drug, and Cosmetic Act, the Medicaid Drug Rebate Program, the U.S. Foreign Corrupt Practices Act (FCPA) and other federal and state statutes, including those discussed elsewhere in this 2013 Form 10-K, as well as anti-kickback and false claims laws, and similar laws in international jurisdictions. Like many companies in our industry, we have from time to time received inquiries and subpoenas and other types of information demands from government authorities, and been subject to claims and other actions related to our business activities brought by governmental authorities, as well as by consumers and private payers. In some instances, we have incurred significant expense, civil payments, fines and other adverse consequences as a result of these claims, actions and inquiries. For example, these claims, actions and inquiries may relate to alleged failures to accurately interpret or identify or prevent non-compliance with the laws and regulations associated with the dissemination of product information (approved and unapproved), potentially resulting in government enforcement and damage to our reputation. This risk may be heightened by digital marketing, including social media, mobile applications and blogger outreach.

In connection with the resolution of certain U.S. government investigations concerning various products in September 2009, we entered into a Corporate Integrity Agreement (CIA) with the Office of the Inspector General of the U.S. Department of Health and Human Services, which is effective through December 31, 2014. In connection with the resolution of our FCPA matters in August 2012, one of our subsidiaries entered into a Deferred Prosecution Agreement (DPA) with the U.S. Department of Justice, which has a term of approximately two years. In the CIA and DPA, we agreed to implement and/or maintain certain compliance program elements to promote compliance with federal healthcare program and FDA requirements, and anti-bribery and anti-corruption and other applicable laws. A material failure to comply with the CIA or DPA could result in severe sanctions against us.

Patent claims include challenges to the coverage and/or validity of our patents on various products or processes. Although we believe we have substantial defenses to these challenges with respect to all our material patents, there can be no assurance as to the outcome of these matters, and a loss in any of these cases could result in a loss of patent protection for the drug at issue, which could lead to a significant loss of sales of that drug and could materially affect future results of operations.

Business Development Activities

We expect to continue to enhance our in-line products and product pipeline through acquisitions, licensing and alliances. See the *Overview of Our Performance, Operating Environment, Strategy and Outlook — Our Business Development Initiatives* section of the MD&A in our 2013 Financial Report, which is incorporated by reference. However, these enhancement plans are subject to the availability and cost of appropriate opportunities, competition from other pharmaceutical companies that are seeking similar opportunities and our ability to successfully identify, structure and execute transactions.

Information Technology and Security

Significant disruptions of information technology systems or breaches of information security could adversely affect our business. We rely to a large extent upon sophisticated information technology systems to operate our business. In the ordinary course of business, we collect, store and transmit large amounts of confidential information (including, but not limited to, personal information and intellectual property), and it is critical that we do so in a secure manner to maintain the confidentiality and integrity of such confidential information. We also have outsourced significant elements of our operations to third parties, including significant elements of our information technology infrastructure and, as a result, we are managing many independent vendor relationships with third parties who may or could have access to our confidential information. The size and complexity of our information technology and information security systems, and those of our third-party vendors with whom we contract (and the large amounts of confidential information that is present on them), make such systems potentially vulnerable to service interruptions or to security breaches from inadvertent or intentional actions by our employees or vendors, or from attacks by malicious third parties. Such attacks are of ever-increasing levels of sophistication and are made by groups and individuals with a wide range of motives (including, but not limited to, industrial espionage) and expertise, including organized criminal groups, “hacktivists,” nation states and others. While we have invested heavily in the protection of data and information technology, there can be no assurance that our efforts will prevent service interruptions or security breaches. Any such interruption or breach in our systems could adversely affect our business operations and/or result

in the loss of critical or sensitive confidential information or intellectual property, and could result in financial, legal, business and reputational harm to us.

Environmental Claims and Proceedings

We and certain of our subsidiaries are subject to contingencies arising in the ordinary course of business relating to environmental claims and proceedings. Amounts recorded for contingencies can result from a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. While we have accrued for worldwide environmental liabilities, there is no guarantee that additional costs will not be incurred beyond the amounts accrued. If we fail to properly manage the safety of our facilities and the environmental risks associated therewith or if we are required to increase our accruals for contingencies for environmental claims and proceedings in the future, it could potentially have an adverse effect on our results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

In 2013, we continued to consolidate operations to achieve efficiencies and dispose of excess space. We have 520 owned and leased properties, amounting to approximately 50 million square feet. Our goal is to continue consolidation in 2014.

In 2013, we reduced the number of properties in our portfolio with the disposal of surplus real property assets and with reductions of operating space in all regions. In addition, in June 2013, in connection with the full disposition of our Animal Health business, we exited properties associated with our Animal Health business.

Pfizer continues to own and lease space around the world for sales and marketing, customer service, regulatory compliance, R&D, manufacturing and distribution, and administrative support functions. In many locations, business lines and operations are co-located to achieve synergy and operational efficiencies.

Pfizer’s corporate headquarters are in New York City and Pfizer's properties extend internationally to over 75 countries.

Our Worldwide R&D facilities support our R&D organizations around the world, with a heavy concentration in North America. In 2013, we continued to streamline our R&D locations, while also expanding our R&D presence in Cambridge, Massachusetts.

Our Pfizer Global Supply (PGS) Division is headquartered in various locations, with leadership teams primarily in New York, New York and in Peapack, New Jersey. PGS operates 56 plants around the world, which manufacture products for our commercial divisions. Locations with major manufacturing facilities include Belgium, China, Germany, Ireland, Italy, Japan, Puerto Rico, Singapore and the U.S. Our PGS Division’s plant network strategy is expected to result in the exit of eight of these sites over the next several years. PGS also operates multiple distribution facilities around the world.

In general, we believe that our properties are well-maintained, adequate and suitable for their current requirements and for our operations in the foreseeable future. See the Notes to Consolidated Financial Statements — *Note 9. Property, Plant and Equipment* in our 2013 Financial Report, which provides amounts invested in land, buildings and equipment and which is incorporated by reference. See also the discussion in the Notes to Consolidated Financial Statements — *Note 15. Lease Commitments* in our 2013 Financial Report, which is also incorporated by reference.

ITEM 3. LEGAL PROCEEDINGS

Certain legal proceedings in which we are involved are discussed in the Notes to Consolidated Financial Statements — *Note 17. Commitments and Contingencies* in our 2013 Financial Report, which is incorporated by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

EXECUTIVE OFFICERS OF THE COMPANY

The executive officers of the Company are set forth in this table. Each holds the office or offices indicated until his or her successor is chosen and qualified at the regular meeting of the Board of Directors to be held on the date of the 2014 Annual Meeting of Shareholders. Each of the executive officers is a member of the Pfizer Executive Leadership Team.

Name	Age	Position
Ian C. Read	60	Chairman of the Board and Chief Executive Officer of Pfizer since December 2011. President and Chief Executive Officer from December 2010. Previously, he served as Senior Vice President and Group President of the Worldwide Biopharmaceutical Businesses, which he led from 2006 through December 2010. In that role, he oversaw five global business units—Primary Care, Specialty Care, Oncology, Established Products and Emerging Markets. Mr. Read began his career with Pfizer in 1978 as an operational auditor. He worked in Latin America through 1995, holding positions including Chief Financial Officer, Pfizer Mexico, and Country Manager, Pfizer Brazil. In 1996, he was appointed President of Pfizer's International Pharmaceuticals Group, with responsibility for Latin America and Canada. He became Executive Vice President, Europe, in 2000, was named a Corporate Vice President in 2001, and assumed responsibility for Canada, in addition to Europe, in 2002. Mr. Read later became accountable for operations in both the Africa/Middle East region and Latin America as well. Director of Kimberly-Clark Corporation. Mr. Read serves on the Boards of Pharmaceutical Research and Manufacturers of America (PhRMA) and the Partnership of New York City. Member of the President's Export Council and U.S.-China Business Council. Our Director since December 2010.
Albert Bourla	52	Group President, Vaccines, Oncology and Consumer Healthcare since January 2014. President and General Manager of Established Products Business Unit from December 2010 until December 2013. Area President Europe, Africa, Asia and Pacific of Pfizer Animal Health from 2009 until November 2010. Area President Europe, Africa and Middle East of Pfizer Animal Health from 2005 until 2009.
Frank A. D'Amelio	56	Executive Vice President, Business Operations and Chief Financial Officer since December 2010. Senior Vice President and Chief Financial Officer from September 2007 until December 2010. Prior to joining Pfizer, he was Senior Executive Vice President of Integration and Chief Administrative Officer of Alcatel-Lucent from November 2006 until August 2007. Director of Zoetis Inc. and of Humana, Inc. and Chair of the Humana Audit Committee. He is a Director of the Independent College Fund of New Jersey and the Gillen Brewer School.
Mikael Dolsten	55	President of Worldwide Research and Development since December 2010. Senior Vice President; President of Worldwide Research and Development from May 2010 until December 2010. Senior Vice President; President of Pfizer BioTherapeutics Research & Development Group from October 2009 until May 2010. He was Senior Vice President of Wyeth and President, Wyeth Research from June 2008 until October 2009. He was a Private Equity Partner at Orbimed Advisors, LLC from January 2008 until June 2008.
Geno J. Germano	53	Group President, Global Innovative Pharma Business since January 2014. President and General Manager, Pfizer Specialty Care and Oncology from December 2010 until December 2013. President and General Manager, Specialty Care from October 2009 until December 2010. President, U.S. Pharmaceuticals and Women's Health Care Unit, Wyeth Pharmaceuticals from 2008 through October 2009. President and General Manager, U.S. Pharmaceutical Business Unit, Wyeth Pharmaceuticals from 2007 through 2008. Member of the Board of Trustees for Albany College of Pharmacy and Health Sciences and Member of the Board of Directors of BIO - Biotechnology Industry Organization. Director of Zoetis Inc. from July 2012 until June 2013.

Name	Age	Position
Charles H. Hill III	58	Executive Vice President, Worldwide Human Resources since December 2010. Senior Vice President, Human Resources for Worldwide Biopharmaceuticals Businesses from 2008 through December 2010. Vice President, Human Resources, Worldwide Pharmaceutical Operations from 2004 through 2008. Director of Zoetis Inc. from July 2012 until June 2013.
Rady A. Johnson	52	Executive Vice President, Chief Compliance and Risk Officer since December 2013. Senior Vice President and Associate General Counsel from October 2006 until December 2013.
Douglas M. Lankler	48	Executive Vice President and General Counsel since December 2013. Corporate Secretary from January 2014 until February 2014. Executive Vice President, Chief Compliance and Risk Officer from February 2011 until December 2013. Executive Vice President, Chief Compliance Officer from December 2010 until February 2011. Senior Vice President and Chief Compliance Officer from January 2010 until December 2010. Senior Vice President, Deputy General Counsel and Chief Compliance Officer from August 2009 until January 2010. Senior Vice President, Associate General Counsel and Chief Compliance Officer from October 2006 until August 2009.
Freda C. Lewis-Hall	59	Executive Vice President, Chief Medical Officer since December 2010. Senior Vice President, Chief Medical Officer from May 2009 until December 2010. Previously, she was Chief Medical Officer and Executive Vice President, Medicines Development at Vertex Pharmaceuticals from June 2008 until May 2009. Dr. Lewis-Hall was Senior Vice President, U.S. Pharmaceuticals, Medical Affairs for Bristol-Myers Squibb Company from 2003 until May 2008.
Anthony J. Maddaluna	61	Executive Vice President; President, Pfizer Global Supply since January 2013. President, Pfizer Global Supply from 2011 until December 2012. Senior Vice President, Strategy & Supply Network Transformation from 2009 until December 2010. Vice President, Strategy & Supply Network Transformation from 2008 until 2009. Vice President and Team Leader, Europe from 1998 until 2008 including responsibility for global logistics and strategic planning from 2005 through 2008. Mr. Maddaluna represents Pfizer on the National Association of Manufacturers (NAM) and is a member of the NAM Executive Committee.
Laurie J. Olson	50	Executive Vice President, Strategy, Portfolio and Commercial Operations since July 2012. Senior Vice President - Strategy and Portfolio Management from 2011 until July 2012. Senior Vice President - Portfolio Management and Analytics from 2008 until 2010. Since joining Pfizer in 1987 as an Analyst in the Company's marketing research organization, Ms. Olson has served in a variety of marketing leadership positions with increasing responsibility in both the Company’s U.S. and global commercial organizations.
Sally Susman	52	Executive Vice President, Corporate Affairs (formerly Policy, External Affairs and Communications) since December 2010. Senior Vice President, Policy, External Affairs and Communications from December 2009 until December 2010. Senior Vice President and Chief Communications Officer from February 2008 until December 2009. Prior to joining Pfizer, Ms. Susman held senior level positions at The Est é e Lauder Companies, including Executive Vice President from 2004 to January 2008. Director of WPP plc.
John D. Young	49	Group President, Global Established Pharma Business since January 2014. President and General Manager, Pfizer Primary Care from June 2012 until December 2013. Primary Care Business Unit’s Regional President for Europe and Canada from 2009 until June 2012. U.K. Country Manager from 2007 until 2009.

PART II

ITEM 5. MARKET FOR THE COMPANY'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The principal market for our common stock is the New York Stock Exchange (NYSE). Our stock is also listed on the NYSE Euronext Brussels Exchange, the London Stock Exchange and the SIX Swiss Stock Exchange, as well as various U.S. regional stock exchanges. As of January 31, 2014, there were 195,383 holders of record of our common stock. Additional information required by this item is incorporated by reference from the *Quarterly Consolidated Financial Data (Unaudited)* and *Peer Group Performance Graph* sections in our 2013 Financial Report.

The following table provides certain information with respect to our purchases of shares of the Company's common stock during the fourth fiscal quarter of 2013:

Issuer Purchases of Equity Securities [a]

Period	Total Number of Shares Purchased [b]	Average Price Paid per Share [b]	Total Number of Shares Purchased as Part of Publicly Announced Plan [a]	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan [a]
September 30, 2013 through October 27, 2013	48,878,919	$ 29.10	48,863,364	$ 8,741,255,650
October 28, 2013 through November 30, 2013	59,109,898	$ 31.40	59,029,195	$ 6,887,448,392
December 1, 2013 through December 31, 2013	44,349,861	$ 31.01	44,234,299	$ 5,515,624,231
Total	152,338,678	$ 30.55	152,126,858	

[a] On November 1, 2012, we announced that the Board of Directors had authorized a $10 billion share-purchase plan, which became effective on November 30, 2012 (the November 2012 Stock Purchase Plan) and was exhausted in October 2013. On June 27, 2013, we announced that the Board of Directors had authorized an additional $10 billion share-purchase plan (the June 2013 Stock Purchase Plan), and share purchases commenced thereunder in October 2013. After giving effect to share purchases through year-end 2013, our remaining share-purchase authorization was approximately $5.5 billion at December 31, 2013.

[b] In addition to amounts purchased under the November 2012 Stock Purchase Plan and June 2013 Stock Purchase Plan, these columns reflect the following transactions during the fourth quarter of 2013: (i) the surrender to Pfizer of 148,886 shares of common stock to satisfy tax withholding obligations in connection with the vesting of restricted stock units issued to employees; (ii) the open market purchase by the trustee of 58,504 shares of common stock in connection with the reinvestment of dividends paid on common stock held in trust for employees who were granted performance share awards and who deferred receipt of such awards; and (iii) the surrender to Pfizer of 4,430 shares of common stock to satisfy tax withholding obligations in connection with the vesting of performance share awards issued to employees.

ITEM 6. SELECTED FINANCIAL DATA

Information required by this item is incorporated by reference from the discussion under the heading *Financial Summary* in our 2013 Financial Report.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Information required by this item is incorporated by reference from the discussion under the heading *Financial Review* in our 2013 Financial Report.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information required by this item is incorporated by reference from the discussion under the *Forward-Looking Information and Factors That May Affect Future Results — Financial Risk Management* section of the MD&A in our 2013 Financial Report.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Information required by this item is incorporated by reference from the *Report of Independent Registered Public Accounting Firm on the Consolidated Financial Statements* in our 2013 Financial Report and from the consolidated financial statements, related notes and supplementary data in our 2013 Financial Report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls

As of the end of the period covered by this 2013 Form 10-K, we carried out an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective in alerting them in a timely manner to material information required to be disclosed in our periodic reports filed with the SEC.

Internal Control over Financial Reporting

Management's report on the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act), and the related report of our independent registered public accounting firm, are included in our 2013 Financial Report under the headings *Management's Report on Internal Control Over Financial Reporting* and *Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting* , respectively, and are incorporated by reference.

Changes in Internal Controls

During our most recent fiscal quarter, there has not been any change in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. However, we do wish to highlight some changes which, taken together, are expected to have a favorable impact on our controls over a multi-year period. We continue to pursue a multi-year initiative to outsource some transaction-processing activities within certain accounting processes and are migrating to a consistent enterprise resource planning system across the organization. These are enhancements of ongoing activities to support the growth of our financial shared service capabilities and standardize our financial systems. None of these initiatives is in response to any identified deficiency or weakness in our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information about our Directors is incorporated by reference from the discussion under the heading *Proposals Requiring Your Vote — Item 1 — Election of Directors* in our 2014 Proxy Statement. Information about compliance with Section 16(a) of the Exchange Act is incorporated by reference from the discussion under the heading *Securities Ownership — Section 16(a) Beneficial Ownership Reporting Compliance* in our 2014 Proxy Statement. Information about the Pfizer Policies on Business Conduct governing our employees, including our Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer, and the Code of Business Conduct and Ethics for Members of the Board of Directors, is incorporated by reference from the discussions under the headings *Governance of the Company — Governance Information — Pfizer Policies on Business Ethics and Conduct* and *— Code of Conduct for Directors* in our 2014 Proxy Statement. Information regarding the procedures by which our stockholders may recommend nominees to our Board of Directors is incorporated by reference from the discussion under the headings *Governance of the Company — Governance Information — Criteria for Board Membership* and *Requirements for Submitting Proxy Proposals and Nominating Directors* in our 2014 Proxy Statement. Information about our Audit Committee, including the members of the Committee, and our Audit Committee financial experts, is incorporated by reference from the discussion under the heading *Governance of the Company — Board and Committee Information — The Audit Committee* in our 2014 Proxy Statement. The balance of the information required by this item is contained in the discussion entitled *Executive Officers of the Company* in Part I of this 2013 Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

Information about Director and executive compensation is incorporated by reference from the discussion under the headings *Compensation of Non-Employee Directors* ; *Executive Compensation* ; and *Governance of the Company — Board and Committee Information — The Compensation Committee — Compensation Committee Interlocks and Insider Participation* in our 2014 Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required by this item is incorporated by reference from the discussion under the headings *Executive Compensation — Equity Compensation Plan Information* and *Securities Ownership* in our 2014 Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information about certain relationships and transactions with related parties is incorporated by reference from the discussion under the headings *Related Person Transactions; Indemnification; and Legal Proceedings — Transactions with Related Persons* in our 2014 Proxy Statement. Information about director independence is incorporated by reference from the discussion under the heading *Governance of the Company — Governance Information — Director Independence* in our 2014 Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information about the fees for professional services rendered by our independent registered public accounting firm in 2013 and 2012 is incorporated by reference from the discussion under the heading *Proposals Requiring Your Vote — Item 2 — Ratification of Independent Registered Public Accounting Firm — Audit and Non-Audit Fees* in our 2014 Proxy Statement. Our Audit Committee's policy on pre-approval of audit and permissible non-audit services of our independent registered public accounting firm is incorporated by reference from the discussion under the heading *Proposals Requiring Your Vote — Item 2 — Ratification of Independent Registered Public Accounting Firm — Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm* in our 2014 Proxy Statement.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

15(a)(1) Financial Statements. The following consolidated financial statements, related notes, report of independent registered public accounting firm and supplementary data from our 2013 Financial Report are incorporated by reference into Item 8 of Part II of this 2013 Annual Report on Form 10-K:

- Report of Independent Registered Public Accounting Firm on the Consolidated Financial Statements
- Consolidated Statements of Income
- Consolidated Statements of Comprehensive Income
- Consolidated Balance Sheets
- Consolidated Statements of Equity
- Consolidated Statements of Cash Flows
- Notes to Consolidated Financial Statements
- Quarterly Consolidated Financial Data (Unaudited)

15(a)(2) Financial Statement Schedules. Schedules are omitted because they are not required or because the information is provided elsewhere in the financial statements. The financial statements of unconsolidated subsidiaries are omitted because, considered in the aggregate, they would not constitute a significant subsidiary.

15(a)(3) Exhibits. These exhibits are available upon request. Requests should be directed to our Corporate Secretary, Pfizer Inc., 235 East 42nd Street, New York, NY 10017-5755. The exhibit numbers preceded by an asterisk (*) indicate exhibits filed with this 2013 Annual Report on Form 10-K. All other exhibit numbers indicate exhibits filed by incorporation by reference. Exhibit numbers 10.1 through 10.30 are management contracts or compensatory plans or arrangements.

3.1	Our Restated Certificate of Incorporation dated April 12, 2004, is incorporated by reference from our Quarterly Report on Form 10-Q for the period ended March 28, 2004 (File No. 001-03619).
3.2	Amendment dated May 1, 2006 to Restated Certificate of Incorporation dated April 12, 2004, is incorporated by reference from our Quarterly Report on Form 10-Q for the period ended July 2, 2006 (File No. 001-03619).
3.3	Our By-laws, as amended December 16, 2013, are incorporated by reference from our Current Report on Form 8-K filed on December 19, 2013 (File No. 001-03619).
4.1	Indenture, dated as of January 30, 2001, between us and The Chase Manhattan Bank, is incorporated by reference from our Current Report on Form 8-K filed on January 30, 2001 (File No. 001-03619).
4.2	First Supplemental Indenture, dated as of March 24, 2009, between us and The Bank of New York Mellon (successor to JPMorgan Chase Bank, N.A. (formerly JPMorgan Chase Bank, formerly The Chase Manhattan Bank)), as Trustee, to Indenture dated as of January 30, 2001, is incorporated by reference from our Quarterly Report on Form 10-Q for the period ended June 28, 2009 (File No. 001-03619).
4.3	Second Supplemental Indenture, dated as of June 2, 2009, between us and The Bank of New York Mellon (successor to JPMorgan Chase Bank, N.A. (formerly JPMorgan Chase Bank, formerly The Chase Manhattan Bank)), as Trustee, to Indenture dated as of January 30, 2001, is incorporated by reference from our Current Report on Form 8-K filed on June 3, 2009 (File No. 001-03619).
4.4	Third Supplemental Indenture, dated as of June 3, 2013, between us and The Bank of New York Mellon (successor to JPMorgan Chase Bank, N.A. (formerly JPMorgan Chase Bank, formerly The Chase Manhattan Bank)), as Trustee, to Indenture dated as of January 30, 2001, is incorporated by reference from our Current Report on Form 8-K filed on June 3, 2013 (File No. 001-03619).
4.5	Indenture, dated as of April 10, 1992, between Wyeth and The Bank of New York Mellon (as successor to JPMorgan Chase Bank, N.A.), as Trustee, is incorporated by reference from Wyeth's Registration Statement on Form S-3 (File No. 33-57339), filed on January 18, 1995.

4.6	Supplemental Indenture, dated as of October 13, 1992, between Wyeth and The Bank of New York Mellon (as successor to JPMorgan Chase Bank, N.A.), as Trustee, is incorporated by reference from Wyeth's Registration Statement on Form S-3 (File No. 33-57339), filed on January 18, 1995.

4.7	Fifth Supplemental Indenture, dated as of December 16, 2003, between Wyeth and The Bank of New York Mellon (as successor to JPMorgan Chase Bank, N.A.), as Trustee, is incorporated by reference from Wyeth's 2003 Annual Report on Form 10-K (File No. 001-01225).
4.8	Sixth Supplemental Indenture, dated as of November 14, 2005, between Wyeth and The Bank of New York Mellon (as successor to JPMorgan Chase Bank, N.A.), as Trustee, is incorporated by reference from Wyeth's Current Report on Form 8-K filed on November 15, 2005 (File No. 001-01225).
4.9	Seventh Supplemental Indenture, dated as of March 27, 2007, between Wyeth and The Bank of New York Mellon (as successor to JPMorgan Chase Bank, N.A.), as Trustee, is incorporated by reference from Wyeth's Current Report on Form 8-K filed on March 28, 2007 (File No. 001-01225).
4.10	Eighth Supplemental Indenture, dated as of October 30, 2009, between Wyeth, us and The Bank of New York Mellon (as successor to JPMorgan Chase Bank, formerly The Chase Manhattan Bank), as Trustee, to Indenture dated as of April 10, 1992 (as amended on October 13, 1992), is incorporated by reference from our Current Report on Form 8-K filed on November 3, 2009 (File No. 001-03619).
4.11	Except as set forth in Exhibits 4.1-10 above, the instruments defining the rights of holders of long-term debt securities of the Company and its subsidiaries have been omitted. [1]
10.1	2001 Stock and Incentive Plan is incorporated by reference from our Proxy Statement for the 2001 Annual Meeting of Shareholders (File No. 001-03619).
10.2	Pfizer Inc. 2004 Stock Plan, as Amended and Restated is incorporated by reference from our 2011 Annual Report on Form 10-K (File No. 001-03619).
10.3	Form of Stock Option Grant Notice and Summary of Key Terms is incorporated by reference from our Quarterly Report on Form 10-Q for the period ended September 26, 2004 (File No. 001-03619).
10.4	Form of Executive Grant Letter is incorporated by reference from our 2012 Annual Report on Form 10-K (File No. 001-03619).
10.5	Amended and Restated Nonfunded Supplemental Retirement Plan, together with all material Amendments is incorporated by reference from our 2011 Annual Report on Form 10-K (File No. 001-03619).
10.6	Amended and Restated Nonfunded Deferred Compensation and Supplemental Savings Plan is incorporated by reference from our 2012 Annual Report on Form 10-K (File No. 001-03619).
*10.7	Amendment to Amended and Restated Nonfunded Deferred Compensation and Supplemental Savings Plan, dated June 20, 2013.
*10.8	Pfizer Inc. Global Performance Plan.
10.9	Executive Annual Incentive Plan is incorporated by reference from our 2012 Annual Report on Form 10-K (File No. 001-03619).
10.10	Amended and Restated Deferred Compensation Plan is incorporated by reference from our 2012 Annual Report on Form 10-K (File No. 001-03619).
*10.11	Amendment to Amended and Restated Deferred Compensation Plan, dated June 20, 2013.
10.12	Non-Employee Directors' Retirement Plan (frozen as of October 1996) is incorporated by reference from our 1996 Annual Report on Form 10-K (File No. 001-03619).
10.13	Restricted Stock Plan for Non-Employee Directors is incorporated by reference from our 1996 Annual Report on Form 10-K (File No. 001-03619).
*10.14	Wyeth 2005 (409A) Deferred Compensation Plan (frozen as of January 2012), together with all material Amendments

10.15	Amended and Restated Wyeth Supplemental Employee Savings Plan (effective as of January 1, 2005 and frozen as of January 2012), together with all material Amendments is incorporated by reference from our 2011 Annual Report on Form 10-K (File No. 001-03619).
*10.16	Amendment to Amended and Restated Wyeth Supplemental Employee Savings Plan, dated June 20, 2013.

[1] We agree to furnish to the SEC, upon request, a copy of each instrument with respect to issuances of long-term debt of the Company and its subsidiaries.

10.17	Amended and Restated Wyeth Supplemental Executive Retirement Plan (effective as of January 1, 2005), together with all material Amendments is incorporated by reference from our 2011 Annual Report on Form 10-K (File No. 001-03619).
10.18	Wyeth Directors' Deferral Plan (as amended through December 15, 2007) is incorporated by reference from Wyeth's 2007 Annual Report on Form 10-K (File No. 001-01225).
10.19	The form of Indemnification Agreement with each of our non-employee Directors is incorporated by reference from our 1996 Annual Report on Form 10-K (File No. 001-03619).
10.20	The form of Indemnification Agreement with each of the Named Executive Officers identified in our 2014 Proxy Statement is incorporated by reference from our 1997 Annual Report on Form 10-K (File No. 001-03619).
10.21	Letter to Frank A. D'Amelio regarding replacement pension benefit dated August 22, 2007 is incorporated by reference from our Current Report on Form 8-K filed on August 22, 2007 (File No. 001-03619).
10.22	Executive Severance Plan is incorporated by referenced from our Current Report on Form 8-K filed on February 20, 2009 (File No. 001-03619).
10.23	Annual Retainer Unit Award Plan (for Non-Employee Directors) (frozen as of March 1, 2006) as amended, is incorporated by reference from our 2008 Annual Report on Form 10-K (File No. 001-03619).
*10.24	Nonfunded Deferred Compensation and Unit Award Plan for Non-Employee Directors, as amended.
10.25	Form of Special Award Letter Agreement is incorporated by reference from our Current Report on Form 8-K filed on October 28, 2009 (File No. 001-03619).
10.26	Offer Letter to G. Mikael Dolsten, dated April 6, 2009, is incorporated by reference from our Quarterly Report on Form 10-Q for the period ended April 3, 2011 (File No. 001-03619).
10.27	Offer Letter to Geno J. Germano, dated April 6, 2009, is incorporated by reference from our Quarterly Report on Form 10-Q for the period ended April 3, 2011 (File No. 001-03619).
10.28	Warner-Lambert Company 1996 Stock Plan, as amended, is incorporated by reference from Warner-Lambert's 1999 Annual Report on Form 10-K (File No. 001-03608).
10.29	Warner-Lambert Company Incentive Compensation Plan, as amended to February 6, 2000, is incorporated by reference from Warner Lambert Company's 1999 Annual Report on Form 10-K (File No. 001-03608).
10.30	Warner-Lambert Company Supplemental Pension Income Plan, as amended to February 6, 2000, is incorporated by reference from Warner Lambert Company's 1999 Annual Report on Form 10-K (File No. 001-03608).
*12	Computation of Ratio of Earnings to Fixed Charges.
*13	Portions of the 2013 Financial Report, which, except for those sections incorporated by reference, are furnished solely for the information of the SEC and are not to be deemed "filed."
*21	Subsidiaries of the Company.
*23	Consent of KPMG LLP, Independent Registered Public Accounting Firm.
*24	Power of Attorney (included as part of signature page).
*31.1	Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

*31.2	Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*32.1	Certification by the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*32.2	Certification by the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*101.INS	XBRL Instance Document
*101.SCH	XBRL Taxonomy Extension Schema

*101.CAL	XBRL Taxonomy Extension Calculation Linkbase
*101.LAB	XBRL Taxonomy Extension Label Linkbase
*101.PRE	XBRL Taxonomy Extension Presentation Linkbase
*101.DEF	XBRL Taxonomy Extension Definition Document

SIGNATURES

Under the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, this report was signed on behalf of the Registrant by the authorized person named below.

Pfizer Inc.

Dated: February 28, 2014

By: /S/ ATIBA D. ADAMS
Atiba D. Adams
Vice President and Corporate Secretary,
Chief Governance Counsel

We, the undersigned directors and officers of Pfizer Inc., hereby severally constitute Douglas M. Lankler and Atiba D. Adams, and each of them singly, our true and lawful attorneys with full power to them and each of them to sign for us, in our names in the capacities indicated below, any and all amendments to this Annual Report on Form 10-K filed with the Securities and Exchange Commission.

Under the requirements of the Securities Exchange Act of 1934, this report was signed by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Signature	Title	Date
/S/ IAN C. READ **Ian C. Read**	Chairman, Chief Executive Officer and Director (Principal Executive Officer)	February 27, 2014
/S/ FRANK A. D'AMELIO **Frank A. D'Amelio**	Executive Vice President, Business Operations and Chief Financial Officer (Principal Financial Officer)	February 27, 2014
/S/ LORETTA V. CANGIALOSI **Loretta V. Cangialosi**	Senior Vice President—Controller (Principal Accounting Officer)	February 27, 2014
/S/ DENNIS A. AUSIELLO **Dennis A. Ausiello**	Director	February 27, 2014
/S/ W. DON CORNWELL **W. Don Cornwell**	Director	February 27, 2014
/S/ FRANCES D. FERGUSSON **Frances D. Fergusson**	Director	February 27, 2014
/S/ HELEN H. HOBBS **Helen H. Hobbs**	Director	February 27, 2014

Signature	Title	Date
/s/ Constance J. Horner **Constance J. Horner**	Director	February 27, 2014
/s/ Suzanne Nora Johnson **Suzanne Nora Johnson**	Director	February 27, 2014
/s/ James M. Kilts **James M. Kilts**	Director	February 27, 2014
/s/ George A. Lorch **George A. Lorch**	Director	February 27, 2014
/s/ Shantanu Narayen **Shantanu Narayen**	Director	February 27, 2014
/s/ Stephen W. Sanger **Stephen W. Sanger**	Director	February 27, 2014
/s/ Marc Tessier-Lavigne **Marc Tessier-Lavigne**	Director	February 27, 2014

Exhibit 10.7

Amendment to the

PFIZER INC NONFUNDED DEFERRED COMPENSATION AND SUPPLEMENTAL SAVINGS PLAN

*** * ***

(New material in bold and italics; deletions crossed out)

SECTION 6 . DISTRIBUTION OF ACCOUNTS .

6.1 Distribution of Benefits . Unless otherwise specifically provided for in the Plan, distribution of a Member's Grandfathered Amounts shall be paid in accordance with the distribution provisions of the Prior Plans ***, provided, however, that with respect to any Member who is employed by Zoetis Inc., on and following the date Zoetis Inc. is no longer a wholly owned subsidiary of the Company due to a tax-free distribution to the Company's stockholders of all or a portion of its equity interest in Zoetis, such Member shall be deemed to have incurred a termination of employment only upon his or her Separation from Service as described in the remainder of this Section 6.1.*** Except as otherwise provided in this Section and the Plan, a Member shall be paid the balance of his Account following his or her Separation from Service in accordance with the Payment Option or Payment Options elected (or deemed elected by the Member) by the Member as permitted under the Plan. A Member may have different Payment Option elections with respect to the portions of his or her Account, for example, for a Special Accrual or for a Member who was ineligible for a period of time and subsequently became eligible and was permitted or deemed to have made a new Payment Option election under the Plan with respect to future accruals under the Plan and in accordance with Section 409A.

APPENDIX B - Pharmacia Savings Plus Plan as in effect on 12/31/04. Except as otherwise specifically provided for in the Plan, the provisions of this Plan shall apply to Grandfathered Amounts transferred from the Pharmacia Savings Plus+ Plan

Pharmacia

Savings Plus+ Plan

Amended & Restated Effective as of July 1, 2002

DEFINITIONS

Termination Date . "Termination Date" means the date of termination of a Participant's service with the Company and its Affiliates and shall be determined without reference to any compensation continuation arrangement or severance benefit arrangement that may be applicable, ***provided, however, that with respect to any Member who is employed by Zoetis Inc., "Termination Date" shall mean, on and following the date Zoetis Inc. is no longer a wholly owned subsidiary of the Company due to a tax-free distribution to the Company's stockholders of all or a portion of its equity interest in Zoetis, the date of his or her "Separation from Service" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended.***

Exhibit 10.8

Pfizer Inc. Global Performance Plan

SECTION 1. PURPOSE

The purpose of the Pfizer Inc. Global Performance Plan (the "GPP" or the "Plan") is to foster a culture where colleagues are committed to, and focused on, high performance. The GPP is designed to attract, motivate, and engage a high-performing, committed workforce that contributes to the achievement of the Company's annual financial and strategic and operational goals. The Plan is restated effective January 1, 2014. Awards under this GPP made to certain eligible employees who are otherwise eligible for awards under the Company's Executive Annual Incentive Plan ("EAIP") shall be subject to additional terms and conditions as set forth in the EAIP to ensure such awards are considered "performance-based" under Section 162(m) of the Internal Revenue Code of 1986, as amended.

SECTION 2. DEFINITIONS

As used in the Plan, the following terms shall have the meanings set forth below:

(a) "Affiliate" shall mean (i) any Person that directly, or through one or more intermediaries, controls, or is controlled by, or is under common control with, the Company or (ii) any entity in which the Company has a significant equity interest, as determined by the Committee, and (iii) the employees of such entity or Person are eligible to participate in the Plan, as determined by the Committee.

(b) "Award" shall mean any cash incentive award granted pursuant to the provisions of the Plan.

(c) "Board" shall mean the Board of Directors of the Company.

(d) "Cause" shall include, but not be limited to, a termination of employment for significant breach of Company policy, inadequate work performance due to intentional or deliberate misconduct or intentional or deliberate failure to act, destruction of Company property, commission of unlawful acts against or reflecting on the Company, or similar occurrences. The Committee, or its designee the Executive Vice President of Worldwide Human Resources or the Senior Vice President, Total Rewards, or its or his or her respective successors, in its or his or her sole and absolute discretion, shall determine whether a termination of employment is for "Cause."

(e) "CEO" shall mean the Chief Executive Officer of the Company.

(f) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

(g) "Committee" shall mean the Compensation Committee of the Board or such other persons or committee to which it has delegated any authority, as may be appropriate.

(h) "Company" shall mean Pfizer Inc., a Delaware corporation.

(i) "EAIP" shall mean the Pfizer Inc Executive Annual Incentive Plan.

(j) "Eligible Earnings" shall mean:

1) For Group 1 Countries: a Participant's month-end base salary paid over the course of the Performance Period (as well as any lump-sum payment made in lieu of a merit increase) adjusted for any portion of the year in which the Participant was not eligible for the Plan.

2) For Group 2 Countries: a Participant's base salary as of the immediately preceding December 31 st unless there is a change in status as a full-time or part-time Employee.

3) For Participants in the ELTI Program: a Participant's local base salary midpoint for each month over the course of the Performance Period adjusted for any portion of the year in which the Participant was not eligible under the Plan, or to reflect a change in salary grade.

For Participants located in the United States, "Eligible Earnings" shall not include the following: incentive payments or other special payments (e.g., special recognition awards, discretionary awards, etc.), imputed income for life insurance and other Company-paid or subsidized benefits and perquisites, income from long-term incentive awards, reimbursed relocation expenses, relocation allowances, COLA payments or any allowance related to a global assignment, reimbursements or payments that are not pay for services (e.g., automobile and other forms of allowances), separation payments, short-term disability payments in excess of 90 days of each unrelated disability, payments in excess of the first

90 days of a continuous approved paid leave, long-term disability payments, workers' compensation payments and/or any similar payments that are generally not deemed base salary.

For Participants outside the United States, Eligible Earnings will be determined based on the local competitive practices and/or regulatory requirements of the participant's location, but are generally limited to regular base salary.

(k) "ELTI Program" shall mean the Company's Executive Long-Term Incentive Program.

(l) "Employee" shall mean any employee of the Company or any Affiliate. For any and all purposes under this Plan, the term "Employee" shall not include a person hired as an independent contractor, leased employee, consultant or a person otherwise designated by the Committee, the Company or an Affiliate at the time of hire as not eligible to participate in or receive benefits under the Plan or not on the payroll, even if such ineligible person is subsequently determined to be a common law employee of the Company or an Affiliate or otherwise an employee by any governmental or judicial authority. Unless otherwise determined by the Committee in its sole discretion, for purposes of the Plan, an Employee shall be considered to have terminated employment or services and to have ceased to be an Employee if his or her employer ceases to be an Affiliate, even if he or she continues to be employed by such employer.

(m) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(n) "Executive Leadership Team" shall mean the team of executives of the Company reporting directly to the CEO of the Company, and including the CEO.

(o) "Group 1 and Group 2 Countries" shall mean the countries as set forth in Appendix A hereto.

(p) "Incentive Pool" shall mean the fund underlying the Plan from which payment of Awards are made.

(q) "Incentive Award Opportunity" shall mean the total potential cash compensation opportunity underlying an Award for a Performance Period ranging from zero to two times (0%-200%) a Participant's Incentive Target Percentage.

(r) "Incentive Target Percentage" shall mean the targeted level of compensation underlying an Award granted to a Participant for a Performance Period, expressed as a percentage of the Participant's Eligible Earnings (for Participants in the ELTI Program, the local base salary midpoint earned during the Performance Period).

(s) "Involuntary Termination" shall mean a termination of an Employee's employment with the Company or an Affiliate by the Company or Affiliate. For purposes of this Plan only, an Involuntary Termination shall include "Terminations Due to Curtailments or Cessations of Operations, Reorganizations, Position Eliminations, or Job Restructurings Due to a Change in Required Competencies or Qualification for Position" and terminations due to failure to return to work" following the expiration of short-term disability benefits because either the employee remains physically or mentally unable to return to work or because his or her position is filled while he or she is on an approved disability leave of absence.

(t) "Key Employee" means an Employee treated as a "specified employee" as of his or her Separation from Service under Code Section 409A(a)(2)(B)(i), i.e., a key employee (as defined in Code Section 416(i) without regard to paragraph (5) thereof) of the Company or its Affiliates if the Company's stock is publicly traded on an established securities market or otherwise. Key Employees shall be determined under rules adopted by the Company in accordance with Section 409A. Notwithstanding the foregoing, the Executive Vice President, Worldwide Human Resources or the Senior Vice President, Total Rewards, or the successor or the designee of either, may, under the alternative permissible methods allowable under Section 409A, adopt an alternative identification and effective date for purposes of determining which employees are Key Employees.

(u) "Participant" shall mean an Employee who is selected by the Committee or the Board from time to time in their sole discretion to receive an Award under the Plan.

(v) "Performance Period" shall mean one calendar year during which any performance goals specified by the Committee with respect to any Awards to be granted under the Plan are to be measured.

(w) "Performance-Related Termination" shall mean an involuntary termination of employment because the Employee does not meet the performance or other essential requirements of his or her job. The determination of whether an the Employee's termination is a Performance-Related Termination shall be made by the Executive Vice President, Worldwide Human Resources, or the Senior Vice President, Total Rewards, or his or her respective successors or the designee of either, or his or her sole and absolute discretion.

(x) "Person" shall mean any individual, corporation, partnership, association, limited liability company, joint-stock company, trust, unincorporated organization or government or political subdivision thereof.

(y) "Retirement" shall mean having attained a minimum age of 55 and a minimum of 10 years of service at the time of a Participant's separation from the Company, unless determined otherwise, and which shall also constitute a Separation from Service for United States Participants, or as determined under local law for all other Participants.

(z) "Section 409A" shall mean Section 409A of the Code and the regulations and other guidance issued thereunder by the U.S. Treasury or Internal Revenue Service.

(aa) “Senior Leadership Council” shall mean that group of executives designated by the Company as members of the Senior Leadership Council.

(bb) “Separation from Service” means a “separation from service” within the meaning of Section 409A.

(cc) "Target Incentive Award” shall mean the targeted level of cash compensation underlying an Award granted to a Participant for a Performance Period, calculated in accordance with Section 5 of the Plan.

(dd) "Termination Due to Curtailments or Cessations of Operations, Reorganizations, Position Eliminations, or Job Restructurings Due to a Change in Required Competencies or Qualification for Position” shall mean an involuntary termination as the direct result of curtailment or cessation of operations, reorganization or position elimination, or job restructuring due to a change in required competencies or qualification for the position. The determination of whether a curtailment or cessation of operations, reorganization or position elimination, job restructuring or change in competencies or qualifications has occurred is the sole determination of the Executive Vice President, Worldwide Human Resources, or the Senior Vice President, Total Rewards, or the his or her respective successors or the designee of either.

SECTION 3. ADMINISTRATION

The Plan shall be administered by the Committee. The Committee shall have full power and authority (i) to establish the rules and regulations relating to the Plan and the terms and conditions and amounts of any individual Award, (ii) to interpret the Plan and those rules and regulations, (iii) to select Participants for the Plan, (iv) to determine each Participant’s Incentive Target Percentage, Incentive Award and Incentive Award Opportunity, performance goals and Awards, (v) to make all factual and other determinations in connection with the Plan, and to take all other actions necessary, advisable or appropriate for the proper administration of the Plan, including the delegation of such authority or power, where appropriate. The Committee may, in its sole and absolute discretion, and subject to the provisions of the Plan, from time to time delegate any or all of its authority to administer the Plan to any other persons or committee as it deems necessary or appropriate for the proper administration of the Plan, except that no such delegation shall be made in the case of Awards intended to be qualified under Section 162(m) of the Code.

All powers of the Committee or its delegate shall be executed in their sole and absolute discretion, in the best interest of the Company, not as a fiduciary, and in keeping with the objectives of the Plan and need not be uniform as to similarly-situated individuals. The decisions of the Committee or its delegate with respect to the administration of the Plan, including all such rules and regulations, interpretations, selections, determinations, approvals, decisions, delegations, amendments, terminations and other actions, shall be final and binding on the Company and all employees of the Company, including all Participants and their respective beneficiaries, except as otherwise provided by law.

Except as may be limited by the application of Section 162(m) of the Code to Awards granted to Employees eligible to participate in the EAIP in accordance with Section 4(b) of this Plan, the Committee shall be authorized to make adjustments in Awards and or the funding of the Incentive Pool in recognition of unusual or nonrecurring events affecting the Company or its financial statements including, but not limited to, acquisitions, divestitures or similar extraordinary events or changes in applicable laws, regulations, court rulings or accounting principles. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem desirable to carry it into effect. In the event that the Company shall assume outstanding employee benefit awards or the right or obligation to make future such awards in connection with the acquisition of or combination with another corporation or business entity, the Committee may, in its discretion, make such adjustments in the Awards or the Incentive Pool in accordance with the Plan as it shall deem appropriate.

SECTION 4. ELIGIBILITY

(a) Any Employee shall be eligible to be selected as a Participant; however, only those Employees identified as Participants by the Committee or its designee, with respect to a Performance Period shall participate in the Plan for such Performance Period. Any Employee newly hired by the Company after October 1 shall not become eligible to participate in the Plan until the January 1 immediately following his or her hire date, except as waived by the Committee or their designee in their sole discretion. An Employee may only participate in one annual cash incentive plan sponsored by the Company or any Affiliate with respect to a Performance Period. As such, any Employee who is a participant in a sales incentive program or another cash incentive plan with respect to a Performance Period is not eligible to participate in the Plan.

(b) Any Employee that is eligible to receive an award under the EAIP for any Performance Period shall (i) participate in this Plan with respect to the determination and funding of the Incentive Pool, and (ii) for the avoidance of doubt, shall only receive one cash incentive award during a Performance Period which shall be subject to the additional terms and conditions set forth in the EAIP plan document and related materials so that such awards remain "performance-based" compensation in accordance with Section 162(m) of the Code. To the extent that there are any conflicts between this Plan and the terms of the EAIP, the EAIP will prevail.

SECTION 5. AWARDS

(a) Under the Plan, the Committee may grant Awards to Participants from time to time with respect to a Performance Period based upon the achievement of performance objectives over the Performance Period. Award payments are earned based upon the following:

1) The initial funding of the Incentive Pool is equal to the sum of the Target Incentive Awards for all Participants for the Performance Period.
2) The final funding of the Incentive Pool is determined by the Committee, in its discretion, based on the Company's performance against pre-set annual goals for the following financial measures: (i) revenue, (ii) adjusted diluted earnings per share (EPS), and (iii) cash flow from operations.
3) Once the final pool funding is determined, Incentive Pool dollars are allocated to the business unit, division or function in which a Participant worked during the Performance Period based on the achievement of pre-set annual goals for the business unit, division or function, and as determined by the CEO.
4) A Participant's actual Award is determined based on his or her Target Incentive Award, adjusted by the funding factors stated above and further adjusted to reflect the specific business unit, division or country performance, as well as the Participant's performance against objectives for the Performance Period, as assessed by the Participant's manager in accordance with procedures, guidelines and/or metrics established by the Committee, or its designee, from time to time.
5) A Participant's Target Incentive Award is calculated as:
    i. Group 1 Countries: the sum of the product of a Participant's month-end Eligible Earnings, multiplied by the Incentive Target Percentage for the Participant's salary grade in the respective month, for each month the Participant is eligible to participate in the Plan.
    ii. Group 2 Countries: the product of a Participant's Eligible Earnings as of the immediately preceding December 31 st , multiplied by the Incentive Target Percentage in effect on December 31 st for the Participant's salary grade, pro-rated for the number of months during the calendar year in which he or she is eligible to participate in the Plan.
    iii. For Participants in the ELTI Program: the product of the local base salary midpoint for the portion of each month during the Performance Period in which he or she is eligible to participate in the Plan (adjusted for changes in grades, Incentive Target Percentages or eligibility, as applicable), multiplied by the Incentive Target Percentage for the Participant's salary grade in the respective month.

(b) A Participant's final Award shall be capped at 200% of the Target Incentive Award.
(c) Notwithstanding the foregoing, any Award may also be subject to such other terms and conditions as the Committee shall deem advisable or appropriate from time to time, consistent with the provisions of the Plan as herein set forth, including but not limited to, the pro-ration or adjustment of Target Incentive Awards, Incentive Target Percentages and/or Incentive Award Opportunities, based upon a Participant's date of hire, re-hire, change in position and/or salary grade (including a change in position or other similar change that causes the Participant to no longer be eligible for the Plan), change in local base salary midpoint, or transfer to a different business unit or division during a Performance Period. In addition, any Awards granted to Participants may contain such other provisions as may be necessary to meet the requirements of the Code and/or related regulations issued thereunder in order to satisfy or comply with relevant law.

SECTION 6. PAYMENT OF AWARDS

Unless otherwise required by local law or local payroll schedules for Participants located outside of the United States, Awards will be paid in a lump sum on or prior to the 15 th day of the third month of the year immediately following the year in which the close of the Performance Period occurs in accordance with the applicable short-term deferral exception provisions of Section 409A, or, in

accordance with procedures established by the Committee and the applicable provisions of Section 409A, on a deferred basis pursuant to Section 9 hereof, if applicable. However, any payment may be delayed or deferred upon the reasonable anticipation of (i) the loss of the Company's deduction with respect to such payment by application of Section 162(m) of the Code; or (ii) the making of the payment would violate Federal securities laws or other applicable law such as Section 409A.

SECTION 7. SPECIAL PAYMENT EVENTS

Notwithstanding anything to the contrary in Section 6 of the Plan, the following payment terms shall apply to Awards in the following events:

(a) Voluntary Termination - If a Participant voluntarily terminates his or her employment (not for Retirement) prior to the end of the Performance Period, he or she is ineligible for an Award or any payment with respect to an Award for such Performance Period. If a Participant voluntarily terminates his or her employment after the end of the Performance Period, he or she is eligible for an Award or any payment with respect to an Award for such Performance Period under the applicable provisions of this Plan at the Committee's discretion.

(b) Involuntary Termination - If a Participant's employment is terminated as the result of an Involuntary Termination, prior to the end of the Performance Period, his or her Target Incentive Award will be pro-rated based on actual days of eligibility, his or her Eligible Earnings and his or her Incentive Target Percentage during the Performance Period, as well as the overall funding percentage of the business unit, division or function where the Participant is working, in the Company's discretion. The proration factor is the number of days in the Performance Period up to the termination date divided by 365 days. If eligible, such pro-rated Target Incentive Award will be the lesser of the Participant's (i) pro-rated Target Incentive Award or (ii) pro-rated Target Incentive Award based on the performance of the Company, the Participant's business unit, division or function and the Participant's individual performance. Such Award will be paid as soon as administratively possible following the Involuntary Termination unless the Award is paid under the EAIP or to a member of the Senior Leadership Council or Executive Leadership Team in which case it shall be paid as soon as practicable after the Committee's certification as to the achievement of the performance criteria for the Performance Period but not later than March 15 th of the year following termination. Payments to members of the Senior Leadership Council or Executive Leadership Team will be made in accordance with Section 6. If a Participant is involuntarily terminated after the end of the Performance Period, he or she is eligible for an Award or any payment with respect to an Award for such Performance Period under the applicable provisions of this Plan.

(c) Terminations for Cause or Performance-Related Terminations - If a Participant's employment is terminated for Cause or constitutes a Performance-Related Termination, he or she is ineligible for an Award whether such involuntary termination occurs before or after the Performance Period, unless otherwise required by local law.

(d) Retirement - If a Participant retires during the Performance Period, he or she will be eligible for a prorated Target Incentive Award using the calculation in Section 7(b) above. Such Award will be paid as soon as administratively possible following the Retirement unless the Award is paid under the EAIP or to a member of the Senior Leadership Council or Executive Leadership Team in which case it shall be paid as soon as practicable after the performance criteria has been met but not later than March 15 th of the year following termination. Payments to members of the Senior Leadership Council or Executive Leadership Team will be made in accordance with Section 6. If a Participant retires after the end of the Performance Period, he or she is eligible for an Award or any payment with respect to an Award for such Performance Period under the applicable provisions of this Plan.

(e) Short-Term Disability or Leave of Absence - If a Participant is on short-term disability (STD) or an approved paid leave of absence under the Family & Medical Leave Act (or other similar law) during a Performance Period and has at least 90 days of Eligible Earnings within the Performance Period, he or she is eligible for a Target Incentive Award for such Performance Period. Such Award will be pro-rated to exclude the time the Participant was considered on STD or paid leave, as determined by the Committee or its designee, and will be based on the actual days of eligibility for the Plan. A Participant shall be considered eligible for the Plan during the first 90 days of STD or paid leave. If eligible, such pro-rated Target Incentive Award will be the lesser of the Participant's (i) pro-rated Target Incentive Award or (ii) pro-rated Target Incentive Award based on the performance of the Company, the Participant's business unit, division or function and the Participant's individual performance, within the Company's discretion. Such Award will be paid in accordance with an Involuntary Termination, if applicable, unless the Award is paid under the EAIP or to a member of the Senior Leadership Council or Executive Leadership Team in which case it shall be paid as soon as practicable after the performance criteria has been met but not later than March 15 th of the year following termination. Payments to members of the Senior Leadership Council or Executive Leadership

Team will be made in accordance with Section 6. If a Participant is not terminated, the Award shall be paid in accordance with Section 6.

(f) Death - If a Participant dies during a Performance Period, in the Committee's discretion, the pro-rated Target Incentive Award will be paid to the Participant's estate as soon as administratively possible following the Participant's death.

SECTION 8. AMENDMENT AND TERMINATION

The Company reserves the right in its sole and absolute discretion to amend or terminate the Plan, at any time, including after the end of the calendar year and prior to payment of the Award, with or without notice, by action of the Executive Leadership Team or the Committee, as applicable. This right includes, but is not limited to, eligibility for an Award, determination of Incentive Pool funding, the modification of incentive measures, performance targets and/or performance results. This right also includes the modification of the terms of the Plan, as may be necessary or desirable, to comply with applicable laws and local customs of countries in which the Company operates or has employees. The Company's obligation to pay compensation as herein provided is subject to any applicable orders, rules or regulations of any government agency or office having authority to regulate the payment of wages, salaries and other forms of compensation.

The Committee may delegate to another committee or person, as it may appoint, the authority to take any action consistent with the terms of the Plan, either before or after an Award has been granted, which such other committee or person deems necessary or advisable to comply with any government laws or regulatory requirements of a foreign country, including but not limited to, modifying or amending the terms and conditions governing any Awards, or establishing any local country plans as sub-plans to this Plan. In addition, under all circumstances, the Committee or its delegate which for this purpose includes the Executive Vice President, Worldwide Human Resources and the Senior Vice President, Total Rewards, may make non-substantive administrative changes to the Plan as to conform with or take advantage of governmental requirements, statutes or regulations.

Notwithstanding the foregoing, the Committee or its designee may amend the terms of any Award heretofore granted, prospectively or retroactively, in order to cure any potential defects under Section 409A, in a manner deemed appropriate by the Committee in its sole discretion and absolute discretion, without the consent of the Participant.

SECTION 9. DEFERRAL OF AWARDS UNDER THE COMPANY'S DEFERRED COMPENSATION PLAN

Except as otherwise provided in this Plan, the Committee may provide upon the granting of an Award hereunder, that it is eligible to be deferred under, and pursuant to the terms and conditions of, the Pfizer Inc Deferred Compensation Plan, as such plan may be amended from time to time. Any such deferral shall be in accordance with the terms of such plan and in compliance with the applicable provisions of Section 409A.

SECTION 10. TAX CONSIDERATIONS

(a) For Participants in the United States **,** Award payments under the Plan will be treated as taxable income for the year in which the Participant receives the payment. The Company and its Affiliates shall be authorized to withhold appropriate amounts from such payments to satisfy all federal, state and local tax withholding requirements and any other authorized deductions due in respect of an Award payment hereunder and to take such other action as may be deemed necessary in the opinion of the Company or Affiliate to satisfy all obligations for the payment of such taxes.

Notwithstanding anything herein to the contrary, the terms of the Plan are intended to, and shall be interpreted and applied so as to, comply in all respects with Section 409A. The Committee may amend the terms of any Award heretofore granted, prospectively or retroactively, in order to cure any potential defects under Section 409A, in a manner deemed appropriate by the Committee in its sole and absolute discretion, without the consent of the Participant. Nothing in this Section 10 shall be construed as an admission that any of the compensation and/or benefits payable under this Plan constitutes "deferred compensation" subject to Section 409A. Furthermore, the Company does not represent, covenant or guarantee that any particular Award made under the Plan will be exempt from Section 409A and/or will avoid unfavorable tax consequences to the Participant (e.g., Section 409A penalties).

(b) For Participants located outside of the United States, local country rules on taxation and withholding treatment will apply.

(c) Awards made to participants eligible under the EAIP are intended to qualify as "performance based compensation" under Section 162 (m) of the Code so that they are deductible for United States tax purposes by the Company. Awards made to participants eligible for the EAIP will be governed by the additional terms and conditions included in that plan. With respect to all Awards to participants eligible under the EAIP, to the extent that there are any conflicts between this Plan and the terms of the EAIP, the EAIP will prevail.

SECTION 11. RECOUPMENT

In the event of a significant restatement of the Company's consolidated financial statements (other than a restatement resulting from a change in accounting principles), the Committee will review Awards made under the Plan for performance for the fiscal periods affected by the restatement. If the Committee determines that an Award would have been lower (or would not have been made) if it had been based on the restated results, the Committee may, to the extent permitted by applicable law, seek recoupment of all or any portion of such Award as it deems appropriate, in its sole and absolute discretion, after a review of all relevant facts and circumstances. Any recoupment may be in addition to any other remedies that may be available to the Company under applicable law. Nothing contained in this paragraph will limit the Company's ability to seek recoupment, in appropriate circumstances and as permitted or required by applicable law (including Section 10D of the Securities Exchange Act of 1934, as amended), of any amounts from any Employee, whether or not the Employee is a senior executive.

SECTION 12. GENERAL PROVISIONS

(a) Awards under this Plan are considered variable compensation and as such are not guaranteed.
(b) No Employee shall have the right to be selected to receive an Award under this Plan or, having been so selected, to be selected to receive a future Award. Neither the Award nor any benefits arising out of this Plan shall constitute part of a Participant's employment or service contract with the Company or any Affiliate and, accordingly, this Plan and the benefits hereunder may be terminated at any time in the sole and exclusive discretion of the Company without giving rise to liability on the part of the Company or any Affiliate for severance payments.
(c) No Employee shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Employees or Participants under the Plan.
(d) Nothing in the Plan or any Award granted under the Plan shall be deemed to constitute an employment or service contract or confer or be deemed to confer on any Employee or Participant any right to continue in the employ or service of, or to continue any other relationship with, the Company or any Affiliate or limit in any way the right of the Company or any Affiliate to terminate an Employee's employment or Participant's service at any time, with or without Cause.
(e) Except as otherwise required by the terms of the Plan, recipients of Awards under the Plan shall not be required to make any payment or provide consideration other than the rendering of services.
(f) If any provision of the Plan is or becomes or is deemed invalid, illegal or unenforceable in any jurisdiction, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan, it shall be stricken and the remainder of the Plan shall remain in full force and effect.
(g) Awards may be granted and paid to Participants who are foreign nationals or employed outside the United States, or both, on such terms and conditions different from those applicable to Awards to Participants employed in the United States as may, in the judgment of the Committee, be necessary or desirable in order to recognize differences in local law or tax policy. The Committee also may impose conditions on the payment of Awards in order to minimize the Company's obligation with respect to tax equalization for Employees on assignments outside their home country.
(h) If approved by the Committee in its sole discretion, an Employee's absence or leave because of military or governmental service, disability or other reason shall not be considered an interruption of employment for any purpose under the Plan; provided, however, that to the extent an Award under this Plan is subject to Section 409A, such absence or leave shall be considered a Separation from Service to the extent provided by Section 409A.

SECTION 13. GOVERNING LAW

The provisions of the Plan shall be construed, regulated and administered according to the laws of the State of New York without giving effect to principles of conflicts of law, except to the extent superseded by any controlling Federal statute.

APPENDIX A

Group 1 Countries (Accumulation Of Month-end Salary and Targets)		Group 2 Countries (Dec 31 Salary and Target)	
AUS	AUSTRALIA	DZA	ALGERIA
AUT	AUSTRIA	ARG	ARGENTINA
ZAE	AZERBAIJAN	CMR	CAMEROON
BLR	BELARUS	CRI	COSTA RICA
BEL	BELGIUM	IVC	COTE D'IVOIRE (IVORY COAST)
BIH	BOSNIA AND HERZEGOVINA	ECU	ECUADOR
BRA	BRAZIL	EGY	EGYPT
BGR	BULGARIA	GHA	GHANA
CAN	CANADA	IRN	IRAN (ISLAMIC REPUBLIC OF)
CHL	CHILE	IRQ	IRAQ
CHN	CHINA	JOR	JORDAN
COL	COLOMBIA	KEN	KENYA
HRV	CROATIA	KWT	KUWAIT
CZE	CZECH REPUBLIC	LBN	LEBANON
DNK	DENMARK	LBY	LIBYAN ARAB JAMAHIRIYA
DOM	DOMINICAN REPUBLIC	MAR	MOROCCO
EST	ESTONIA	NGA	NIGERIA
FIN	FINLAND	OMN	OMAN
FRA	FRANCE	PAN	PANAMA
GEO	GEORGIA	PRY	PARAGUAY
DEU	GERMANY	PER	PERU
GRC	GREECE	QAT	QATAR
GTM	GUATEMALA	SAU	SAUDI ARABIA
HND	HONDURAS	SEN	SENEGAL
HKG	HONG KONG	ZAF	SOUTH AFRICA
HUN	HUNGARY	SDN	SUDAN
IND	INDIA	SYR	SYRIAN ARAB REPUBLIC
IDN	INDONESIA	TUN	TUNISIA
IRL	IRELAND	ARE	UNITED ARAB EMIRATES
ISR	ISRAEL	URY	URUGUAY
ITA	ITALY	YEM	YEMEN
JPN	JAPAN		
KAZ	KAZAKHSTAN		
KOR	KOREA, REPUBLIC OF		
LVA	LATVIA		
LTU	LITHUANIA		
LUX	LUXEMBOURG		
MYS	MALAYSIA		
MEX	MEXICO		
NLD	NETHERLANDS		
NZL	NEW ZEALAND		
NIC	NICARAGUA		
NOR	NORWAY		
PAK	PAKISTAN		
PHL	PHILIPPINES		
POL	POLAND		

PRT	PORTUGAL			
ROU	ROMANIA			
RUS	RUSSIAN FEDERATION			
SRB	SERBIA			
SGP	SINGAPORE			
SVK	SLOVAKIA			
SVN	SLOVENIA			
ESP	SPAIN			
SWE	SWEDEN			
CHE	SWITZERLAND			

Group 1 Countries (Accumulation Of Month-end Salary and Targets)			Group 2 Countries (Dec 31 Salary and Target)	
TWN	TAIWAN			
THA	THAILAND			
TUR	TURKEY			
UKR	UKRAINE			
GBR	UNITED KINGDOM			
USA	UNITED STATES			
VEN	VENEZUELA			
VNM	VIETNAM			

Exhibit 10.11

Amendments to the

PFIZER INC DEFERRED COMPENSATION PLAN

*** * ***

(New material in bold and italics; deletions crossed out)

APPENDIX A

GRANDFATHERED BENEFITS

Distribution of amounts that were earned and vested (within the meaning of Section 409A) under the Plan prior to 2005 (and earnings thereon) and are exempt from the requirements of Section 409A shall be made in accordance with the Plan terms as in effect on December 31, 2004 as set forth in this Appendix A . ***Notwithstanding the foregoing, with respect to any Participant employed by Zoetis Inc., on and following the date Zoetis Inc. is no longer a wholly owned subsidiary of the Company due to a tax-free distribution to the Company's stockholders of all or a portion of its equity interest in Zoetis, such Participant shall be deemed to have incurred a termination of employment only upon his or her "Separation from Service" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended, for purposes of the distribution of his or her Grandfathered Benefits.***

Exhibit 10.14

WYETH 2005 (409A)
DEFERRED COMPENSATION PLAN
(effective January 1, 2005)

PURPOSE

The Plan is an unfunded deferred compensation plan that provides certain key Employees with the opportunity to voluntarily defer receipt of a portion of their compensation. Wyeth adopted the Plan to enable the Company to attract and retain a select group of management and highly compensated Employees. The Plan is intended to comply with Section 409A. Wyeth also maintains the Prior Plan, which governs certain compensation deferred by a select group of management and highly compensated Employees that is not subject to Section 409A.

Capitalized terms not otherwise defined in the text hereof shall have the meanings set forth in Section 1.

SECTION 1

DEFINITIONS

1.1 Rules of Construction. Except where the context indicates otherwise, any masculine terminology used herein shall also include the feminine gender, and the definition of any term herein in the singular shall also include the plural. All references to sections and appendices are, unless otherwise indicated, to sections or appendices of the Plan.

1.2 Terms Defined in the Plan. Whenever used herein, the following terms shall have the meanings set forth below:

(a) "Administrative Procedures" means the policies and procedures established by the Committee and/or the Administrative Record Keeper from time to time governing elections to participate in the Plan, maintenance of Deferral Accounts, Investment Options, calculation of Investment Earnings/Losses, required Election Forms, distributions from the Plan and such other matters as are necessary for the proper administration of the Plan.

(b) "Administrative Record Keeper" means the person or persons designated by the Committee in accordance with Section 2.

(c) "Affiliate" means any corporation which is included in a controlled group of corporations (within the meaning of Section 414(b) of the Code) which includes Wyeth, any trade or business (whether or not incorporated) which is under common control with Wyeth (within the meaning of Section 414(c) of the Code), any organization included in the same affiliated service group (within the meaning of Section 414(m) of the Code) as Wyeth and any other entity required to be aggregated with Wyeth pursuant to the regulations under Section 414(o) of the Code.

(d) " Base Salary " means the annual base compensation to be paid during a Plan Year by the Company or its Subsidiaries to an Employee for services rendered during such Plan Year from all sources (*i.e.* , regardless of whether United States source or foreign source).

(e) " Beneficiary " means one or more persons or entities (including a trust or estate) designated by a Participant to receive payment of any unpaid balance in the Participant's Deferral Account in the event of the Participant's death. Such designation shall be made on a form provided by the Administrative Record Keeper. If no valid Beneficiary designation is in effect at the Participant's death, or if no person or persons so designated survives the Participant, or if each surviving validly designated Beneficiary is legally impaired or prohibited from receiving payment, Participant's Beneficiary shall be the Participant's Surviving Spouse, if any, or if the Participant has no Surviving Spouse, then his estate. If the Committee is in doubt as to the right of any person to receive such amount, it may retain such amount, without liability for any interest thereon, until the rights thereto are determined, or the Committee may pay such amount into any court of competent jurisdiction and such payment shall be a complete discharge of the liability of the Plan.

(f) " Board of Directors " means the Board of Directors of Wyeth (or any committee of the Board of Directors to whom the Board delegates, from time to time, its authority hereunder).

(g) " Bonus Compensation " means cash compensation to be paid to an Eligible Employee by the Company with respect to services rendered during a Plan Year under any incentive compensation or bonus plan, program or arrangement which is maintained or which may be adopted by the Company.

(h) " Business Day " means each day that the New York Stock Exchange is open for business.

(i) " Change in Control " means the first to occur of any of the following events:

(i) any person or persons acting in concert (excluding Wyeth benefit plans) becomes the beneficial owner of securities of Wyeth having at least 20% of the voting power of Wyeth's then outstanding securities (unless the event causing the 20% threshold to be crossed is an acquisition of voting common securities directly from Wyeth); or

(ii) the consummation of any merger or other business combination of Wyeth, sale or lease of Wyeth's assets, or combination of the foregoing transactions (the "Transactions"), other than a Transaction immediately following which the shareholders of Wyeth who owned shares immediately prior to the Transaction (including any trustee or fiduciary of any Wyeth employee benefit plan) own, by virtue of their prior ownership of Wyeth's shares, at least 65% of the voting power, directly or indirectly, of (a) the surviving corporation in any such merger or other business combination; (b) the purchaser or lessee of the Wyeth's assets; or (c) both the surviving corporation and the purchaser or lessee in the event of any combination of Transactions; or

(iii) within any 24 month period, the persons who were directors immediately before the beginning of such period (the " Incumbent Directors ") shall cease (for any reason other than death) to constitute at least a majority of the Board of Directors or the board of directors of a successor to Wyeth. For this purpose, any director who was not a director at the beginning of such period shall be deemed to be an Incumbent Director if such director was elected to the Board of Directors by, or on the recommendation of or with the approval of, at least two-thirds of the directors who then qualified as Incumbent Directors (so long as such director was not nominated by a person who has expressed an intent to effect a Change in Control or engage in a proxy or other control contest);

provided , however , that no event shall constitute a change in control unless it is a change in control within the meaning of Section 409A.

(j) " Code " means the Internal Revenue Code of 1986, as amended, and any applicable rulings and regulations promulgated thereunder.

(k) " Committee " means the Compensation and Benefits Committee of the Board of Directors.

(l) " Company " means Wyeth and its Affiliates.

(m) " Default Investment Option " means the default investment option specified from time to time by the Committee for hypothetical investment of a Participant's Deferral Account in the event the Participant fails to allocate all or a portion of his Deferral Account to a particular Investment Option.

(n) " Deferral Account " means a bookkeeping account (including all sub-accounts) maintained by the Administrative Record Keeper for each Participant to record (i) the Participant's Base Salary and/or Bonus Compensation deferrals under the Plan, (ii) the amount of a Valid Notional Rollover of all or a portion of the Participant's (A) ERP 409A Benefit, (B) SERP 409A Benefit, and (C) SESP 409A Account, plus or minus (iii) Investment Earnings/Losses on those amounts minus (iv) all distributions or withdrawals made to a Participant or his Beneficiary.

(o) " Deferred Compensation Tax Compliance Committee " means a committee of such officers and/or employees of the Company as shall be designated from time to time by the Company.

(p) " Delayed Payment Amount " shall have the meaning set forth in Section 7.7.

(q) " Disability " means a Participant (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months

under an accident and health plan covering employees of the Company, within the meaning of Section 409A.

(r) " Election Form " means the form or forms established from time to time by the Administrative Record Keeper and/or the Committee, that an Eligible Employee completes, signs and returns to the Administrative Record Keeper to make an election under the Plan. Election Forms can be in paper, electronic or such other media (or combination thereof) as the Administrative Record Keeper shall specify from time to time.

(s) " Eligible Employee " means an active Employee (i) whose terms and conditions of employment are not subject to a collective bargaining agreement, (ii) who at any time during the Plan Year is eligible to receive Base Salary for the Plan Year on an annualized basis of not less than one hundred fifty-five thousand dollars ($155,000) or such other amount as may be determined from time to time by the Committee, and (iii) who is paid in whole or in part through the Company's regular U.S. payroll. Notwithstanding the foregoing, an individual shall not become an "Eligible Employee" until the first day of the month following the date on which such individual satisfies requirement (ii) of the previous sentence. Further, the term " Eligible Employees " shall exclude individuals classified by the Company as leased employees, independent contractors or consultants or any individuals who are not paid through the Company's regular payroll.

(t) " Employee " means an employee of the Company or its Subsidiaries.

(u) " ERP " means the Wyeth Executive Retirement Plan (amended and restated effective as of January 1, 2005), as amended from time to time.

(v) " ERP 409A Benefit " means the portion of an Eligible Employee's benefit under the ERP that is subject to Section 409A.

(w) " ERP Grandfathered Benefit " means the portion of an Eligible Employee's benefit under the ERP that, for purposes of Section 409A, was both earned and vested on December 31, 2004.

(x) " Installment Retirement Benefit " shall have the meaning set forth in Section 7.2(a).

(y) " Investment Earnings/Losses " means the income, gains and losses that would have been realized had an amount deferred hereunder actually been invested in the Investment Option or Options selected by a Participant.

(z) " Investment Options " means the Market Interest Option or such other investment options are selected from time to time by the Committee that are used as hypothetical investment options among which the Participant may allocate all or a portion of his Deferral Account.

(aa) " Key Employee " means (i) each "specified employee," as defined in Section 409A(a)(2)(B)(i) of the Code, who meets the requirements of Section 416(i)(1)(A)(i), (ii) or (iii) of the Code (applied in accordance with the regulations thereunder and disregarding Section 416(i)(5) of the Code) any time during the 12-month period ending on December 31 st of a calendar year and (ii) to the extent not otherwise included in (i) hereof, each of the top-100 paid individuals (based on W-2 compensation for the 12-month period ending on December 31 st of such calendar year) who performed services for the Company at any time during the 12-month

period ending on December 31st of such calendar year. A Participant shall be treated as a Key Employee for the 12-month period beginning on April 1st of the calendar year following the calendar year for which the determination under clause (i) or (ii) of this definition is made.

(bb) "Lump Sum Retirement Benefit" shall have the meaning set forth in Section 7.2(a).

(cc) "Market Interest Option" means the Investment Option that provides for Investment Earnings/Losses on amounts deferred under the Plan at the Market Rate.

(dd) "Market Rate" means, for a particular calendar year, (i) 120% of the long term applicable federal rate, with quarterly compounding, for the month of January of such calendar year, as published under Section 1274(d) of the Code for such year or (ii) such other rate as shall be specified from time to time by the Committee, except that any rate specified under clause (ii) shall only apply to amounts in a Deferral Account on a prospective basis and following reasonable notice of such rate to Participants.

(ee) "Normal Retirement Date" shall have the same meaning as set forth in the Retirement Plan.

(ff) "Participant" means an Employee or Retiree (for so long as he retains a Deferral Account under the Plan) who participates in the Plan.

(gg) "Plan" means this Wyeth 2005 (409A) Deferred Compensation Plan, as amended from time to time.

(hh) "Plan Year" means the calendar year.

(ii) "Prior Plan" means the terms of the Wyeth Deferred Compensation Plan (as amended and restated as of November 20, 2003), as set forth in the Company's written documentation, rules, practices and procedures applicable to the Prior Plan (but without regard to any amendments thereto after October 3, 2004 that would result in any material modification, within the meaning of Section 409A and Notice 2005-1, of the Plan).

(jj) "Retiree" means an individual who is Retired.

(kk) "Retirement", "Retire(s)" or "Retired" means the first of the month following Separation from Service with the Company for any reason other than a leave of absence, death or Disability on or after the Participant becomes Retirement Eligible.

(ll) "Retirement Benefit" means the type and form of payments available to a Participant upon Retirement as described in Section 7.2(a).

(mm) "Retirement Benefit Installment Payout Dates" means, with respect to a deferral made by a Participant, the first day of the calendar quarter elected (initially or upon redeferral pursuant to Section 8) by the Participant for the commencement of installment payments and, in the case of annual installments, the anniversary dates thereof and, in the case of quarterly installments, the first day of each calendar quarter thereafter, in each case through the final installment payout date elected by the Participant with respect to such deferral; provided that the first of such dates shall be:

(i) with respect to a distribution election made by a Participant in accordance with the SESP, at least 12 months after a Valid Notional Rollover of all or a portion of the SESP 409A Account;

(ii) with respect to redeferral by a Participant of all or a portion of the ERP 409A Benefit, the SERP 409A Benefit or the SESP 409A Account pursuant to a Valid Notional Rollover in accordance with the provisions of the ERP, the SERP or the SESP, as the case may be, not earlier than five years after the date such ERP 409A Benefit, SERP 409A Benefit or SESP 409A Account would otherwise have been payable;

(iii) with respect to a deferral of all or a portion of the ERP 409A Benefit or the SERP 409A Benefit pursuant to a Valid Notional Rollover in accordance with the provisions of the ERP or the SERP, as the case may be, by a Participant who makes a distribution election prior to December 31, 2005 and incurs a Separation from Service during the calendar year 2006, not earlier than January 1, 2007;

(iv) with respect to a deferral of all or a portion of the ERP 409A Benefit or the SERP 409A Benefit pursuant to a Valid Notional Rollover in accordance with the provisions of the ERP or the SERP, as the case may be, by a Participant who makes a distribution election in calendar year 2006 and incurs a Separation from Service during the calendar year 2007, not earlier than January 1, 2008;

(v) with respect to a deferral of all or a portion of the ERP 409A Benefit or the SERP 409A Benefit pursuant to a Valid Notional Rollover in accordance with the provisions of the ERP or the SERP, as the case may be, by a Participant who makes a distribution election in calendar year 2007 and incurs a Separation from Service during the calendar year 2008, not earlier than January 1, 2009;

(vi) with respect to all other Retirement Benefit payments (including all or a portion of the ERP 409A Benefit or the SERP 409A Benefit rolled over to the Plan in a Valid Notional Rollover not in connection with a redeferral), on or after the Participant's Retirement Date; and

provided , further , that the final installment payout date with respect to such deferral occurs (X) no earlier than the second anniversary of the first installment payment and (Y) no later than the earlier of (I) the quarter prior to the fifteenth anniversary of the first installment payment and (II) the fifteenth anniversary of the Participant's Normal Retirement Date.

(nn) " Retirement Benefit Lump Sum Payout Date " means, with respect to a deferral made by a Participant, the first day of the calendar quarter elected (initially or upon redeferral pursuant to Section 8) by the Participant for a lump sum payout of a Retirement Benefit; provided that such date shall not be earlier than:

(i) with respect to a distribution election made by a Participant in accordance with the SESP, at least 12 months after a Valid Notional Rollover of all or a portion of the SESP 409A Account;

(ii) with respect to redeferral by a Participant of all or a portion of the ERP 409A Benefit, the SERP 409A Benefit or the SESP 409A Account pursuant to a Valid Notional Rollover in accordance with the provisions of the ERP, the SERP or the SESP, as the case may be, not earlier than five years after the date such ERP 409A Benefit, SERP 409A Benefit or SESP 409A Account would otherwise have been payable;

(iii) with respect to a deferral of all or a portion of the ERP 409A Benefit or the SERP 409A Benefit pursuant to a Valid Notional Rollover in accordance with the provisions of the ERP or the SERP, as the case may be, by a Participant who makes a distribution election prior to December 31, 2005 and incurs a Separation from Service during the calendar year 2006, not earlier than January 1, 2007;

(iv) with respect to a deferral of all or a portion of the ERP 409A Benefit or the SERP 409A Benefit pursuant to a Valid Notional Rollover in accordance with the provisions of the ERP or the SERP, as the case may be, by a Participant who makes a distribution election in calendar year 2006 and incurs a Separation from Service during the calendar year 2007, not earlier than January 1, 2008;

(v) with respect to a deferral of all or a portion of the ERP 409A Benefit or the SERP 409A Benefit pursuant to a Valid Notional Rollover in accordance with the provisions of the ERP or the SERP, as the case may be, by a Participant who makes a distribution election in calendar year 2007 and incurs a Separation from Service during the calendar year 2008, not earlier than January 1, 2009;

(vi) with respect to all other Retirement Benefit payments (including all or a portion of the ERP 409A Benefit or the SERP 409A Benefit rolled over to the Plan in a Valid Notional Rollover not in connection with a redeferral), on or after the Participant's Retirement date; and

provided , further , that such date shall be no later than the fifteenth anniversary of the Participant's Normal Retirement Date.

(oo) " Retirement Eligible " means a Participant who is an Employee and who has attained the earlier of (i) age 65, or (ii) age 55 with at least five Years of Vesting Service.

(pp) " Retirement Plan " means the Wyeth Retirement Plan – United States, as amended from time to time.

(qq) " Section 409A " means Section 409A of the Code and the applicable rulings and regulations promulgated thereunder.

(rr) " Section 409A Compliance " has the meaning set forth in Section 9.2.

(ss) " Separation from Service " means "separation from service", as defined under applicable Internal Revenue Service Treasury Regulations for purposes of Section 409A of a Participant from the Company or its Subsidiaries.

(tt) " SERP " means the Wyeth Supplemental Executive Retirement Plan (amended and restated effective as of January 1, 2005), as amended from time to time.

(uu) " SERP 409A Benefit " means the portion of an Eligible Employee's benefit under the SERP that is subject to Section 409A.

(vv) " SERP Grandfathered Benefit " means the portion of an Eligible Employee's Benefit under the SERP that, for purposes of Section 409A, was both earned and vested on December 31, 2004.

(ww) " SESP " means the Wyeth Supplemental Savings Plan (amended and restated effective as of January 1, 2005), as amended from time to time.

(xx) " SESP 409A Account " means an Eligible Employee's 409A Account (as defined in the SESP) under the SESP.

(yy) " SESP Grandfathered Account " means an Eligible Employee's Grandfathered Account (as defined in the SESP) under the SESP.

(zz) " Short-Term Payout " means the type of payout available to a Participant as described in Section 7.1(a).

(aaa) " Short-Term Payout Date " means, with respect to a deferral of Base Salary or Bonus Compensation made by a Participant, the first day of the calendar quarter elected by the Participant for payment of a Short-Term Payout; provided , however , that such date shall be in a Plan Year which, in the case of an initial election, is at least three but no more than 15 years after the end of the Plan Year with respect to which a deferral occurs and in the case of a redeferral pursuant to Section 8, is at least five but not more than 15 years after the date on which the Short-Term Payout, but for the redeferral, would have been paid; and provided , further , that in each case such date shall be no later than the fifteenth anniversary of the Participant's Normal Retirement Date.

(bbb) " Subsidiary(ies) " means, as to any person, any corporation, partnership or joint venture, of which (or in which) such person, together with one or more of its subsidiaries, directly or indirectly owns more than fifty percent (50%) of the interest in the capital or profits of such corporation, partnership or joint venture.

(ccc) " Unforeseeable Emergency " has the meaning ascribed in Section 409A.

(ddd) " Valid Notional Rollover " means a notional rollover in accordance with the requirements of the SESP, the SERP or the ERP, as the case may be, of all or a portion of (i) a Participant's SESP 409A Account, (ii) SERP 409A Benefit or (iii) ERP 409A Benefit, to the Plan by a Participant in the SESP, the SERP or the ERP, as the case may be, who is Retirement Eligible at the time of his Separation from Service. The effective date of a Valid Notional Rollover shall be the first of the month following the Participant's Separation from Service, even if all or a portion of the SESP 409A Account, SERP 409A Benefit or ERP 409A Benefit would otherwise have been paid to the Participant at a later date.

(eee) " Wyeth " means Wyeth, a Delaware corporation, and any successor thereto.

(fff) " Yearly or Quarterly Installment Method " means a yearly (or quarterly) installment payment over the number of years (or quarters) selected by the Participant in accordance with the Plan, calculated as follows: the Deferral Account of the Participant shall be calculated as of the close of business on the date of reference (or, if the date of reference is not a business day, on the immediately following business day). The date of reference with respect to the first yearly (or quarterly) installment payment dates shall be as provided in Section 7.2 and the date of reference with respect to subsequent yearly (or quarterly) installment payment dates shall be the anniversary date or dates thereof in the applicable year. The yearly (or quarterly) installment shall be calculated by multiplying the portion of the Deferral Account not allocated to the Market Interest Option by a fraction, the numerator of which is one, and the denominator of which is the remaining number of yearly (or quarterly) payments due the Participant. The portion of an installment payment attributable to amounts allocated to the Market Interest Option shall be calculated in accordance with Section 7.2(c). By way of example, if the Participant elects 10 yearly (or 40 quarterly) installment payments, the first payment shall be one-tenth (1/10) (or one-fortieth (1/40)) of the Deferral Account, calculated as described in this definition. For the following payment, the payment shall be one-ninth (1/9) (or one thirty-ninth (1/39)) of the Deferral Account, calculated as described in this definition.

(ggg) " Year of Vesting Service " has the meaning ascribed to it in the Retirement Plan as of January 1, 2006 and, prior to such date, has the meaning ascribed to "Continuous Service," as such term was defined in the Retirement Plan prior to January 1, 2006.

SECTION 2
ADMINISTRATION

2.1 General Authority . The general supervision of the Plan shall be the responsibility of the Committee, which, in addition to such other powers as it may have as provided herein, shall have the power, subject to the terms of the Plan: (i) to determine eligibility to participate in, and the amount of benefit to be provided to any Participant under, the Plan; (ii) to make and enforce such rules and regulations as it shall deem necessary or proper for the efficient administration of the Plan; (iii) to determine all questions arising in connection with the Plan, to interpret and construe the Plan, to resolve ambiguities, inconsistencies or omissions

in the text of the Plan, to correct any defects in the text of the Plan and to take such other action as may be necessary or advisable for the orderly administration of the Plan; (iv) to make determinations regarding the valuation of Deferral Accounts; (v) to make any and all legal and factual determinations in connection with the administration and implementation of the Plan; (vi) to designate the Administrative Record Keeper and to review actions taken by the Administrative Record Keeper or any other person to whom authority is delegated under the Plan; and (vii) to employ and rely on legal counsel, actuaries, accountants and any other agents as may be deemed to be advisable to assist in the administration of the Plan. All such actions of the Committee shall be conclusive and binding upon all persons. The Committee shall be entitled to rely conclusively upon all tables, valuations, certificates, opinions, and reports furnished by any actuary, accountant, controller, counsel, or other person employed or engaged by the Company with respect to the Plan. If any member of the Committee is a Participant, such member shall not resolve, or participate in the resolution of, any matter specifically relating to such Committee member's eligibility to participate in the Plan or the calculation or determination of such member's benefit under the Plan.

2.2 Delegation. The Committee shall have the power to delegate to any person or persons the authority to carry out such administrative duties, powers and authority relative to the administration of the Plan as the Committee may from time to time determine. Any action taken by any person or persons to whom the Committee makes such a delegation shall, for all purposes of the Plan, have the same force and effect as if undertaken directly by the Committee.

2.3 Administrative Record Keeper. The Administrative Record Keeper shall be responsible for the day-to-day operation of the Plan, having the power (except to the extent such power is reserved to the Committee) to take all action and to make all decisions necessary or proper in order to carry out his duties and responsibilities under the provisions of the Plan. If the Administrative Record Keeper is a Participant, the Administrative Record Keeper shall not resolve, or participate in the resolution of, any question which relates directly or indirectly to him and which, if applied to him, would significantly vary his eligibility for, or the amount of, any benefit to him under the Plan. The Administrative Record Keeper shall report to the Committee at such times and in such manner as the Committee shall request concerning the operation of the Plan.

2.4 Actions; Indemnification. The members of the Board of Directors, the Committee, the Administrative Record Keeper, the members of the Deferred Compensation Tax Compliance Committee, the members of any other committee and any director, officer or employee of the Company to whom responsibilities are delegated by the Committee shall not be liable for any actions or failure to act with respect to the administration or interpretation of the Plan, unless such person acted in bad faith or engaged in fraud or willful misconduct. The Company shall indemnify and hold harmless, to the fullest extent permitted by law, the Board of Directors (and each member thereof), the Committee (and each member thereof), the Deferred Compensation Tax Compliance Committee (and each member thereof), the Administrative Record Keeper, the members of any other committee and any director, officer or employee of the Company to whom responsibilities are delegated by the Committee from and against any liabilities, damages, costs and expenses (including attorneys' fees and amounts paid in settlement

of any claims approved by the Company) incurred by or asserted against it or him by reason of its or his duties performed in connection with the administration or interpretation of the Plan, unless such person acted in bad faith or engaged in fraud or willful misconduct. The indemnification, exculpation and liability limitations of this Section 2.4 shall apply to the Administrative Record Keeper only to the extent that the Administrative Record Keeper is or was a director, officer or employee of the Company.

SECTION 3

GRANDFATHERED BENEFITS

The Company maintains the Prior Plan, which was designed to provide certain Employees with the opportunity to voluntarily defer receipt of a portion of their compensation. All amounts deferred under the Prior Plan that, for purposes of Section 409A, were both earned and vested on December 31, 2004 shall be subject to the terms of the Prior Plan as in effect on December 31, 2004. The ERP Grandfathered Benefits, SERP Grandfathered Benefits and the SESP Grandfathered Account that are rolled over in a Valid Notional Rollover shall be rolled over into the Prior Plan and be subject to the terms of the Prior Plan as in effect on December 31, 2004.

SECTION 4

PARTICIPATION IN THE PLAN

4.1 **Base Salary and Bonus Deferrals**. An Eligible Employee who elects to defer Base Salary or Bonus Compensation in accordance with Section 5.1 shall commence participation in the Plan as of the date that amounts elected to be deferred are first credited to the Eligible Employee's Deferral Account.

4.2 **Rollover from SERP, ERP and SESP**. An Eligible Employee who makes a Valid Notional Rollover of all or a portion of his SERP 409A Benefit, his ERP 409A Benefit or his SESP 409A Account to the Plan in accordance with the requirements of the SERP, the ERP or the SESP, as the case may be, and is not already a Participant, shall become a Participant on the effective date of such Valid Notional Rollover.

4.3 **Exclusions**. No Employee who is not an Eligible Employee shall be eligible to participate in the Plan. In addition, the Committee may, if it determines it to be
necessary or advisable to comply with ERISA, the Code or other applicable law, exclude one or more Eligible Employees or one or more classes of Eligible Employees from Plan participation.

SECTION 5

DEFERRALS AND ELECTIONS

5.1 **Elections**. All deferrals under the Plan shall be evidenced by the Eligible Employee properly executing and submitting such Election Forms as may be required by the

Administrative Record Keeper in accordance with the Administrative Procedures and this Section 5.

5.2 Deferrals of Base Salary and/or Bonus Compensation .

(a) Deferrals of Base Salary and Bonus . Subject to the following sentence, for each Plan Year, a Participant may designate a percentage of his Base Salary and/or Bonus Compensation that is payable in a Plan Year to be deferred in accordance with this Section 5. If an Eligible Employee elects to defer Base Salary into the Plan, six percent of such Base Salary elected to be deferred for a particular Plan Year shall automatically be deferred under the SESP for the same Plan Year.

(b) Minimum/Maximum Amount of Deferral . For each Plan Year, a Participant may elect to defer Base Salary and Bonus Compensation in increments of at least one percent of Base Salary or Bonus Compensation, as the case may be (unless the Committee determines otherwise in its sole discretion), up to a maximum of one hundred percent (less required or elected payroll deductions such as for medical and welfare benefits) of a Participant's Base Salary or Bonus Compensation with respect to a Plan Year. Notwithstanding the foregoing, Base Salary and Bonus Compensation may only be deferred to the extent such amounts would otherwise have been paid to the Participant through the Company's regular U.S. payroll.

(c) Base Salary Deferral Elections . Except for the first Plan Year in which an individual becomes an Eligible Employee, an Eligible Employee's voluntary election to defer Base Salary must be received by the Administrative Record Keeper no later than December 31 of the prior Plan Year, or such earlier date as may be determined by the Administrative Record Keeper in accordance with the Administrative Procedures. With respect to the first Plan Year in which an individual becomes an Eligible Employee, elections to voluntarily defer Base Salary into the Plan must be made no later than 30 days after the date the Employee first becomes an Eligible Employee and shall only apply to Base Salary earned after such election becomes irrevocable, as determined in accordance with the Administrative Procedures.

(d) Bonus Compensation . Except for the first Plan Year in which an individual becomes an Eligible Employee, an Eligible Employee's voluntary election to defer Bonus Compensation must be received by the Administrative Record Keeper no later than December 31 of the Plan Year prior to the Plan Year with respect to which the Bonus Compensation will be earned. With respect to the first Plan Year in which an individual becomes an Eligible Employee, elections to voluntarily defer Bonus Compensation into the Plan must be made no later than 30 days after the date the Employee becomes an Eligible Employee and shall only apply to the percentage of a Participant's Bonus Compensation that is no greater than the total amount of the Participant's Bonus Compensation for a Plan Year multiplied by the ratio of the number of days remaining in the Plan Year after such election becomes irrevocable as determined in accordance with the Administrative Procedures over the total number of days in the Plan Year.

(e) Distribution Elections . For each Base Salary and/or Bonus Compensation deferral, a Participant shall make an election at the same time that he makes a deferral election to

receive a Short-Term Payout on a Short-Term Payout Date or a contingent election to receive a Retirement Benefit in accordance with the Administrative Procedures and the provisions of Section 7 below.

5.3 Deferrals of Amounts Notionally Rolled Over from the SERP, the ERP and SESP.

(a) Notional Rollover from the ERP, the SERP and the SESP. All or a portion of a Participant's ERP 409A Benefit, SERP 409A Benefit and SESP 409A Account may be transferred to the Plan in a Valid Notional Rollover in accordance with the terms and conditions of the ERP, the SERP, and the SESP, as the case may be.

(b) Distribution Elections. A Participant shall make an election to receive a Retirement Benefit upon Retirement at the time he makes either an initial or a redeferral election to rollover all or a portion of his ERP 409A Benefit, SERP 409A Benefit or SESP 409A Account to the Plan in a Valid Notional Rollover in accordance with the Administrative Procedures and the provisions of Section 7 below. A Participant shall be permitted to make a separate distribution election under the Plan in connection with each initial or redeferral election to rollover all or a portion of the ERP 409A Benefit, the SERP 409A Benefits and the SESP 409A Account. A Participant's election to redefer all or a portion of the ERP 409A Benefit, the SERP 409A Benefit or the SESP 409A Account shall further comply with the provisions of Sections 8.3 and 8.4.

5.4 Transition Rules.

(a) Year 2005/2006/2007. Appendix A sets forth certain transition elections for Deferral Accounts made in accordance with Section 409A and Notice 2005-1 which shall, for affected Participants, supplement and, to the extent required by Appendix A, replace the corresponding provisions of this Section 5.

SECTION 6

DEFERRAL ACCOUNTS

6.1 Plan Accounts – In General. An individual Deferral Account shall be established and maintained under the Plan on behalf of each Participant by or on behalf of whom deferrals have been made. The Deferral Account shall track the Base Salary and Bonus Compensation deferrals, Valid Notional Rollovers from the SERP, ERP and SESP, Investment Earnings/Losses, distributions or other elections applicable to such accounts. The Deferral Account shall have sub-accounts established and maintained as appropriate to reflect the Base Salary deferrals, Bonus Contribution deferrals, Valid Notional Rollovers from each of the ERP, SERP and SESP, as applicable and Investment Option(s) selected by the Participant.

6.2 Crediting/Debiting of Deferral Account. Base Salary and Bonus Compensation deferrals and Valid Notional Rollovers from the SERP, ERP and SESP shall be credited to a Participant's Deferral Account in accordance with the Administrative Procedures. A Participant's

Deferral Account shall be credited or debited with Investment Earnings/Losses based upon the Investment Options selected by the Participant pursuant to Section 6.3 and in accordance with the Administrative Procedures.

6.3 Election of Investment Options. A Participant shall elect, in accordance with the Administrative Procedures, one or more Investment Option(s) from a menu of Investment Options provided by the Committee to be used to determine Investment Earnings/Losses credited or debited to his Deferral Account. A Participant may reallocate the existing balance of his Deferral Account among the available Investment Options and change Investment Options with respect to future deferrals under the Plan in accordance with the Administrative Procedures. In the event that a Participant fails to select one or more Investment Options for all or a portion of his Deferral Account (including in the situation where the Investment Option is discontinued and the Participant fails to designate an alternative in accordance with the Administrative Procedures), such amounts shall be deemed invested in the Default Investment Option. In addition to the blackout periods and other restrictions set forth in the Company's Securities Transactions Policy, as amended from time to time, the Company may impose such additional restrictions on transfers by Participants in the Company Stock Fund as it deems necessary or advisable in order to comply with federal or state securities laws (including, but not limited to Rule 16b-3 of the Securities Exchange Act of 1934, as amended). Any Participant subject to such restrictions shall be notified by the Company.

6.4 Investment Options. The Committee shall select the Investment Options. The Committee shall be permitted to add, remove or change Investment Options as it deems appropriate, provided that any such addition, deletion or change shall not be effective with respect to any period prior to the effective date of the change. Each Participant, as a condition to his participation in the Plan, agrees to indemnify and hold harmless the Committee, the Administrative Record Keeper, and the Company, and their agents and representatives, from any losses or damages of any kind relating to the Investment Options made available hereunder.

6.5 Crediting or Debiting Method. The performance of each elected Investment Option (either positive or negative) will be determined based on the performance of the actual Investment Option. A Participant's Deferral Account shall be credited or debited with Investment Earnings/Losses on each Business Day, or as otherwise determined by the Administrative Record Keeper in accordance with the Administrative Procedures. The Administrative Record Keeper shall establish procedures for valuing the balance of a Participant's Deferral Account, from time to time, including upon distribution, in accordance with the Administrative Procedures.

6.6 No Actual Investment. Notwithstanding any other provision of the Plan, the Investment Options are to be used for measurement purposes only, and a Participant's election of any such Investment Options and the crediting or debiting of Investment Earnings/Losses to a Participant's Deferral Account shall not be considered or construed in any manner as an actual investment of his Deferral Account in any such Investment Options. In the event that the Company decides to invest funds in any or all of the Investment Options, no Participant shall have any rights in or to such investments themselves. Without limiting the foregoing, a

Participant's Deferral Account shall at all times be a bookkeeping entry only and shall not represent any investment made on his behalf by the Company. The Participant shall at all times remain an unsecured creditor of the Company.

SECTION 7

DISTRIBUTIONS

7.1 Base Salary and Bonus Compensation Deferrals .

(a) Short-Term Payouts . Each Short-Term Payout shall be a lump-sum payment equal to the deferred amount, plus or minus Investment Earnings/Losses debited or credited thereto in the manner provided in Section 6, determined at the time the Short-Term Payout becomes payable. Each Short-Term Payout elected shall be payable on the Short-Term Payout Date designated by the Participant on the Election Form with respect thereto. Short-Term Payouts shall be made as soon as practicable after the applicable Short-Term Payout Date elected by the Participant on the applicable Election Form; provided , however , that in no event shall such payment be made later than 30 days after the relevant elected date. Notwithstanding the foregoing, in the event that a scheduled Short-Term Payout, if paid, would (or in the judgment of the Committee, would be reasonably likely to) result in the loss of deductibility for federal income tax purposes of any compensation paid by the Company due to the limitations of Section 162(m) of the Code in any Plan Year, then the scheduled Short-Term Payout shall be delayed to the earlier of (i) the date the Committee reasonably determines that the deduction of payment of the Short-Term Payout would not be limited or eliminated by application of Section 162(m) of the Code or (ii) the calendar year in which the Participant Separates from Service.

7.2 Retirement Benefit .

(a) Form of Distribution of Retirement Benefit . A Participant's Retirement Benefit may be paid in either a lump sum (" Lump Sum Retirement Benefit ") on a Retirement Benefit Lump Sum Payout Date elected by the Participant or in quarterly or yearly installment payments (" Installment Retirement Benefit ") on Retirement Benefit Installment Payout Dates elected by the Participant. The Participant's Retirement Benefit payments shall be made in accordance with the Administrative Procedures as soon as practicable after the applicable Retirement Benefit Lump Sum Payout Date or Retirement Benefit Installment Payout Dates elected by the Participant on the applicable Election Form; provided , however , that in no event shall such payments be made later than 30 days after the relevant elected dates.

(b) Installment Payments for Retirement Benefits Allocated to Investment Options (Other than the Market Interest Option) . The amount of each installment payment with respect to the portion of a Deferral Account that is allocated to an Investment Option (other than the Market Interest Option) shall be determined by the Yearly Installment Method, if the Participant elected to receive annual installments or the Quarterly Installment Method, if the Participant elected to receive quarterly installments.

(c) Installment Payments for Retirement Benefits Allocated to the Market Interest Option . The amount of each installment payment with respect to the portion of a Deferral

Account that is allocated to the Market Interest Option shall be determined by the following annuity methodology. The amount of each installment payment shall be calculated by the Administrative Record Keeper as an annuity at the beginning of the installment payout period elected by the Participant and shall be recalculated each time there is a change in the Market Rate or the Participant transfers an amount into or out of the Market Interest Option, based on: (i) the balance of the applicable portion of the Participant's Deferral Account that is allocated to the Market Interest Option (adjusted to reflect interest at the Market Rate then in effect in accordance with clause (iii)) immediately following the date of the change in the Market Rate or the Participant's transfer as applicable, (ii) the number of remaining installments, (iii) the Market Rate in effect at the time of the calculation (assuming that the Market Rate will remain unchanged throughout the payout period), and (iv) a final value of the portion of the Participant's Deferral Account allocated to the Market Interest Option of zero dollars ($0).

7.3 **Payment Upon Separation from Service**. Subject to Section 7.6 below, and notwithstanding anything in the Plan to the contrary, in the event a Participant incurs a Separation from Service with the Company for reasons other than Retirement or death (including a Separation from Service as a result of Disability by a Participant who is Retirement Eligible), or in the event that any Subsidiary that employs a Participant ceases to be a wholly-owned Subsidiary of Wyeth, the entire balance of the Participant's Deferral Account shall be distributed to the Participant in a single lump sum within 90 days thereafter.

7.4 **Payment Upon Death**. Notwithstanding anything in the Plan to the contrary, in the event a Participant dies prior to the receipt of any or all of his or her Deferral Account, the balance of such account shall be distributed in a single lump sum to the Participant's Beneficiary(ies) as soon as practicable following the Participant's death, but in no event later than the later of (x) December 31 of the calendar year in which the death occurs or (y) the 15th day of the third calendar month following the Participant's death.

7.5 **Distribution of an Unforeseeable Emergency**.

(a) **In General**. A Participant may receive a distribution with respect to his Deferral Account, at such time as the Committee determines that the Participant or his Beneficiary has incurred an Unforeseeable Emergency. Distribution because of an Unforeseeable Emergency must be limited to the amount reasonably necessary to satisfy the Unforeseeable Emergency and shall be permitted only if the Unforeseeable Emergency may not be relieved through reimbursement from insurance or otherwise, by liquidation of the Participant's assets, to the extent the liquidation of such assets would not cause severe financial hardship to the Participant or by cessation of deferrals by the Participant in the Plan and the SESP. If a Participant demonstrates that an Unforeseeable Emergency has occurred, the Committee shall first cancel the Participant's deferral election for the remainder of the Plan Year under the Plan and the SESP. If the Participant demonstrates, and the Committee shall determine, that a cancellation of a Participant's deferral election under the Plan and the SESP for the balance of the Plan Year will not alleviate or remedy the Participant's or his Beneficiary's Unforeseeable Emergency, then, in addition to the cancellation of the Participant's deferral election, the Committee may authorize a distribution from the balance in the Participant's Deferral Account in the amount deemed

necessary by the Committee to alleviate or remedy the Participant's or his Beneficiary's Unforeseeable Emergency. A distribution under this Section 7.5 shall be applied proportionately among the sub-accounts included in the Participant's Deferral Account.

(b) **Cancellation of Deferrals**. In the event of a cancellation of deferrals pursuant to Section 7.5(a), the Participant's election shall be cancelled, and not postponed or otherwise delayed, such that any later deferral election will be subject to the provisions governing deferral elections as provided in Section 4.

7.6 Six-Month Delay in Commencement of 409A Benefits. Notwithstanding any distribution election made by a Participant, if, at the time of a Participant's Separation from Service, the Participant is a Key Employee, then, solely to the extent necessary for Section 409A Compliance, any amounts payable to the Participant under the Plan with respect to his Deferral Account during the period beginning on the date of the Participant's Separation from Service and ending on the six-month anniversary of such date (the " Delayed Payment Amount ") shall be delayed and not paid to the Participant until the first Business Day following such six-month anniversary date, at which time such delayed amounts shall be paid to the Participant in a lump-sum. If payment of an amount is delayed as a result of this Section 7.6, such amount shall continue to be deemed invested in the Investment Options selected by the Participant from the date on which such amount would otherwise have been paid to the Participant but for this Section 7.6 to the day immediately prior to the date the Delayed Payment Amount is paid. If a Participant dies on or after the date of the Participant's Separation from Service and prior to payment of the Delayed Payment Amount, any amount delayed pursuant to this Section 7.6 shall be paid to the Participant's Beneficiary, together with any interest credited thereon, on the last Business Day of the month following the date of such Participant's death or as soon as administratively practicable thereafter.

SECTION 8

REDEFERRALS

8.1 Redeferrals of the Deferral Account. A Participant shall be permitted to elect, prior to his Retirement, to redefer all or a portion of the amounts deferred under the Plan in accordance with the provisions of this Section 8. A Participant shall be permitted to make separate redeferral elections with respect to each of his Base Salary or Bonus Compensation deferrals, and each of his elections to defer or redefer all or a portion of the ERP 409A Benefit, the SERP 409A Benefit or the SESP 409A Account to be rolled over to the Plan in a Valid Notional Rollover in accordance with the ERP, the SERP or the SESP, as the case may be. A Retirement Benefit payable in the form of a Retirement Benefit Installment Payout shall be treated as a "single" payment and each separately identified amount to which the Participant is entitled shall be considered a separate payment.

8.2 Redeferral of Short-Term Payout Amounts. A Participant who has not yet had a Separation from Service may elect to redefer each Short-Term Payout payable on a Short-Term Payout Date to another allowable Short-Term Payout Date or to convert such Short-Term Payout to a Retirement Benefit and receive payout of such amounts on a Retirement Benefit Lump Sum Payout Date or a Retirement Benefit Installment Payout Date, provided, however, that:

(a) The election to redefer must be made and become irrevocable (other than in the case of the death of the Participant) at least one year prior to the Short-Term Payout Date;

(b) The election shall not become effective for at least one year after the election is made; and

(c) The Short-Term Payout Date, the Retirement Benefit Lump Sum Payout Date or the date of the first Retirement Benefit Installment Payout shall not be earlier than the fifth anniversary of the Short-Term Payout Date elected by the Participant pursuant to the election in effect immediately prior to such redeferral.

8.3 Redeferral of Retirement Benefits. A Participant may, prior to his Retirement, elect to redefer a Retirement Benefit to another Retirement Benefit Lump Sum Payout Date or Retirement Benefit Installment Payout Dates, provided, however, that:

(a) The election to redefer must be made and become irrevocable (other than in the case of the death of the Participant) at least one year prior to the original Retirement Benefit Lump Sum Payout Date or the original initial Retirement Benefit Installment Payout Date;

(b) The election shall not become effective for at least one year after the election is made; and

(c) The Retirement Benefit Lump Sum Payout Date or the date of the first Retirement Benefit Installment Payout Date shall not be earlier than the fifth anniversary of the Retirement

Benefit Lump Sum Payout Date or the initial Retirement Benefit Installment Payout Date, as the case may be, elected by the Participant pursuant to the election in effect immediately prior to such redeferral.

8.4 Limitations on Redeferrals. Notwithstanding the foregoing provisions of this Section 8, no Participant shall be permitted to redefer his Deferral Account following his Retirement.

SECTION 9

CLAIMS PROCEDURE

9.1 General. If a Participant or his Beneficiary or the authorized representative of one of the foregoing (hereinafter, the "Claimant") does not receive the timely payment of the benefits which he believes are due under the Plan, the Claimant may make a claim for benefits in the manner hereinafter provided.

9.2 Claims. All claims for benefits under the Plan shall be made in writing and shall be signed by the Claimant. Claims shall be submitted to the Administrative Record Keeper (or such other person who is delegated the responsibility by the Committee to review claims). If the Claimant does not furnish sufficient information with the claim for the Administrative Record Keeper to determine the validity of the claim, the Administrative Record Keeper shall indicate to the Claimant any additional information which is necessary for the Administrative Record Keeper to determine the validity of the claim.

9.3 Review of Claims. Each claim hereunder shall be acted on and approved or disapproved by the Administrative Record Keeper within 90 days following the receipt by the Administrative Record Keeper of the information necessary to process the claim. If special circumstances require an extension of the time needed to process the claim, this 90-day period may be extended 180 days after the claim is received. The Claimant shall be notified before the end of the original period if an extension is necessary, the reason for the extension and the date by which it is expected that a decision will be made. In the event the Administrative Record Keeper denies a claim for benefits in whole or in part, the Administrative Record Keeper shall notify the Claimant in writing of the denial of the claim and notify the Claimant of his right to a review of the Administrative Record Keeper's decision by the Administrative Record Keeper. Such notice by the Administrative Record Keeper shall also set forth, in a manner calculated to be understood by the Claimant, the specific reason for such denial, the specific provisions of the Plan on which the denial is based, and a description of any additional material or information necessary to perfect the claim with an explanation of the Plan's appeals procedure as set forth in this Section 9.

9.4 Appeals. Any applicant whose claim for benefits is denied in whole or in part may appeal to the Committee for a review of the decision by the Administrative Record Keeper. Such appeal must be made within 60 days after the applicant has received actual or constructive notice of the denial as provided above. An appeal must be submitted in writing within such period and must:

1 request a review by the Committee of the claim for benefits under the Plan;

2 set forth all of the grounds upon which the Claimant's request for review is based and any facts in support thereof; and

3 set forth any issues or comments which the Claimant deems pertinent to the appeal.

9.5 Review of Appeals. The Committee shall act upon each appeal within 60 days after receipt thereof unless special circumstances require an extension of the time for processing, in which case a decision shall be rendered by the Committee as soon as possible but not later than 120 days after the appeal is received by it. If such an extension of time for processing is required because of special circumstances, written notice of the extension shall be furnished prior to the commencement of the extension describing the reasons an extension is needed and the date when the determination will be made. The Committee may require the Claimant to submit such additional facts, documents or other evidence as the Committee in its discretion deems necessary or advisable in making its review. The Claimant shall be given the opportunity to review pertinent documents or materials upon submission of a written request to the Committee, provided that the Committee finds the requested documents or materials are pertinent to the appeal.

9.6 Final Decisions. On the basis of its review, the Committee shall make an independent determination of the Participant's eligibility for benefits under the Plan. The decision of the Committee on any appeal of a claim for benefits shall be final and conclusive upon all parties thereto.

9.7 Denial of Appeals. In the event the Committee denies an appeal in whole or in part, it shall give written notice of the decision to the Claimant, which notice shall set forth, in a manner calculated to be understood by the Claimant, the specific reasons for such denial and which shall make specific reference to the pertinent provisions of the Plan on which the Committee's decision is based.

9.8 Statute of Limitations. A Claimant wishing to seek judicial review of an adverse benefit determination under the Plan, whether in whole or in part, must file any suit or legal action, including, without limitation, a civil action under Section 502(a) of ERISA, within three years of the date the final decision on the adverse benefit determination on review is issued or should have been issued under Section 9.6 or lose any rights to bring such an action. If any such judicial proceeding is undertaken, the evidence presented shall be strictly limited to the evidence timely presented to the Committee. Notwithstanding anything in the Plan to the contrary, a Claimant must exhaust all administrative remedies available to such Claimant under the Plan before such Claimant may seek judicial review pursuant to Section 502(a) of ERISA.

SECTION 10

AMENDMENT AND TERMINATION

10.1 Amendment or Termination. The Plan may be amended or terminated at any time by the Board of Directors or the Committee; provided, however, that no amendment or termination may reduce the balance of a Participant's Deferral Account as of the date of the amendment or termination without the Participant's written consent. Except as otherwise permitted by Section 409A, the termination of the Plan shall not result in any acceleration of the payment of any Deferral Account under the Plan, unless (i) all arrangements sponsored by the Company that would be aggregated with the Plan under Section 409A if the same Participant participated in all such arrangements are terminated, (ii) no payments other than payments that would be delivered under the terms of such arrangements if the termination had not occurred are made within 12 months of the termination of such arrangements, (iii) all payments under the Plan are made within 24 months of the termination of the arrangements and (iv) the Company does not adopt a new arrangement that would be aggregated with the Plan under Section 409A if the same Participant participated in both arrangements, at any time within the five years following the date of Plan termination. Notwithstanding the foregoing, the Committee shall have the discretion to terminate the Plan and distribute the entire balance of each Participant's Deferral Account in connection with a Change in Control provided that all amounts attributable to such Deferral Accounts are distributed within 12 months of such Change in Control.

10.2 409A Benefit Amendments. Notwithstanding any provision in the Plan to the contrary, the Board of Directors, the Committee or the Deferred Compensation Tax Compliance Committee shall have the independent right prospectively and/or retroactively to amend or modify (i) the Plan, (ii) any Participant elections under the Plan and (iii) the time and manner of any payment of benefits under the Plan in accordance with Section 409A, in each case, without the consent of any Participant, to the extent that the Board of Directors, the Committee or the Deferred Compensation Tax Compliance Committee deems such action to be necessary or advisable (A) to avoid the imposition on any Participant of adverse or unintended tax consequences under Section 409A (" Section 409A Compliance ") or (B) to address regulatory or other changes or developments that affect the terms of the Plan that were included in the Plan prior to such change or development with the intent of effecting Section 409A Compliance. Any determinations made by the Board of Directors, the Committee or the Deferred Compensation Tax Compliance Committee under this Section 10.2 shall be final, conclusive and binding on all persons.

SECTION 11

MISCELLANEOUS

11.1 **No Effect on Employment Rights** . Nothing contained herein shall be construed as a contract of employment with any person. The Plan and its establishment shall not confer upon any person the right to be retained in the service of the Company or limit the right of the Company to discharge or otherwise deal with any person without regard to the existence of the Plan.

11.2 **Funding** . The Plan at all times shall be entirely unfunded, and no provision shall at any time be made with respect to segregating any assets of the Company for payment of any benefits hereunder. No Participant, Beneficiary or other person shall have any interest in any particular assets of the Company by reason of a right to receive a benefit under the Plan, and any such Participant, Beneficiary or other person shall have the rights of a general unsecured creditor of the Company with respect to any rights under the Plan. Notwithstanding the foregoing, the Committee or the Board of Directors, in its discretion, may establish a grantor trust to fund benefits payable under the Plan and administrative costs relating to the Plan. The assets of said trust shall be held separate and apart from other Company funds and shall be used exclusively for the purposes set forth in the Plan and the applicable trust agreement, subject to the following conditions:

1. the creation of said trust shall not cause the Plan to be other than “unfunded” for purposes of ERISA;

2. the Company shall be treated as the “grantor” of said trust for purposes of Sections 671 and 677 of the Code; and

3. said trust agreeme nt shall provide that the trust fund assets may be used to satisfy claims of the Company’s general creditors.

11.3 **Anti-assignment** . To the maximum extent permitted by law, no benefit payable under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge, and any attempt to do so shall be void, nor shall any such benefit be in any manner liable for or subject to garnishment, attachment, execution or levy, or liable for or subject to the debts, contracts, liabilities, engagements or torts of the Participant.

11.4 **Taxes** . The Company shall have the right to deduct any required taxes from each payment to be made under the Plan.

11.5 **Construction** . The Plan is intended to be an unfunded deferred compensation arrangement for a select group of management or highly compensated employees within the meaning of ERISA and therefore exempt from the requirements of Sections 201, 301 and 401 of ERISA. Whenever the terms of the Plan require the payment of an amount by a specified

date, the Company shall use reasonable efforts to make payment by that date. The Company shall not be (i) liable to the Participant or any other person if such payment is delayed for administrative or other reasons to a date that is later than the date so specified by the Plan or (ii) required to pay interest or any other amount in respect of such delayed payment except to the extent specifically contemplated by the terms of the Plan.

11.6 **Incapacity of Participant** . In the event a Participant is declared incompetent and a conservator or other person legally charged with the care of his person or his estate is appointed, any benefits under the Plan to which such Participant is entitled shall be paid to such conservator or other person legally charged with the care of his person or estate.

11.7 **Severability** . In the event that any one or more of the provisions of the Plan shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of the Plan shall not be affected thereby.

11.8 **Governing Law** . The Plan is established under and shall be governed and construed in accordance with the laws of the State of New Jersey, to the extent that such laws are not preempted by ERISA.

APPENDIX A

SECTION 409A TRANSITION ELECTIONS

(a) Deferral Elections . An Employee of the Company who first becomes eligible to participate in the Plan on or after January 1, 2005 and on or prior to March 15, 2005 shall be permitted to elect, at any time on or prior to March 15, 2005, in accordance with procedures established by the Committee and Q&A 21 of Notice 2005-1, to defer his Base Salary earned in the calendar year beginning on January 1, 2005 and/or Bonus Compensation earned in the calendar year beginning on January 1, 2004 or January 1, 2005; provided , however , that the Base Salary and/or Bonus Compensation to which such election relates has not been paid or become payable at the time of such election.

(b) Payment Elections .

(1) Effective as of December 1, 2005, a Participant who elected in 2004 to defer Bonus Compensation earned in 2005 and payable in 2006 shall be permitted to elect by no later than December 31, 2005 to change the time and/or form of payment previously elected for such 2005 Bonus Compensation to another time and/or form of payment permitted under the Plan.

(2) With respect to amounts previously deferred in the Deferral Account, a Participant shall be permitted to make, through December 31, 2006, an election to change the time and/or form of payment, to the extent such election is permitted under the terms of the Plan; provided , however , that such election shall apply solely to amounts that would not otherwise be payable in 2006 and shall not cause any amount to be paid in 2006 that would not otherwise be payable in 2006.

(3) With respect to amounts previously deferred in the Deferral Account, a Participant shall be permitted to make from January 1, 2007 through December 31, 2007, an election to change the time and/or form of payment, to the extent such election is permitted under the terms of the Plan; provided , however , that such election shall apply solely to amounts that would not otherwise be payable in 2007 and shall not cause any amount to be paid in 2007 that would not otherwise be payable in 2007.

(4) Payment elections pursuant to this Section (b) shall be deemed pursuant to Q&A 19(c) of Notice 2005-1, as amended by the preamble to the proposed Treasury Regulations under Section 409A, issued on September 29, 2005.

(c) Termination of Participation; Cancellation of Deferral Election .

(1) Effective as of December 1, 2005, a Participant who elected in 2004 to defer Bonus Compensation earned in 2005 and payable in 2006 shall be permitted to elect by no later than December 31, 2005, in accordance with procedures established by the Administrative Record Keeper, to cancel, in whole or in part, his deferral election under the Plan with respect to his Bonus Compensation earned in 2005 and payable in 2006.

(2) The Committee shall be permitted, in 2005, to the extent it deems necessary or advisable under Section 409A, to cancel any 2005 deferral election and/or terminate a

Participant's participation in the Plan solely with respect to his Deferral Account; provided that amounts subject to such cancellation or termination be distributed by the later of December 31, 2005 and the date on which such amounts are earned and vested.

(3) Any termination of participation or cancellation of a deferral election pursuant to this Section (c) shall be deemed pursuant to Q&A 20(a) of Notice 2005-1.

FORM OF AMENDMENT TO THE

WYETH 2005 (409A) DEFERRED COMPENSATION PLAN

The Wyeth 2005 (409A) Deferred Compensation Plan (the "Plan") is hereby amended as follows, effective as of the Closing Date (as defined in the Agreement and Plan of Merger, dated as of January 25, 2009, by and among Pfizer, Inc., Wagner Acquisition Corp., and Wyeth):

Section 1.2(n) of the Plan is hereby amended in its entirety to read as follows:

"(n) " Company Stock " means the Investment Option available under the Plan that is designed to track the performance of the common stock of Pfizer Inc., par value $0.05 per share, and any successor thereof."

FORM OF CERTIFICATE OF AMENDMENT

WYETH DEFERRED COMPENSATION PLAN (THE "WYETH DCP")

Effective on the closing of the merger contemplated by the Agreement and Plan of Merger, dated as of January 25, 2009, among Pfizer Inc ("Company"), Wagner Acquisition Corp., and Wyeth as the same may be amended from time to time ("Merger"), the Company freezes eligibility under the Wyeth DCP so that no employee may become an "Eligible Employee" (as defined in the Wyeth DCP) after the Merger, and only employees who are eligible to participate in the Wyeth DCP on the Merger shall participate in the Wyeth DCP.

FORM OF AMENDMENTS TO THE

WYETH SUPPLEMENTAL EMPLOYEE SAVINGS PLAN, WYETH SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN, WYETH DEFERRED COMPENSATION PLAN AND THE WYETH EXECUTIVE RETIREMENT PLAN (COLLECTIVELY, THE "PLANS")

The Plans are hereby amended, effective as of January 1, 2011, by deleting the following language "within ninety (90) days after the date of the Participant's death," in each of the plan sections listed below, and replacing it with " in the January following the calendar year in which the Participant's death occurs ":

1. Wyeth Supplemental Employee Savings Plan – Section 1.2(r);
2. Wyeth Supplemental Executive Retirement Plan – Sections 5.7, 6.5, 6.6 and 6.8;
3. Wyeth Executive Retirement Plan – Sections 5.7, 6.5, 6.6 and 6.8; and
4. Wyeth Deferred Compensation Plan – Sections 7.4 and 7.6.

FORM OF WRITTEN ACKNOWLEDGEMENT AND CONSENT

TERMINATION OF PARTICIPATION
WYETH DEFERRED COMPENSATION PLAN (THE "PLAN")

Effective on and after January 1, 2012, it is hereby acknowledged that the Plan is "frozen" and no further deferrals may be made under the Plan.

Amendments to the

WYETH 2005 (409A) DEFERRED COMPENSATION PLAN

*** * ***

(New material in bold and italics; deletions crossed out)

SECTION 3

GRANDFATHERED BENEFITS

The Company maintains the Prior Plan, which was designed to provide certain Employees with the opportunity to voluntarily defer receipt of a portion of their compensation. All amounts deferred under the Prior Plan that, for purposes of Section 409A, were both earned and vested on December 31, 2004 shall be subject to the terms of the Prior Plan as in effect on December 31, 2004. The ERP Grandfathered Benefits, SERP Grandfathered Benefits and the SESP Grandfathered Account that are rolled over in a Valid Notional Rollover shall be rolled over into the Prior Plan and be subject to the terms of the Prior Plan as in effect on December 31, 2004. ***Notwithstanding the foregoing, with respect to any Participant employed by Zoetis Inc., on and following the date Zoetis Inc. is no longer a wholly owned subsidiary of the Company due to a tax-free distribution to the Company's stockholders of all or a portion of its equity interest in Zoetis, such Participant shall be deemed to have incurred a termination of employment only upon his or her "Separation from Service" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended, for purposes of the distribution of his or her Grandfathered Benefits.***

Exhibit 10.16

Amendments to the

WYETH SUPPLEMENTAL EMPLOYEE SAVINGS PLAN

*** * ***

(New material in bold and italics; deletions crossed out)

1.2 Definitions .

(pp) Separation From Service means a separation from service with the Company for purposes of Section 409A, determined using the default provision set forth in Treasury Regulation Section 1.409A-1(h); provided , however , that, for purposes of the Grandfathered Account, "Separation from Service" shall be determined in accordance with the terms of the Prior Plan; ***provided further, however, that with respect to any Participant employed by Zoetis Inc., on and following the date Zoetis Inc. is no longer a wholly owned subsidiary of the Company due to a tax-free distribution to the Company's stockholders of all or a portion of its equity interest in Zoetis, Separation From Service means a separation from service with the Company for purposes of Section 409A, determined using the default provision set forth in Treasury Regulation Section 1.409A-1(h).*** Notwithstanding the foregoing, if a Participant would otherwise incur a Separation from Service in connection with a sale of assets of the Company, the Company shall retain the discretion with respect to the 409A Account to determine whether a Separation from Service has occurred in accordance with Treasure Regulation Section 1.409A-1(h)(4).

Exhibit 10.24

PFIZER INC. NONFUNDED DEFERRED COMPENSATION AND UNIT AWARD PLAN FOR NON-EMPLOYEE DIRECTORS

(Effective June 23, 1994)
(Amended September 26, 1996)
(Further Amended Effective March 1, 2006)
(Further Amended Effective January 1, 2008)
(Further Amended Effective January 1, 2009)
(Further Amended Effective March 25, 2010)
(Further Amended Effective May 1, 2011)
(Further Amended Effective March 1, 2014)

1. Deferral Election for Cash Compensation . Each director who is not an employee of Pfizer Inc. (the "Company") or any of its subsidiaries may elect on or before the last day of any calendar year to have payment of all or a specified part of all fees payable to him or her for services as a director during the following calendar year and thereafter deferred until he or she Separates from Service (as defined in Paragraph 8) with the Company. Any such election shall be made by written notice directed to the Secretary of the Company. A director's election to defer fees shall continue until the director Separates from Service unless he or she earlier terminates such election with respect to future fees by timely written notice delivered to the Secretary of the Company. Any such notice shall become effective on the first day of the calendar year immediately following written notice directed to the Secretary of the Company. Amounts credited to the account of a director prior to the effective date of such notice shall not be affected thereby and shall be paid to him or her in accordance with paragraph 5 (or paragraph 6 in the event of his or her death) below.

2. Investment of Deferred Cash Compensation . All deferred cash fees ("Deferred Cash Compensation") shall be held in the general funds of the Company and shall be credited to the director's account, and, at the director's election, the account shall be credited either with a) interest at a rate equal to the rate of return for an intermediate treasury index as selected by the Plan Assets Committee, compounded monthly, or b) a number of units, calculated to the nearest thousandth of a unit, produced by dividing the amount of fees deferred by the closing market price of the Company's common stock as reported on the Consolidated Tape of the New York Stock Exchange on the last business day of the fiscal quarter in which the fees are earned. A director may elect to switch the investment form of deferral of previously deferred Deferred Cash Compensation effective on the first day of any calendar quarter by giving prior written notice directed to the Secretary of the Company; provided, however, that a switch into, or out of, the unit account shall be permitted only if the director has not elected to switch out of, or into, the unit account within this Plan, the Pfizer Company Stock Fund within the Pfizer Savings Plan or the unit account within the Pfizer Inc. Nonfunded Deferred Compensation and Supplemental Savings Plan during the prior six months. The Awarded Units, as described in paragraph 3, shall not be affected by any such election.

3. Awards of Units .

(A) An award of units (which may include fractional units), in such amount or having such value as may be determined by the Board of Directors on the recommendation of its Corporate Governance Committee, shall be made to each director effective on the date he or she is elected for the first time, and thereafter each year that he or she continues as a director effective as of the date of the annual meeting of shareholders. All such units shall be referred to as the "Awarded Units." In the event of any change in the number or kind of outstanding shares of common stock of the Company, including a stock split or splits, or a stock dividend, an appropriate adjustment shall be made in the number of Awarded Units. The director's account shall be credited with the number of Units so awarded and such Units shall remain credited until distribution as described in paragraph 5 below (or paragraph 6 in the case of the director's death).

(B) Notwithstanding anything in this Plan to the contrary, the following provisions shall apply if any director notifies the Company that he or she is subject to any policy or provision imposed by his or her employer that limits or restricts the amount and/or type of compensation that may be received by such director from the Company (any such policy or provision being referred to as a "Limitation"):

(i) If the Limitation restricts the amount of compensation that may be received by the director, the dollar value of the Awarded Units (based on the closing price of the Company's common stock on the date of the annual meeting of shareholders) shall be reduced to comply with the Limitation; provided, however, that the director may elect, before the first day of any calendar year, in a manner that complies with section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations thereunder ("Section 409A"), to comply with the Limitation as to amount by reducing the cash compensation payable to such director for such year rather than reducing the dollar value of the Awarded Units to be credited to the director's account.

(ii) If the Limitation prohibits the director from receiving any compensation in the form of Awarded Units, the award specified in paragraph 3(A) (reduced as provided in subparagraph (i) above to comply with the Limitation as to amount), shall not be made. Instead, the dollar value of such Awarded Units (based on the closing price of the Company's common stock on the date of the annual meeting of shareholders) shall be credited to the director's account.

(iii) Any dollar amounts credited to the director's account in accordance with subparagraph (ii) above shall be credited with interest at a rate equal to the rate of return for an intermediate treasury index as selected by the Plan Assets Committee, compounded monthly.

(iv) If, as permitted by the proviso to subparagraph (i) above, the director elects to reduce his or her cash compensation, such reduced cash compensation will be payable on a quarterly basis.

(v) A director subject to the Limitation described in subparagraph (ii) above may not elect to switch the form of investment of any amounts deferred pursuant to subparagraph (ii) above, and no dividends shall be declared with respect thereto, and any election under Section 4(C) is inapplicable to any such amounts.

(vi) The dollar value, if any, in excess of the amounts that the director is permitted to receive pursuant to the Limitation may be contributed to one or more charities selected by the Corporate Governance Committee of the Company's Board of Directors, on the terms approved by such Committee, acting in its sole discretion; provided, that such Committee may consider the director's recommendation as to the recipient or recipients of such contribution.

4. Dividends .

(A) Whenever a dividend is declared, the number of units in the director's account (both with respect to Deferred Cash Compensation invested in the unit account and Awarded Units, and including any increase in units due to deferred dividends pursuant to this Paragraph 4(A)) shall be increased by the result of the following calculations: 1) the number of units in the director's account multiplied by any cash dividend declared by the Company on a share of its common stock, divided by the closing market price of such common stock on the related dividend record date; and/or 2) the number of units in the director's account multiplied by any stock dividend declared by the Company on a share of its common stock. In the event of any change in the number or kind of outstanding shares of common stock of the Company including a stock split or splits, other than a stock dividend as provided above, an appropriate adjustment shall be made in the number of units credited to the director's account.

(B) Solely as to the Awarded Units granted, earned and vested prior to January 1, 2005 (within the meaning of Section 409A), a director may elect to receive directly in cash without deferral the value of any cash dividend, declared by the Company on a share of its common stock, in lieu of having his or her account credited as specified above in Paragraph 4(A). Any such election shall be made, and may also be terminated, by written notice directed to the Secretary of the Company prior to the calendar year of the payment of the dividend.

(C) Solely as to the Awarded Units granted, earned or vested after December 31, 2004 (within the meaning of Section 409A), a director may elect to receive directly in cash without deferral the value of any cash dividend, declared by the Company on a share of its common stock, in lieu of having his or her account credited as specified above in Paragraph

4(A), if such election is made within 30 days of the director's first becoming eligible to participate in this Plan or another account balance plan required to be aggregated with this Plan under Section 409A, provided that such election shall apply only with respect to dividends declared subsequent to the date of receipt of the election by the Company. Otherwise such dividends on any such Awarded Units will be deferred to the director's unit account as described above in Paragraph 4(A). Such election is permanent and may not be changed thereafter. For individuals who were, are, or will be eligible directors at any time between December 31, 2004 and December 31, 2008, and with respect to the cash dividends received on Awarded Units granted, earned or vested after December 31, 2004 (within the meaning of Section 409A) and granted, earned, and vested prior to December 31, 2008, such directors shall make their elections as to the receipt of such cash dividends prior to the year of payment of the applicable dividend and such elections shall not apply to the dividends payable on any Awarded Units previously granted in a year prior to such election. The last such election shall apply to all future cash dividends made subsequent to December 31, 2008 with respect to Awarded Units granted, earned or vested after December 31, 2004 (within the meaning of Section 409A). Such election is permanent and may not be changed thereafter.

5. Distributions.

(A) Deferred Cash Compensation and Awarded Units deferred prior to January 1, 2005 . With respect to Deferred Cash Compensation and Awarded Units granted, earned and vested prior to January 1, 2005 (within the meaning of Section 409A), and including related earnings thereon, at least one year before he or she ceases to be a director of the Company, a director may elect, or may modify an election that he or she had previously made, to receive payment (payable in either cash or shares of common stock at the election of the director) of his or her combined Deferred Cash Compensation and Awarded Units accounts in a lump sum or in annual installments from two to fifteen, and he or she may elect to have such lump sum payment or first annual installment made either (1) on the last business day of the month following termination, or (2) in January of the year following his or her termination as a director. In the absence of an election, such payment will begin with the first month of the year following the director's termination and will be made in five annual installments.

(B) Deferred Cash Compensation and Awarded Units deferred after December 31, 2004 . With respect to Deferred Cash Compensation and Awarded Units granted, earned or vested after December 31, 2004 (within the meaning of Section 409A), and including related earnings thereon (the "Post-2004 Deferrals"), within 30 days of first becoming eligible to participate in this Plan or another account balance plan required to be aggregated with this Plan under Section 409A, a director must elect the timing and form of his or her distribution (payable in either cash or shares of common stock at the election of the director) of his or her deferred compensation account (containing both Deferred Cash Compensation and Awarded Units and related earnings thereon); except that for individuals who were, are, or will be eligible directors prior to or as of December 31, 2008, such directors shall make their elections as to the form and timing of distribution on or before December 31, 2008 in accordance with the transition rule contained in IRS Notice 2007-86. Such elections are permanent and may not be changed thereafter. The director must elect as to:

(i) Timing:

i. to receive the lump sum distribution or first annual installment on the last business day of the month following his or her Separation from Service; or
ii. to receive the lump sum distribution or first annual installment in the first month of the year following the director's Separation from Service; and

(ii) Form:

i. to receive the distribution in a lump sum; or
ii. to receive the distribution in installments from two to fifteen.

(iii) In the absence of an election, such payments will begin with the first month of the year following the director's Separation from Service and will be made in five annual installments.

(C) (i) With respect to all units in the director's account (containing both Deferred Cash Compensation and Awarded Units and related earnings thereon), the amount payable to the director in each instance shall be determined by multiplying the number of units by the closing market price of the Company's common stock on the day prior to the date for payment or the last business day prior to that date, if the day prior to the date for payment is not a business day.

(ii) Where the director receives the balance of his or her account in annual installments, each installment shall be a fraction of the value of the balance of the deferred compensation credited to the director's account either by way of interest or units calculated under Paragraph 2 hereof, as the case may be, on the date of such payment, the numerator of which is one (1) and the denominator of which is the total number of installments remaining to be paid at that time.

(D) Notwithstanding the foregoing, with respect to Deferred Cash Compensation and Awarded Units granted, earned or vested after December 31, 2004 (within the meaning of Section 409A), and including related earnings thereon, distributions may not be made to a Key Employee (as defined in Paragraph 8) upon a Separation from Service before the date which is six months after the date of the Key Employee's Separation from Service (or, if earlier, the date of death of the Key Employee). Any payments that would otherwise be made during this period of delay shall be accumulated and paid on the first day of the seventh month following the director's Separation from Service (or, if earlier, the first day of the month after the director's death).

(E) Notwithstanding the foregoing, with respect to Deferred Cash Compensation and Awarded Units granted, earned or vested after December 31, 2004 (within the meaning of Section 409A), and granted, earned and vested as of December 31, 2008, including related

earnings thereon (the "2009 Distribution Amounts"), such 2009 Distribution Amounts shall be paid in a lump sum to the director on July 1, 2009, provided the director files an election to do so with the Company by December 31, 2008. Such elections are permanent and may not be changed after December 31, 2008, and will have no subsequent effect after July 1, 2009.

6. Death .

(A) A director may designate one or more beneficiaries (which may be an entity other than a natural person) to receive any payments to be made upon the director's death. At any time, and from time to time, the identity of such beneficiary designation may be changed or canceled by the director without the consent of any beneficiary. Any such beneficiary designation, change or cancellation must be by written notice filed with the Secretary of the Company and shall not be effective until received by the Secretary. If a director designates more than one beneficiary, any payments to such beneficiaries shall be made in equal shares unless the director has designated otherwise. If no beneficiary has been named by the director, or the designated beneficiaries have predeceased him or her, the director's beneficiary shall be the executor or administrator of the director's estate.

(B) With respect to Deferred Cash Compensation and Awarded Units granted, earned and vested prior to January 1, 2005 (within the meaning of Section 409A), and including related earnings thereon, if a director should die before full payment of all amounts credited to his or her account, such amounts shall be paid to his or her designated beneficiary or beneficiaries or to his or her estate in a single sum payment to be made as soon as practicable after his or her death.

(C) With respect to Deferred Cash Compensation and Awarded Units granted, earned or vested after December 31, 2004 (within the meaning of Section 409A), and including related earnings thereon, within 30 days of first becoming eligible to participate in this Plan or another account balance plan required to be aggregated with this Plan under Section 409A, a director may elect for his or her designated beneficiary or beneficiaries to receive the account in a lump sum payment or installments from two to fifteen, provided the elections (including the election hereunder) are made in accordance with paragraph 5(B). For individuals who were, are, or will be eligible directors prior to or as of December 31, 2008, such directors shall make their election as to the form of distribution for their beneficiary or beneficiaries on or before December 31, 2008 in accordance with the transition rule contained in IRS Notice 2007-86. Such elections are permanent and may not be changed thereafter.

7. The right of a director to any Deferred Cash Compensation or Awarded Units credited to his or her account and including related earnings thereon shall not be subject to assignment by him or her. If a director does assign his or her right to any Deferred Cash Compensation or Awarded Units credited to his or her account, the Company may disregard such assignment and discharge its obligation hereunder by making payment as though no such assignment had been made.

8. The Plan is intended to comply with Section 409A, and accordingly, to the maximum extent permitted, the Plan shall be interpreted and administered to be in compliance therewith. For purposes of this Plan:

(A) "Key Employee" means an individual who is treated as a "specified employee" as of his Separation from Service under Code section 409A(a)(2)(B)(i), i.e., a key employee (as defined in Code section 416(i) without regard to paragraph (5) thereof) of the Company or its affiliates if the Company's stock is publicly traded on an established securities market or otherwise. Key Employees shall be determined in accordance with Code section 409A using a January 1 identification date. A listing of Key Employees as of an identification date shall be effective for the 12-month period following the identification date; and

(B) "Separation from Service" or "Separate(s) from Service" means a "separation from service" within the meaning of Section 409A.

9. Re-Deferrals . Notwithstanding any election under Paragraph 5(B), a director may make one or more subsequent elections to change the timing or the form of the distribution of his or her deferred compensation account with respect to Post-2004 Deferrals, provided that such an election shall be effective only if the following conditions are satisfied:

(A) The subsequent election may not take effect until at least twelve (12) months after the date on which the election is made;

(B) The subsequent election must be made at least twelve (12) months before the date on which the distribution (or, with respect to installments, the first scheduled installment) is scheduled to be made; and

(C) The distribution may not be made earlier than at least five (5) years after the date the distribution (or, with respect to installments, the first scheduled installment) would have otherwise been made.

Exhibit 12

PFIZER INC. AND SUBSIDIARY COMPANIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

(MILLIONS OF DOLLARS, EXCEPT RATIOS)	Year Ended December 31, 2013	2012	2011	2010	2009
Determination of earnings:					
Income from continuing operations before provision for taxes on income, noncontrolling interests and cumulative effect of a change in accounting principles	$ 15,716	$ 11,242	$ 11,481	$ 8,846	$ 10,421
Less:					
Noncontrolling interests	44	47	60	46	15
Income attributable to Pfizer Inc.	15,672	11,195	11,421	8,800	10,406
Add (deduct):					
Capitalized interest	(32)	(41)	(50)	(36)	(34)
Amortization of capitalized interest	65	69	95	29	29
Equity (income)/loss from equity method investments	(55)	(99)	(82)	(78)	4
Distributed income of equity method investments	162	85	190	26	—
Fixed charges	1,495	1,627	1,812	1,930	1,358
Total earnings as defined	$ 17,307	$ 12,836	$ 13,386	$ 10,671	$ 11,763
Fixed charges:					
Interest expense [a]	$ 1,414	$ 1,522	$ 1,681	$ 1,797	$ 1,232
Preferred stock dividends [b]	3	4	5	6	7
Rents [c]	78	101	126	127	119
Fixed charges	1,495	1,627	1,812	1,930	1,358
Capitalized interest	32	41	50	36	34
Total fixed charges	$ 1,527	$ 1,668	$ 1,862	$ 1,966	$ 1,392
Ratio of earnings to fixed charges	11.3	7.7	7.2	5.4	8.5

[a] Interest expense includes amortization of debt premium, discount and other debt costs. Interest expense does not include interest related to uncertain tax positions of $222 million for the twelve months ended December 31, 2013; $265 million for 2012; $338 million for 2011; $389 million for 2010; and $337 million for 2009.

[b] Preferred stock dividends related to our Series A convertible perpetual preferred stock held by an Employee Stock Ownership Plan Trust.

[c] Rents included in the computation consist of one-third of rental expense, which we believe to be a conservative estimate of an interest factor in our leases, which are not material.

All amounts reflect the June 24, 2013 disposition of Zoetis and its presentation as a discontinued operation in all periods presented. All financial information before 2012 reflects Capsugel as a discontinued operation (business was sold on August 1, 2011). The financial information for the years ended December 31, 2012, 2011, 2010 and 2009 reflects the Nutrition business as a discontinued operation, (business was acquired in 2009 and sold on November 30, 2012).

Pfizer Inc. 2013 Financial Report

INTRODUCTION

Our Financial Review is provided to assist readers in understanding the results of operations, financial condition and cash flows of Pfizer Inc. (the Company). It should be read in conjunction with the Consolidated Financial Statements and Notes to Consolidated Financial Statements. The discussion in this Financial Review contains forward-looking statements that involve substantial risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, such as those discussed in Part 1, Item 1A, “Risk Factors” of our 2013 Annual Report on Form 10-K and in the “Forward-Looking Information and Factors That May Affect Future Results”, “Our Operating Environment” and “Our Strategy” sections of this Financial Review.

The Financial Review is organized as follows:

- *Overview of Our Performance, Operating Environment, Strategy and Outlook* . This section, beginning on page 2, provides information about the following: our business; our 2013 performance; our operating environment; our strategy; our business development initiatives, such as acquisitions, dispositions, licensing and collaborations; and our financial guidance for 2014.
- *Significant Accounting Policies and Application of Critical Accounting Estimates* . This section, beginning on page 12, discusses those accounting policies and estimates that we consider important in understanding Pfizer’s consolidated financial statements. For additional discussion of our accounting policies, see Notes to Consolidated Financial Statements— *Note 1. Basis of Presentation and Significant Accounting Policies* .
- *Analysis of the Consolidated Statements of Income.* This section begins on page 17, and consists of the following sub-sections:
  - *Revenues.* This sub-section, beginning on page 17, provides an analysis of our revenues and products for the three years ended December 31, 2013, including an overview of our important biopharmaceutical product developments.
  - *Costs and Expenses* . This sub-section, beginning on page 29, provides a discussion about our costs and expenses.
  - *Provision for Taxes on Income.* This sub-section, beginning on page 34, provides a discussion of items impacting our tax provisions.
  - *Discontinued Operations.* This sub-section, on page 35, provides an analysis of the financial statement impact of our discontinued operations.
  - *Adjusted Income* . This sub-section, beginning on page 35, provides a discussion of an alternative view of performance used by management.
- *Analysis of the Consolidated Statements of Comprehensive Income.* This section, on page 40, provides a discussion of changes in certain components of other comprehensive income.
- *Analysis of the Consolidated Balance Sheets.* This section, beginning on page 41, provides a discussion of changes in certain balance sheet accounts.
- *Analysis of the Consolidated Statements of Cash Flows.* This section, beginning on page 42, provides an analysis of our consolidated cash flows for the three years ended December 31, 2013.
- *Analysis of Financial Condition, Liquidity and Capital Resources* . This section, beginning on page 43, provides an analysis of selected measures of our liquidity and of our capital resources as of December 31, 2013 and December 31, 2012, as well as a discussion of our outstanding debt and other commitments that existed as of December 31, 2013. Included in the discussion of outstanding debt is a discussion of the amount of financial capacity available to help fund Pfizer’s future activities.
- *New Accounting Standards* . This section, on page 47, discusses accounting standards that we have recently adopted, as well as those that recently have been issued, but not yet adopted.
- *Forward-Looking Information and Factors That May Affect Future Results* . This section, beginning on page 47, provides a description of the risks and uncertainties that could cause actual results to differ materially from those discussed in forward-looking statements presented in this Financial Review relating to, among other things, our anticipated operating and financial performance, business plans and prospects, in-line products and product candidates, strategic reviews, capital allocation, business-development plans, and plans relating to share repurchases and dividends. Such forward-looking statements are based on management’s current expectations about future events, which are inherently susceptible to uncertainty and changes in circumstances. Also included in this section are discussions of Financial Risk Management and Legal Proceedings and Contingencies, including tax matters.

OVERVIEW OF OUR PERFORMANCE, OPERATING ENVIRONMENT, STRATEGY AND OUTLOOK

Our Business

We apply science and our global resources to bring therapies to people that extend and significantly improve their lives through the discovery, development and manufacture of healthcare products. Our global portfolio includes medicines and vaccines, as well as many of the world's best-known consumer healthcare products. We work across developed and emerging markets to advance wellness, prevention, treatments and cures that challenge the most feared diseases of our time. We collaborate with healthcare providers, governments and local communities to support and expand access to reliable, affordable healthcare around the world. Our revenues are derived from the sale of our products and, to a much lesser extent, from alliance agreements, under which we co-promote products discovered by other companies (Alliance revenues).

The majority of our revenues come from the manufacture and sale of biopharmaceutical products. The biopharmaceutical industry is highly competitive and highly regulated; as a result, we face a number of industry-specific challenges which can significantly impact our results. These factors include, among others: the loss or expiration of intellectual property rights and the expiration of co-promotion and licensing rights, healthcare legislation, regulatory environment and pricing and access pressures, pipeline productivity and competition among branded products. We also face challenges as a result of the global economic environment. For additional information about these challenges, see the "Our Operating Environment" section of this Financial Review.

The financial information included in our consolidated financial statements for our subsidiaries operating outside the United States (U.S.) is as of and for the year ended November 30 for each year presented.

References to developed markets include the U.S., Western Europe, Japan, Canada, Australia, Scandinavia, South Korea, Finland and New Zealand; and references to Emerging Markets include the rest of the world, including, among other countries, China, Brazil, Mexico, Russia, Turkey and India.

On June 24, 2013, we completed the full disposition of our Animal Health business (Zoetis), and recognized a gain of approximately $10.3 billion, net of tax, in *Gain on disposal of discontinued operations—net of tax* in our consolidated statement of income for the year ended December 31, 2013. The operating results of this business are reported as *Income from discontinued operations—net of tax* in our consolidated statements of income through June 24, 2013, the date of disposal. In addition, in the consolidated balance sheet as of December 31, 2012, the assets and liabilities associated with this business are classified as *Assets of discontinued operations and other assets held for sale* and *Liabilities of discontinued operations* , as appropriate. For additional information, see Notes to Consolidated Financial Statements— *Note 2B. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Divestitures* and see the "Our Business Development Initiatives", "Discontinued Operations" and "Analysis of Financial Condition, Liquidity and Capital Resources" sections of this Financial Review.

On November 30, 2012, we completed the sale of our Nutrition business to Nestlé and recognized a gain of approximately $4.8 billion, net of tax, in *Gain on disposal of discontinued operations—net of tax* in our consolidated statement of income for the year ended December 31, 2012. The operating results of this business are reported as *Income from discontinued operations—net of tax* in our consolidated statements of income through November 30, 2012, the date of disposal. For additional information, see Notes to Consolidated Financial Statements— *Note 2B. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Divestitures* and see the "Our Business Development Initiatives" and "Discontinued Operations" sections of this Financial Review.

On August 1, 2011, we completed the sale of our Capsugel business and recognized a gain of approximately $1.3 billion, net of tax, in G *ain on disposal of discontinued operations—net of tax* in our consolidated statement of income for the year ended December 31, 2011. The operating results of this business are reported as *Income from discontinued operations—net of tax* in our consolidated statements of income through August 1, 2011, the date of disposal. For additional information, see Notes to Consolidated Financial Statements— *Note 2B. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Divestitures* and see the "Our Business Development Initiatives" and "Discontinued Operations" sections of this Financial Review.

The assets, liabilities, operating results and cash flows of acquired businesses, such as King Pharmaceuticals, Inc. (King) (acquired on January 31, 2011), are included in our results on a prospective basis only commencing from the acquisition date. As such, our consolidated financial statements for the year ended December 31, 2011 reflect approximately 11 months of King's U.S. operations and approximately 10 months of King's international operations. For additional information about these acquisitions, see Notes to Consolidated Financial Statements— *Note 2A. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Acquisitions* and see the "Our Business Development Initiatives" section of this Financial Review.

Our 2013 Performance

Revenues decreased 6% in 2013 to $51.6 billion , compared to $54.7 billion in 2012 , which reflects an operational decline of $1.9 billion , or 4% .

The operational decrease was primarily the result of:

- the continued erosion of branded Lipitor in the U.S., developed Europe and certain other developed markets (approximately $1.7 billion);
- the loss of exclusivity for Geodon in March 2012 in the U.S. (approximately $130 million);
- other product losses of exclusivity (approximately $1.3 billion);
- the ongoing expiration of the Spiriva collaboration in certain countries (approximately $475 million);

- decreased government purchases of the Prevnar family of products and Enbrel in certain emerging markets (approximately $160 million); and
- lower revenues from generic atorvastatin (approximately $145 million),

partially offset by:

- the growth of certain products, including Lyrica, Inlyta, Celebrex and Xalkori in developed markets and Xeljanz in the U.S. (approximately $1.1 billion);
- the overall growth in the rest of the Emerging Markets business unit (approximately $751 million), excluding the aforementioned decrease in the government purchases of the Prevnar family of products and Enbrel;
- the overall growth in the Consumer Healthcare business unit (approximately $153 million); and
- revenues from the transitional manufacturing and supply agreements with Zoetis (approximately $132 million).

In addition, *Revenues* were unfavorably impacted by foreign exchange of approximately $1.2 billion , or 2% , in 2013 compared to 2012.

Income from continuing operations was $11.4 billion in 2013 compared to $9.0 billion in 2012 , primarily reflecting, among other items:

- patent litigation settlement income recorded in 2013 (approximately $1.3 billion, pre-tax) (see also the “Costs and Expenses—Other (Income)/Deductions—Net” section of this Financial Review and Notes to Consolidated Financial Statements— *Note 4. Other (Income)/Deductions—Net*);
- lower net charges for other legal matters (down approximately $2.2 billion, pre-tax) (see also the “Costs and Expenses—Other (Income)/Deductions—Net” section of this Financial Review and Notes to Consolidated Financial Statements— *Note 4. Other (Income)/Deductions—Net*);
- additional benefits generated from our global cost-reduction/productivity initiatives, partially offset by spending to support new product launches;
- a gain recorded in 2013 (approximately $459 million, pre-tax) associated with the transfer of certain product rights to our equity-method investment in China, Hisun Pfizer Pharmaceuticals Company Limited (Hisun Pfizer) (see also the “Our Business Development Initiatives” section of this Financial Review and Notes to Consolidated Financial Statements— *Note 2D. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Equity-Method Investments*); and
- lower amortization of intangible assets (down approximately $510 million, pre-tax),

partially offset by:

- lower revenues, as discussed above;
- higher asset impairments and related charges (up approximately $211 million, pre-tax) (see also the “Costs and Expenses—Other (Income)/Deductions—Net” section of this Financial Review and Notes to Consolidated Financial Statements— *Note 4. Other (Income)/Deductions—Net*); and
- a higher effective tax rate, primarily due to a decrease in tax benefits related to certain audit settlements in multiple jurisdictions covering various periods and a change in the jurisdictional mix of earnings (see also the “Provision for Taxes on Income” section of this Financial Review and Notes to Consolidated Financial Statements— *Note 5. Tax Matters*).

Also, see the “Discontinued Operations” section of this Financial Review.

Our Operating Environment

Intellectual Property Rights and Collaboration/Licensing Rights

The loss or expiration of intellectual property rights and the expiration of co-promotion and licensing rights can have a significant adverse effect on our revenues. Many of our products have multiple patents that expire at varying dates, thereby strengthening our overall patent protection. However, once patent protection has expired or has been lost prior to the expiration date as a result of a legal challenge, we lose exclusivity on these products, and generic pharmaceutical manufacturers generally produce similar products and sell them for a lower price. This price competition can substantially decrease our revenues for the impacted products, often in a very short period of time.

Our biotechnology products, including BeneFIX, ReFacto, Xyntha, Enbrel (we market Enbrel outside of the U.S. and Canada) and the Prevnar family, may face competition in the future from biosimilars (also referred to as follow-on biologics). If competitors are able to obtain marketing approval for biosimilars that reference our biotechnology products, our biotechnology products may become subject to competition from these biosimilars, with attendant competitive pressure, and price reductions could follow. Expiration or successful challenge of applicable patent rights could trigger this competition, assuming any relevant exclusivity period has expired. However, biosimilar manufacturing is complex, and biosimilars are not necessarily identical to the reference products. Therefore, at least initially upon approval of a biosimilar competitor, biosimilar competition with respect to biologics may not be as significant as generic competition with respect to small molecule drugs.

We have lost exclusivity for a number of our products in certain markets and we have lost collaboration rights with respect to a number of our alliance products in certain markets, and certain of our products and alliance products are expected to face significantly increased generic competition over the next few years.

Specifically:

Recent Losses of Product Exclusivity Impacting Product Revenues

- Lipitor has lost exclusivity in all major markets. Lipitor revenues were $2.3 billion in 2013, $3.9 billion in 2012 and $9.6 billion in 2011. We lost exclusivity for Lipitor in the U.S. in November 2011. The entry of multi-source generic competition in the U.S. began in May 2012, with attendant increased competitive pressures. Lipitor lost exclusivity in Japan in June 2011, Australia in April 2012 and most of developed Europe in March and May 2012 and now faces multi-source generic competition in those markets.

  Prior to loss of exclusivity, sales of Lipitor in each market, except for those in Emerging Markets, were reported in our Primary Care business unit. Typically, as of the beginning of the fiscal year following loss of exclusivity in a market, sales of Lipitor in that market, except for those in Emerging Markets, were reported in our Established Products business unit. Sales of Lipitor in the U.S. and Japan have been reported in our Established Products business unit since January 1, 2012, and sales of Lipitor in developed Europe have been reported in our Established Products business unit since January 1, 2013.

  The following table provides information about certain of our products impacted by losses of exclusivity (LOEs) in 2013 and 2012 (other than Lipitor), showing, by product, the LOE dates, the markets impacted and the revenues associated with those products in those LOE markets:

(MILLIONS OF DOLLARS)			Revenues in Markets Impacted		
Products	LOE Dates	Markets Impacted	Year Ended December 31,		
			2013	2012	2011
Xalatan and Xalacom	January 2012	Majority of European markets	**$ 161**	$ 275	$ 509
Aricept	February and April 2012	Majority of European markets	**47**	139	347
Geodon	March 2012	U.S.	**84**	214	859
Revatio tablet	September 2012	U.S.	**67**	312	312
Detrol IR and Detrol LA	September 2012	Majority of European markets	**53**	119	157
Lyrica	February 2013	Canada	**101**	206	185
Viagra	June 2013	Majority of European markets	**265**	370	400

Recent and Expected Losses of Collaboration Rights Impacting Alliance Revenues

- Spiriva—Our collaboration with Boehringer Ingelheim (BI) for Spiriva expires on a country-by-country basis between 2012 and 2016. In the U.S. and certain European countries, the co-promotion agreements for Spiriva entered their final year in 2013, which resulted in a decline in Pfizer's share of Spiriva revenues per the terms of those agreements. Additionally, in Australia, Canada and certain other European markets, the co-promotion agreements for Spiriva expired in 2013, which resulted in no additional revenues after the expiration date. We expect to experience a graduated decline in revenues from Spiriva through 2016 as agreements for other markets enter their final year and subsequently expire. Pfizer Alliance revenues related to Spiriva were $689 million in 2013, $1.2 billion in 2012 and $1.4 billion in 2011.
- Aricept—Our rights to Aricept in Japan returned to Eisai Co., Ltd. in December 2012. The Aricept 23mg tablet lost exclusivity in the U.S. in July 2013.
- Enbrel—Our U.S. and Canada co-promotion agreement with Amgen Inc. for Enbrel expired on October 31, 2013. While we are entitled to royalties for 36 months thereafter, we expect that those royalties will be significantly less than our previous share of Enbrel profits from U.S. and Canada sales. In addition, while our share of the profits from this co-promotion agreement previously was included in *Revenues* , our royalties after October 31, 2013 are and will be included in *Other (income)/deductions — net* , in our consolidated statements of income. Outside the U.S. and Canada, we continue to have the exclusive rights to market Enbrel. Enbrel revenues in the U.S. and Canada were $1.4 billion in 2013, $1.5 billion in 2012 and $1.3 billion in 2011.
- Rebif—Our collaboration agreement with EMD Serono Inc. to co-promote Rebif in the U.S. will expire at the end of 2015. Rebif revenues were $401 million in 2013, $399 million in 2012 and $320 million in 2011.

Losses and Expected Losses of Product Exclusivity in 2014

- We lost exclusivity for Detrol LA and Rapamune in the U.S. in January 2014. Revenues for Detrol/Detrol LA and Rapamune in the U.S. were $576 million in 2013, $671 million in 2012 and $745 million in 2011.
- We expect to lose exclusivity for various other products in various markets in 2014, including Zyvox in Canada, Celebrex in developed Europe and Viagra in Japan and Australia. For Lyrica, regulatory exclusivity in the EU extends until 2014.

In addition, we expect to lose exclusivity for various other products in various markets over the next few years. For additional information, see the "Patents and Other Intellectual Property Rights" section of our 2013 Annual Report on Form 10-K.

Our financial results in 2013 and our financial guidance for 2014, respectively, reflect the impact and projected impact of the loss of exclusivity of various products and the expiration of certain alliance product contract rights discussed above. For additional information about our 2014 financial guidance, see the "Our Financial Guidance for 2014" section of this Financial Review.

We will continue to aggressively defend our patent rights whenever we deem appropriate. For more detailed information about our significant products, see the discussion in the "Revenues—Major Biopharmaceutical Products" section of this Financial Review. See Notes to

Consolidated Financial Statements— *Note 17A1. Commitments and Contingencies: Legal Proceedings — Patent Litigation* for a discussion of certain recent developments with respect to patent litigation.

Regulatory Environment/Pricing and Access—U.S. Healthcare Legislation

In March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act (together, the U.S. Healthcare Legislation, and also known as the Affordable Care Act or ACA), was enacted in the U.S. For additional information, see the "Government Regulation and Price Constraints" section of our 2013 Annual Report on Form 10-K. This legislation has resulted in both current and longer-term impacts on us, as discussed below.

Certain provisions of the U.S. Healthcare Legislation became effective in 2010 or in 2011, while other provisions will become effective on various dates. The principal provisions affecting the biopharmaceutical industry provide for the following:

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

Impacts on our 2013 Results

We recorded the following amounts in 2013 as a result of the U.S. Healthcare Legislation:

- $458 million recorded as a reduction to *Revenues,* related to the higher, extended and expanded rebate provisions and the Medicare "coverage gap" discount provision; and
- $280 million recorded in *Selling, informational and administrative expenses* , related to the fee payable to the federal government referred to above.

Impacts on our 2012 Results

We recorded the following amounts in 2012 as a result of the U.S. Healthcare Legislation:

- $593 million recorded as a reduction to *Revenues,* related to the higher, extended and expanded rebate provisions and the Medicare "coverage gap" discount provision; and
- $336 million recorded in *Selling, informational and administrative expenses* , related to the fee payable to the federal government referred to above.

Impacts on our 2011 Results

We recorded the following amounts in *2011* as a result of the U.S. Healthcare Legislation:

- $648 million recorded as a reduction to *Revenues,* related to the higher, extended and expanded rebate provisions and the Medicare "coverage gap" discount provision; and
- $248 million recorded in *Selling, informational and administrative expenses* , related to the fee payable to the federal government referred to above.

Other Impacts

- *Expansion of Healthcare Coverage* —The financial impact of U.S. healthcare reform may be affected by certain additional developments over the next few years, including pending implementation guidance relating to the U.S. Healthcare Legislation and certain healthcare reform proposals. As of May 2013, the Congressional Budget Office estimates that the ACA will result in the coverage of 25 million previously uninsured individuals by 2017. Expanding insurance coverage is expected to result in a negligible change in overall pharmaceutical industry sales, as the uninsured are principally young and relatively healthy and it is expected that a significant percentage may be covered by Medicaid (under which sales of pharmaceutical products are subject to substantial rebates and, in many states, to formulary restrictions limiting access to brand-name drugs, including ours), and the restrictive benefit designs discourage the use of branded drugs. At the same time, the rebates, discounts, taxes and other costs associated with the ACA are a significant cost to the industry.
- *Biotechnology Products*— The U.S. Healthcare Legislation also created a framework for the approval of biosimilars (also known as follow-on biologics) following the expiration of 12 years of exclusivity for the innovator biologic, with a potential six-month pediatric extension.

Under the U.S. Healthcare Legislation, biosimilar applications may not be submitted until four years after the approval of the reference, innovator biologic. The U.S. Food and Drug Administration (FDA) is responsible for implementation of the legislation, which will require the FDA to address such key topics as the type and extent of data needed to establish biosimilarity; the data required to achieve interchangeability compared to biosimilarity; the naming convention for biosimilars; the tracking and tracing of adverse events; and the acceptability of data using a non-U.S. licensed comparator to demonstrate biosimilarity and/or interchangeability with a U.S.-licensed reference product. The FDA has begun to address some of these issues with the February 2012 release of three draft guidance documents. Specifically, the FDA has clarified that biosimilar applicants may use a non-U.S.-licensed comparator in certain studies to support a demonstration of biosimilarity to a U.S.-licensed reference product. Over the next several years, the FDA is expected to finalize the guidance documents released in 2012 and issue new draft guidance on clinical pharmacology for biosimilars. If competitors are able to obtain marketing approval for biosimilars referencing our biotechnology products, our biotechnology products may become subject to competition from biosimilars, with attendant competitive pressure, and price reductions could follow. Expiration or successful challenge of applicable patent rights could trigger this competition, assuming any relevant exclusivity period has expired. However, biosimilar manufacturing is complex and biosimilars are not necessarily identical to the reference products. Therefore, at least initially upon approval of a biosimilar competitor, biosimilar competition with respect to biologics may not be as significant as generic competition with respect to small molecule drugs. As part of our business strategy, we are capitalizing on our expertise in biologics manufacturing, as well as our regulatory and commercial strengths, to develop biosimilar medicines. As such, a better-defined biosimilars approval pathway will assist us in pursuing approval of our own biosimilar products in the U.S.

Regulatory Environment/Pricing and Access—U.S. Government and Other Payer Group Pressures

Governments, managed care organizations and other payer groups continue to seek increasing discounts on our products through a variety of means, such as leveraging their purchasing power, implementing price controls, and demanding price cuts (directly or by rebate actions). In particular, we continue to face widespread downward pressures on international pricing and reimbursement, particularly in developed European markets, Japan and in certain emerging markets, all of which have a large government share of pharmaceutical spending and are facing a difficult fiscal environment. Specific pricing pressures in 2013 included measures to reduce pharmaceutical prices and expenditures in Japan, France, Italy, Spain, Greece, Belgium, Ireland and Portugal. For additional information, see the “Government Regulation and Price Constraints—Outside the United States—Pricing and Reimbursement” section of our 2013 Annual Report on Form 10-K. Also, health insurers and benefit plans continue to limit access to certain of our medicines by imposing formulary restrictions in favor of the increased use of generics. In prior years, Presidential advisory groups tasked with reducing healthcare spending have recommended and legislative changes have been proposed that would allow the U.S. government to directly negotiate prices with pharmaceutical manufacturers on behalf of Medicare beneficiaries, which we expect would restrict access to and reimbursement for our products.

Specifically, in the U.S., the following government activities have potential impacts on our financial results:

- *Budget Control Act of 2011* —In August 2011, the federal Budget Control Act of 2011 (the Budget Control Act) was enacted in the U.S. The Budget Control Act includes provisions to raise the U.S. Treasury Department's borrowing limit, known as the debt ceiling, and provisions to reduce the federal deficit by $2.4 trillion between 2012 and 2021. Deficit-reduction targets included $900 billion of discretionary spending reductions associated with the Department of Health and Human Services and various agencies charged with national security, but those discretionary spending reductions do not include programs such as Medicare and Medicaid or direct changes to pharmaceutical pricing, rebates or discounts. The Office of Management and Budget (OMB) was responsible for identifying the remaining $1.5 trillion of deficit reductions, which were divided evenly between defense and non-defense spending. The Budget Control Act spending reductions to date have not had a material adverse impact on our results of operations.

  In December 2013, Congress enacted minor amendments to the Budget Control Act, providing for greater discretionary spending in 2014 and 2015 than originally budgeted. The amendments also provide for FDA user fee sequester relief for two years, allowing the FDA to continue to review new products. The new legislation continues to prohibit reductions in payments to Medicare providers from exceeding a 2% reduction of the originally budgeted amount, and extends this prohibition for two years (until 2023). The implications to Pfizer of these changes are expected to be nominal. However, any significant spending reductions affecting Medicare, Medicaid or other publicly funded or subsidized health programs that may be implemented, and/or any significant additional taxes or fees that may be imposed on us, as part of any broader deficit-reduction effort or legislative replacement for the Budget Control Act, could have an adverse impact on our results of operations.

- *Sustainable Growth Rate Replacement* —The Medicare physician payment formula known as the Sustainable Growth Rate (SGR) is routinely overridden by Congressional action because it would lead to dramatic decreases in physician payment. Congress issued a bi-partisan proposal to repeal the SGR and replace it with a new payment model. The proposed fee-for-service system would provide a modest annual payment rate increase until 2018, while allowing physicians and healthcare professionals to earn performance-based incentive payments after 2018. This form of SGR replacement is estimated by the Congressional Budget Office to cost the federal government approximately $130 billion over 10 years. The source of those funds has yet to be determined, but could include additional taxes on and/or rebate requirements applicable to the pharmaceutical industry, including Pfizer. Congress is considering a bill and is working to identify the means to pay for it prior to March 31, 2014, when the current SGR will expire.

- *Federal Debt Ceiling* —After the U.S. federal debt ceiling was reached on May 19, 2013 and measures taken by the U.S. Treasury Department to enable the U.S. federal government to continue meeting its financial obligations were nearly exhausted, Congress enacted legislation on October 16, 2013 that suspended the debt ceiling through February 7, 2014 and preserved the ability of the U.S. Treasury Department to use “extraordinary measures” to avoid a default on U.S. federal government debt for a short period of time thereafter. In February 2014, Congress enacted legislation that further suspends the debt ceiling until March 15, 2015, effectively ensuring the U.S. federal government’s ability to satisfy its financial obligations until that date, including under Medicare, Medicaid and other publicly funded or subsidized health programs that have a direct impact on our results of operations.

As the healthcare cost growth rate in the U.S. continues to outpace inflation, cost-reduction and access pressures are increasing in intensity. Containing entitlement spending, including Medicare and Medicaid, is a major focus of deficit-reduction efforts. The ACA, which expanded the

role of the U.S. government as a healthcare payer, is accelerating changes in the U.S. healthcare marketplace, and the potential for additional pricing and access pressures continues to be significant. Some employers, seeking to avoid the tax on high-cost health insurance in the ACA imposed in 2018, are already scaling back healthcare benefits.

Overall, there is increasing pressure on U.S. providers to deliver healthcare at a lower cost and to ensure that those expenditures deliver demonstrated value in terms of health outcomes. Longer term, we are seeing a shift in focus away from fee-for-service payments towards outcomes-based payments and risk-sharing arrangements that reward providers for cost reductions. These new payment models can, at times, lead to lower prices for, and restricted access to, new medicines. At the same time, these models can also expand utilization by encouraging physicians to screen, diagnose and treat-to-goal.

In response to the evolving U.S. and global healthcare spending landscape, we are continuing to work with health authorities, health technology assessment and quality measurement bodies and major U.S. payers throughout the product-development process to better understand how these entities value our compounds and products. Further, we are seeking to develop stronger internal capabilities focused on demonstrating the value of the medicines that we discover or develop, register and manufacture, by recognizing patterns of usage of our medicines and competitor medicines along with patterns of healthcare costs.

Regulatory Environment—Pipeline Productivity

The discovery and development of safe, effective new products, as well as the development of additional uses for existing products, are necessary for the continued strength of our businesses. We have encountered increasing regulatory scrutiny of drug safety and efficacy, even as we continue to gather safety and other data on our products, before and after the products have been launched. Our product lines must be replenished over time in order to offset revenue losses when products lose their exclusivity, as well as to provide for earnings growth. We devote considerable resources to R&D activities. These activities involve a high degree of risk and may take many years, and with respect to any specific R&D project, there can be no assurance that the development of any particular product candidate or new indication for an in-line product will achieve desired clinical endpoints and safety profile, will be approved by regulators or will be successful commercially. We continue to transform our global R&D organization and pursue strategies intended to improve innovation and overall productivity in R&D to achieve a sustainable pipeline that will deliver value in the near term and over time.

During the development of a product, we conduct clinical trials to provide data on the drug's safety and efficacy to support the evaluation of its overall benefit-risk profile for a particular patient population. In addition, after a product has been approved and launched, we continue to monitor its safety as long as it is available to patients, and post-marketing trials may be conducted, including trials requested by regulators and trials that we do voluntarily to gain additional medical knowledge. For the entire life of the product, we collect safety data and report potential problems to the FDA and other regulatory authorities. The FDA and regulatory authorities in other jurisdictions may evaluate potential safety concerns related to a product or a class of products and take regulatory actions in response, such as updating a product's labeling, restricting the use of a product, communicating new safety information to the public, or, in rare cases, removing a product from the market.

Competition Among Branded Products

Many of our products face competition in the form of branded products, which treat similar diseases or indications. These competitive pressures can have an adverse impact on our results of operations.

The Global Economic Environment

In addition to the industry-specific factors discussed above, we, like other businesses, continue to face the effects of the challenging economic environment, which have impacted our biopharmaceutical operations in the U.S., Europe and Japan, and in a number of emerging markets.

- We believe that patients, experiencing the effects of the challenging economic environment, including high unemployment levels, and increases in co-pays, sometimes switch to generic products, delay treatments, skip doses or use less effective treatments to reduce their costs. Challenging economic conditions in the U.S. also have increased the number of patients in the Medicaid program (and the number will continue to grow as a result of the Medicaid coverage expansion effective in some states in 2014), under which sales of pharmaceuticals are subject to substantial rebates and, in many states, to formulary restrictions limiting access to brand-name drugs, including ours. In addition, we continue to experience pricing pressure in various markets around the world, including in developed European markets, Japan and in a number of emerging markets, with government-mandated reductions in prices for certain biopharmaceutical products and government-imposed access restrictions in certain countries. Furthermore, some government agencies and third-party payers use health technology assessments in ways that, at times, lead to lower prices for and restricted access to new medicines.
- We continue to monitor developments regarding government and government agency receivables in several European markets where economic conditions remain challenging and uncertain. For further information about our *Accounts Receivable* , see the "Analysis of Financial Condition, Liquidity and Capital Resources" section of this Financial Review.
- Significant portions of our revenues and earnings, as well as our substantial international net assets, are exposed to changes in foreign exchange rates. We seek to manage our foreign exchange risk in part through operational means, including managing same-currency revenues in relation to same-currency costs and same-currency assets in relation to same-currency liabilities. Depending on market conditions, foreign exchange risk also is managed through the use of derivative financial instruments and foreign currency debt. As we operate in multiple foreign currencies, including the euro, the Japanese yen, the Chinese renminbi, the U.K. pound, the Canadian dollar and approximately 100 other currencies, changes in those currencies relative to the U.S. dollar will impact our revenues and expenses. If the U.S. dollar were to weaken against another currency, assuming all other variables remained constant, our revenues would increase, having a positive impact on earnings, and our overall expenses would increase, having a negative impact on earnings. Conversely, if the U.S. dollar were to strengthen against another currency, assuming all other variables remained constant, our revenues would decrease,

having a negative impact on earnings, and our overall expenses would decrease, having a positive impact on earnings. Therefore, significant changes in foreign exchange rates can impact our results and our financial guidance.

The impact of possible currency devaluations in countries experiencing high inflation rates or significant exchange fluctuations can impact our results and financial guidance. For example, on February 13, 2013, the Venezuelan government devalued its currency from a rate of 4.3 to 6.3 of Venezuelan currency to the U.S. dollar. We incurred a foreign currency loss of $80 million immediately on the devaluation as a result of remeasuring the local balance sheets, and we have experienced and will continue to experience ongoing adverse impacts to earnings as our revenues and expenses will be translated into U.S. dollars at a lower rate. We cannot predict whether there will be further devaluations of the Venezuelan currency or devaluations of any other currencies.

Despite the challenging financial markets, Pfizer maintains a strong financial position. Due to our significant operating cash flows, financial assets, access to capital markets and available lines of credit and revolving credit agreements, we continue to believe that we have, and will maintain, the ability to meet our liquidity needs for the foreseeable future. Our long-term debt is rated high quality by both Standard & Poor's (S&P) and Moody's Investors Service. As market conditions change, we continue to monitor our liquidity position. We have taken and will continue to take a conservative approach to our financial investments. Both short-term and long-term investments consist primarily of high-quality, highly liquid, well-diversified and available-for-sale debt securities. For further discussion about our financial condition, see the "Analysis of Financial Condition, Liquidity and Capital Resources" section of this Financial Review.

These and other industry-wide factors that may affect our businesses should be considered along with information presented in the "Forward-Looking Information and Factors That May Affect Future Results" section of this Financial Review and in Part I, Item 1A, "Risk Factors," of our 2013 Annual Report on Form 10-K.

Our Strategy

We believe that our medicines provide significant value for both healthcare providers and patients, not only from the improved treatment of diseases but also from a reduction in other healthcare costs, such as emergency room or hospitalization costs, as well as improvements in health, wellness and productivity. We continue to actively engage in dialogues about the value of our products and how we can best work with patients, physicians and payers to prevent and treat disease and improve outcomes. We continue to work within the current legal and pricing structures, as well as continue to review our pricing arrangements and contracting methods with payers, to maximize access to patients and minimize any adverse impact on our revenues. We remain firmly committed to fulfilling our company's purpose of innovating to bring therapies to patients that significantly improve their lives. By doing so, we expect to create value for the patients we serve and for our shareholders.

Commercial Operations

Following the full disposition of our Animal Health business on June 24, 2013, we managed our commercial operations through four operating segments—Primary Care; Specialty Care and Oncology; Established Products and Emerging Markets; and Consumer Healthcare. Prior to June 24, 2013, we managed our operations through these four operating segments, as well as our Animal Health operating segment. For additional information about this operating structure, see Notes to Consolidated Financial Statements— *Note 18A. Segment, Geographic and Other Revenue Information: Segment Information.*

At the beginning of our fiscal year 2014, we began to manage our commercial operations through a new global commercial structure consisting of three businesses, each of which is led by a single manager—the Global Innovative Pharmaceutical business (GIP); the Global Vaccines, Oncology and Consumer Healthcare business (VOC); and the Global Established Pharmaceutical business (GEP). Beginning with our first quarter 2014 financial results, we will report under our new structure and will provide financial transparency into each of these businesses. Results for 2013 and prior periods in our 2013 Annual Report on Form 10-K and in this 2013 Financial Review are reported on the basis under which we managed our businesses in 2013 and do not reflect the 2014 reorganization.

A significant change effected by our new structure is the full integration of emerging markets into each business. Emerging markets are an important component of our strategy for global leadership, and our new structure recognizes that the demographics and rising economic power of the fastest-growing emerging markets are becoming more closely aligned with the profile found within developed markets.

Some additional information about each product grouping follows:

- Global Innovative Pharmaceutical business —GIP comprises medicines within several therapeutic areas that are generally expected to have market exclusivity beyond 2015. These therapeutic areas include immunology and inflammation, cardiovascular/metabolic, neuroscience and pain, rare diseases and women's/men's health.
- Global Vaccines, Oncology and Consumer Healthcare business —VOC focuses on the development and commercialization of vaccines and products for oncology and consumer healthcare. Each of the three businesses that comprise this group operates as a separate, global business, with distinct specialization in terms of the science, talent and market approach necessary to deliver value to consumers and patients.
- Global Established Pharmaceutical business —GEP includes the brands that have lost market exclusivity and, generally, the mature, patent-protected products that are expected to lose exclusivity through 2015 in most major markets and, to a much smaller extent, generic pharmaceuticals. Additionally, GEP includes our sterile injectable products and biosimilar development portfolio, as well as current established product collaborations, such as our existing agreements with Mylan Inc. in Japan, Zhejiang Hisun Pharmaceuticals Co., Ltd. in China and Laboratório Teuto Brasileiro S.A. in Brazil.

We expect that the GIP and VOC biopharmaceutical portfolios of innovative, largely patent-protected, in-line products will be sustained by ongoing internal investments and targeted business development designed to maximize the value of our in-line products and ensure a robust pipeline of highly-differentiated product candidates in areas of unmet medical need. In addition, VOC includes our Consumer Healthcare

business, which manufactures and markets several well-known over-the-counter (OTC) brands. The assets managed by these groups are science-driven, highly differentiated and generally require a high-level of engagement with healthcare providers and consumers.

GEP is expected to generate strong consistent cash flow by providing patients around the world with access to effective, lower-cost, high-value treatments. GEP leverages our biologic development, regulatory and manufacturing expertise to advance its biosimilar development portfolio. GEP may also engage in targeted business development to further enable its commercial strategies.

In addition, one of our goals in implementing the new commercial structure is to streamline the critical capabilities needed to effectively demonstrate the value of our medicines to payers, institutions and policy makers. We expect to do this through the Global Health and Value function that is intended to align market access, pricing, health economics, real world data and outcomes research.

Research Operations

We continue to transform our global R&D organization and pursue strategies intended to improve innovation and overall productivity in R&D to achieve a sustainable pipeline that will deliver value in the near term and over time.

Our R&D priorities include delivering a pipeline of differentiated therapies with the greatest scientific and commercial promise, innovating new capabilities that can position Pfizer for long-term leadership, and creating new models for biomedical collaboration that will expedite the pace of innovation and productivity. To that end, our research primarily focuses on five high-priority areas that have a mix of small molecules and large molecules—immunology and inflammation; oncology; cardiovascular and metabolic diseases; neuroscience and pain; and vaccines. Other areas of focus include rare diseases and biosimilars.

While a significant portion of R&D is done internally, we continue to seek to expand our pipeline by entering into agreements with other companies to develop, license or acquire promising compounds, technologies or capabilities. Collaboration, alliance and license agreements and acquisitions allow us to capitalize on these compounds to expand our pipeline of potential future products. In addition, collaborations and alliances allow us to share risk and to access external scientific and technological expertise.

For additional information about R&D by operating segment, see the “Costs and Expenses—Research and Development (R&D) Expenses—Research and Development Operations” section of this Financial Review. For additional information about our pending new drug applications and supplemental filings, see the “Analysis of the Consolidated Statements of Income—Product Developments—Biopharmaceutical” section of this Financial Review. For additional information about current and recent restructuring activities, see the “Costs and Expenses—Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives” section of this Financial Review. For additional information about recent transactions and strategic investments that we believe advance our pipeline and maximize the value of our in-line products, see the “Our Business Development Initiatives” section of this Financial Review.

Business Development

We continue to build on our broad portfolio of businesses and to expand our R&D pipeline through various business development transactions. For additional information about recent transactions and strategic investments that we believe have the potential to advance our pipeline, enhance our product portfolio and maximize the value of our in-line products, see the “Our Business Development Initiatives” section of this Financial Review.

Intellectual Property Rights

We continue to aggressively defend our patent rights against increasingly aggressive infringement whenever appropriate, and we will continue to support efforts that strengthen worldwide recognition of patent rights while taking necessary steps designed to ensure appropriate patient access. In addition, we will continue to employ innovative approaches designed to prevent counterfeit pharmaceuticals from entering the supply chain and to achieve greater control over the distribution of our products, and we will continue to participate in the generics market for our products, whenever appropriate, once they lose exclusivity. For additional information about our current efforts to enforce our intellectual property rights, see Notes to Consolidated Financial Statements— *Note 17A1. Commitments and Contingencies: Legal Proceedings — Patent Litigation.*

Capital Allocation and Expense Management

We seek to maintain a strong balance sheet and robust liquidity so that we continue to have the financial resources necessary to take advantage of prudent commercial, research and business development opportunities and to directly enhance shareholder value through dividends and share repurchases. For additional information about our financial condition, liquidity, capital resources, share repurchases and dividends, see the “Analysis of Financial Condition, Liquidity and Capital Resources” section of this Financial Review.

We remain focused on achieving an appropriate cost structure for the Company. For additional information about our cost-reduction and productivity initiatives, see the “Costs and Expenses—Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives” section of this Financial Review.

On June 27, 2013, our Board of Directors authorized a new $10 billion share-purchase plan, to be utilized over time. Also, on December 16, 2013, our Board of Directors declared a first-quarter 2014 dividend of $0.26 per share, an increase from the $0.24 per-share quarterly dividend paid during 2013.

Our Business Development Initiatives

We are committed to capitalizing on growth opportunities by advancing our own pipeline and maximizing the value of our in-line products, as well as through various forms of business development, which can include alliances, licenses, joint ventures, dispositions and acquisitions. We view our business development activity as an enabler of our strategies, and we seek to generate earnings growth and enhance shareholder value by pursuing a disciplined, strategic and financial approach to evaluating business development opportunities. We are especially interested in opportunities in our five high-priority therapeutic areas—immunology and inflammation; oncology; cardiovascular and metabolic diseases; neuroscience and pain; and vaccines—and in emerging markets and established products. Other areas of focus include rare diseases and biosimilars. We assess our businesses and assets as part of our regular, ongoing portfolio review process and also continue to consider business development activities for our businesses.

The more significant recent transactions and events are described below.

- Collaboration with Eli Lilly & Company (Lilly) —In October 2013, we entered into a collaboration agreement with Lilly to jointly develop and globally commercialize Pfizer's tanezumab, which provides that Pfizer and Lilly will equally share product-development expenses as well as potential revenues and certain product-related costs. The tanezumab program currently is subject to a partial clinical hold by the FDA pending submission of nonclinical data to the FDA. We anticipate submitting that data by the end of 2014. Under the agreement with Lilly, we are eligible to receive certain payments from Lilly upon the achievement of specified clinical, regulatory and commercial milestones, including an upfront payment of $200 million that is contingent upon the parties continuing in the collaboration after receipt of the FDA's response to the submission of the nonclinical data. Both Pfizer and Lilly have the right to terminate the agreement under certain conditions.
- ViiV Healthcare Limited (ViiV) —On August 12, 2013, the FDA approved Tivicay (dolutegravir), a product for the treatment of HIV-1 infection, developed by ViiV, an equity-method investee. This approval, in accordance with the agreement between GlaxoSmithKline plc and Pfizer, triggered a reduction in our interest in ViiV from 13.5% to 12.6% and an increase in GlaxoSmithKline plc's equity interest in ViiV from 76.5% to 77.4% effective October 1, 2013. As a result, in 2013, we recognized a loss of approximately $32 million in *Other (income)/deductions — net* . We continue to account for our investment in ViiV under the equity method due to the significant influence that we continue to have through our board representation and minority veto rights.

  On October 31, 2012, ViiV acquired the remaining 50% of Shionogi-ViiV Healthcare LLC, its equity-method investee, from Shionogi & Co., Ltd. (Shionogi) in consideration for a 10% interest in ViiV (newly issued shares) and contingent consideration in the form of future royalties. For additional information, see Notes to Consolidated Financial Statements— *Note 2D. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Equity Method Investments.*
- Animal Health/Zoetis —On June 24, 2013, we completed the full disposition of our Animal Health business. The full disposition was completed through a series of steps, including the formation of Zoetis, an initial public offering (IPO) of an approximate 19.8% interest in Zoetis and an exchange offer for the remaining 80.2% interest. For additional information, see Notes to Consolidated Financial Statements— *Note 2B. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Divestitures.*
- Collaboration with Merck & Co., Inc. (Merck) —On April 29, 2013, we announced that we entered into a worldwide, except Japan, collaboration agreement with Merck for the development and commercialization of Pfizer's ertugliflozin (PF-04971729), an investigational oral sodium glucose cotransporter (SGLT2) inhibitor currently in Phase 3 development for the treatment of type 2 diabetes.
- Hisun Pfizer Pharmaceuticals Company Limited (Hisun Pfizer) —On September 6, 2012, we and Zhejiang Hisun Pharmaceuticals Co., Ltd. formed a new company, Hisun Pfizer, to develop, manufacture, market and sell pharmaceutical products, primarily branded generic products, predominately in China. On January 1, 2013, we contributed assets constituting a business to this 49%-owned equity-method investment and recognized a pre-tax gain of approximately $459 million in *Other (income)/deductions—net*. For additional information, see Notes to Consolidated Financial Statements— *Note 2D. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Equity-Method Investments.*
- Nutrition Business —On November 30, 2012, we completed the sale of our Nutrition business to Nestlé for $11.85 billion in cash. For additional information, see Notes to Consolidated Financial Statements— *Note 2B. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Divestitures* .
- NextWave Pharmaceuticals Incorporated (NextWave) —On November 27, 2012, we completed our acquisition of NextWave, a privately held, specialty pharmaceutical company. As a result of the acquisition, we now hold exclusive North American rights to Quillivant XR™ (methylphenidate hydrochloride), the first once-daily liquid medication approved in the U.S. for the treatment of attention deficit hyperactivity disorder. The total consideration for the acquisition was approximately $442 million, which consisted of upfront payments to NextWave's shareholders of approximately $278 million and contingent consideration with an estimated acquisition-date fair value of approximately $164 million. In 2013, as a result of lowered commercial forecasts, the fair value of the contingent consideration decreased and we recognized a pre-tax gain of approximately $114 million in *Other (income)/deductions—net* . For additional information, see Notes to Consolidated Financial Statements— *Note 2A. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Acquisitions* .
- Nexium Over-The-Counter Rights —In August 2012, we entered into an agreement with AstraZeneca for the exclusive, global, OTC rights for Nexium, a leading prescription drug currently approved to treat the symptoms of gastroesophageal reflux disease. We made an upfront payment of $250 million to AstraZeneca, and AstraZeneca is eligible to receive milestone payments of up to $550 million based on product launches and level of sales as well as royalty payments based on sales. In August 2013, the European Commission granted a Marketing Authorization for 'Nexium Control' OTC, with non-prescription status in all EU member states for the short-term treatment of reflux symptoms (including heartburn and acid regurgitation in adults). A new drug application submission for Nexium OTC in the U.S. in a 20mg delayed-release capsule was accepted for review by the FDA in the first half of 2013.

- Biocon Alliance —On March 12, 2012, Biocon and Pfizer concluded their October 18, 2010 alliance to commercialize Biocon's biosimilar versions of insulin and insulin analog products. The companies agreed that, due to the individual priorities for their respective biosimilars businesses, each company would move forward independently.
- Alacer Corp. (Alacer) —On February 26, 2012, we completed our acquisition of Alacer, a company that manufactured, marketed and distributed Emergen-C, a line of effervescent, powdered drink mix vitamin supplements. For additional information, see Notes to Consolidated Financial Statements— *Note 2A. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Acquisitions* .
- Ferrosan Holding A/S (Ferrosan) —On December 1, 2011, we completed our acquisition of the consumer healthcare business of Ferrosan, a Danish company engaged in the sale of science-based consumer healthcare products, including dietary supplements and lifestyle products, primarily in the Nordic region and the emerging markets of Russia and Central and Eastern Europe. For additional information, see Notes to Consolidated Financial Statements— *Note 2A. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Acquisitions* .
- Excaliard Pharmaceuticals, Inc. (Excaliard) —On November 30, 2011, we completed our acquisition of Excaliard, a privately owned biopharmaceutical company. Excaliard's lead compound, EXC-001, a Phase 2 compound, is an antisense oligonucleotide designed to interrupt the process of skin fibrosis by inhibiting expression of connective tissue growth factor (CTGF). The total consideration for the acquisition was approximately $174 million. For additional information, see Notes to Consolidated Financial Statements— *Note 2A. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Acquisitions* .
- GlycoMimetics, Inc. (GlycoMimetics) —In October 2011, we entered into an agreement with GlycoMimetics for their investigational compound GMI-1070. GMI-1070 is a pan-selectin antagonist in development for the treatment of vaso-occlusive crisis associated with sickle cell disease. GMI-1070 has received Orphan Drug and Fast Track status from the FDA. Under the terms of the agreement, Pfizer received an exclusive worldwide license to GMI-1070 for vaso-occlusive crisis associated with sickle cell disease and for other diseases for which the drug candidate may be developed. GlycoMimetics was responsible for completion of the Phase 2 trial under Pfizer's oversight, and Pfizer is responsible for all further development and commercialization. GlycoMimetics is entitled to payments up to approximately $340 million, including an upfront payment as well as development, regulatory and commercial milestones. GlycoMimetics is also eligible for royalties on any sales.
- Icagen, Inc. (Icagen) —On September 20, 2011, we completed our cash tender offer for the outstanding shares of Icagen, resulting in an approximate 70% ownership of the outstanding shares of Icagen, a biopharmaceutical company focused on discovery, development and commercialization of novel, orally-administered small molecule drugs that modulate ion channel targets. On October 27, 2011, we acquired all of the remaining shares of Icagen. For additional information, see Notes to Consolidated Financial Statements— *Note 2A. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Acquisitions* .
- Capsugel —On August 1, 2011, we sold our Capsugel business for approximately $2.4 billion in cash. For additional information, see Notes to Consolidated Financial Statements— *Note 2B. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Divestitures* .
- King Pharmaceuticals, Inc. (King) —On January 31, 2011 (the acquisition date), we completed a tender offer for the outstanding shares of common stock of King and acquired approximately 92.5% of the outstanding shares for approximately $3.3 billion in cash. On February 28, 2011, we acquired the remaining shares of King for approximately $300 million in cash. As a result, the total fair value of consideration transferred for King was approximately $3.6 billion in cash ($3.2 billion, net of cash acquired). For additional information, see Notes to Consolidated Financial Statements— *Note 2A. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Acquisitions.*

Our Financial Guidance for 2014

The following table provides our financial guidance for 2014 [(a), (b)]:

Adjusted revenues	$49.2 to $51.2 billion
Adjusted cost of sales as a percentage of adjusted revenues	19.0% to 20.0%
Adjusted selling, informational and administrative expenses	$13.5 to $14.5 billion
Adjusted research and development expenses	$6.4 to $6.9 billion
Adjusted other (income)/deductions	Approximately $100 million
Effective tax rate on adjusted income	Approximately 27.0%
Reported diluted Earnings per Share (EPS)	$1.57 to $1.72
Adjusted diluted EPS	$2.20 to $2.30

[(a)] Does not assume the completion of any business-development transactions not completed as of December 31, 2013, including any one-time upfront payments associated with such transactions. Also excludes the potential effects of the resolution of litigation-related matters not substantially resolved as of December 31, 2013.

[(b)] For an understanding of Adjusted income and its components and Adjusted diluted EPS (all of which are non-GAAP financial measures), see the "Adjusted Income" section of this Financial Review.

The following table provides a reconciliation of 2014 Adjusted income and Adjusted diluted EPS guidance to the 2014 Reported net income attributable to Pfizer Inc. and Reported diluted EPS attributable to Pfizer Inc. common shareholders guidance:

	Full-Year 2014 Guidance	
(BILLIONS OF DOLLARS, EXCEPT PER SHARE AMOUNTS)	Net Income [a]	Diluted EPS [a]
Adjusted income/diluted EPS [b] guidance	$14.1 - $14.8	$2.20 - $2.30
Purchase accounting impacts of transactions completed as of December 31, 2013	(2.8)	(0.43)
Restructuring and implementation costs and other	(1.0 - 1.3)	(0.15 - 0.20)
Reported net income attributable to Pfizer Inc./diluted EPS guidance	$10.0 - $11.0	$1.57 - $1.72

[a] Does not assume the completion of any business-development transactions not completed as of December 31, 2013, including any one-time upfront payments associated with such transactions. Also excludes the potential effects of the resolution of litigation-related matters not substantially resolved as of December 31, 2013.

[b] For an understanding of Adjusted income and Adjusted diluted EPS (which are non-GAAP financial measures), see the "Adjusted Income" section of this Financial Review.

The exchange rates assumed in connection with the 2014 financial guidance are as of mid-January 2014.

Adjusted and Reported diluted EPS guidance assumes diluted weighted-average shares outstanding of approximately 6.4 billion shares.

In addition, revenues and cost of sales from the transitional manufacturing and supply agreements with Zoetis have been excluded from the applicable Adjusted components of the financial guidance.

For additional information about our actual and anticipated costs and cost savings associated with our cost-reduction initiatives and our new global commercial structure, see the "Costs and Expenses—Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives" section of this Financial Review.

Our 2014 financial guidance is subject to a number of factors and uncertainties—as described in the "Our Operating Environment", "Our Strategy" and "Forward-Looking Information and Factors That May Affect Future Results" sections of this Financial Review and Part I, Item 1A, "Risk Factors," of our 2013 Annual Report on Form 10-K.

SIGNIFICANT ACCOUNTING POLICIES AND APPLICATION OF CRITICAL ACCOUNTING ESTIMATES

For a description of our significant accounting policies, see Notes to Consolidated Financial Statements— *Note 1. Basis of Presentation and Significant Accounting Policies* .

Of these policies, the following are considered critical to an understanding of Pfizer's Consolidated Financial Statements as they require the application of the most difficult, subjective and complex judgments: (i) Acquisitions (Note 1D); (ii) Fair Value (Note 1E); (iii) Revenues (Note 1G); (iv) Asset Impairments (Note 1K); (v) Benefit Plans (Note 1P); and (vi) Contingencies, including Tax Contingencies (Note 1O) and Legal and Environmental Contingencies (Note 1Q).

Below are some of our critical accounting estimates. See also Estimates and Assumptions (Note 1C) for a discussion about the risks associated with estimates and assumptions.

Acquisitions and Fair Value

For a discussion about the application of Fair Value to our recent acquisitions, see Notes to Consolidated Financial Statements— *Note 2A. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Acquisitions* .

For a discussion about the application of Fair Value to our investments, see Notes to Consolidated Financial Statements— *Note 7A. Financial Instruments: Selected Financial Assets and Liabilities* .

For a discussion about the application of Fair Value to our benefit plan assets, see Notes to Consolidated Financial Statements— *Note 11D. Pension and Postretirement Benefit Plans and Defined Contribution Plans: Plan Assets* .

For a discussion about the application of Fair Value to our asset impairments, see "Asset Impairment Reviews" below.

Revenues

As is typical in the biopharmaceutical industry, our gross product sales are subject to a variety of deductions that are generally estimated and recorded in the same period that the revenues are recognized and primarily represent rebates and discounts to government agencies, wholesalers, distributors and managed care organizations with respect to our pharmaceutical products. See also Notes to Consolidated Financial Statements— *Note 1G. Basis of Presentation and Significant Accounting Policies: Revenues* for a detailed description of the nature of our sales deductions and our procedures for estimating our obligations. For example:

- For Medicaid, Medicare and performance-based contract rebates, we use our experience ratio of rebates paid and actual prescriptions written during prior quarters, which may be adjusted to better match our current experience or our expected future experience.

- Outside the U.S., the majority of our pharmaceutical rebates, discounts and price reductions (collectively, sales allowances) are contractual or legislatively mandated and our estimates are based on actual invoiced sales within each period, which reduces the risk of variations in the estimation process. In certain European countries, rebates are calculated on the government's total unbudgeted pharmaceutical spending or on specific product sales thresholds, and we apply an estimated allocation factor against our actual invoiced sales to project the expected level of reimbursement. We obtain third-party information that helps us monitor the adequacy of these accruals.
- For chargebacks, we closely approximate actual as we settle these deductions generally within two to five weeks after incurring the liability.
- For sales returns, we perform calculations in each market that incorporate the following, as appropriate: local returns policies and practices; returns as a percentage of sales; an understanding of the reasons for past returns; estimated shelf life by product; an estimate of the amount of time between shipment and return or lag time; and any other factors that could impact the estimate of future returns, such as loss of exclusivity, product recalls or a changing competitive environment.
- For sales incentives, we use our historical experience with similar incentives programs to predict customer behavior.

These deductions represent estimates of the related obligations and, as such, judgment and knowledge of market conditions and practice are required when estimating the impact of these sales deductions on gross sales for a reporting period. Historically, our adjustments to actual results have not been material to our overall business. On a quarterly basis, our adjustments to actual results generally have been less than 1% of biopharmaceutical net sales and can result in either a net increase or a net decrease in income. Product-specific rebate charges, however, can have a significant impact on year-over-year individual product growth trends. If any of our ratios, factors, assessments, experiences or judgments are not indicative or accurate predictors of our future experience, our results could be materially affected. The sensitivity of our estimates can vary by program, type of customer and geographic location. However, estimates associated with U.S. Medicaid and performance-based contract rebates are most at-risk for material adjustment because of the extensive time delay between the recording of the accrual and its ultimate settlement, an interval that can generally range up to one year. Because of this time lag, in any given quarter, our adjustments to actual can incorporate revisions of several prior quarters.

Asset Impairment Reviews

We review all of our long-lived assets, including goodwill and other intangible assets, for impairment indicators throughout the year and we perform impairment testing for goodwill and indefinite-lived assets annually and for all other long-lived assets whenever impairment indicators are present. When necessary, we record charges for impairments of long-lived assets for the amount by which the fair value is less than the carrying value of these assets. Our impairment review processes are described in the Notes to Consolidated Financial Statements— *Note 1K. Basis of Presentation and Significant Accounting Policies: Amortization of Intangible Assets, Depreciation and Certain Long-Lived Assets.*

Examples of events or circumstances that may be indicative of impairment include:

- A significant adverse change in legal factors or in the business climate that could affect the value of the asset. For example, a successful challenge of our patent rights would likely result in generic competition earlier than expected.
- A significant adverse change in the extent or manner in which an asset is used. For example, restrictions imposed by the FDA or other regulatory authorities could affect our ability to manufacture or sell a product.
- A projection or forecast that demonstrates losses or reduced profits associated with an asset. This could result, for example, from a change in a government reimbursement program that results in an inability to sustain projected product revenues and profitability. This also could result from the introduction of a competitor's product that results in a significant loss of market share or the inability to achieve the previously projected revenue growth, as well as the lack of acceptance of a product by patients, physicians and payers. For in-process research and development (IPR&D) projects, this could result from, among other things, a change in outlook based on clinical trial data, a delay in the projected launch date or additional expenditures to commercialize the product.

Intangible Assets Other than Goodwill

As a result of our intangible asset impairment review work, we recognized a number of impairments of intangible assets other than goodwill.

- In 2013 , $803 million , reflecting (i) $394 million of developed technology rights (for use in the development of bone and cartilage) acquired in connection with our acquisition of Wyeth; (ii) $227 million related to IPR&D compounds; (iii) $109 million of indefinite lived brands, primarily related to our biopharmaceutical indefinite-lived brand, Xanax/Xanax XR; and (iv) $73 million of other finite-lived intangible assets, related to platform technology, that no longer have an alternative future use. The intangible asset impairment charges for 2013 reflect, among other things, updated commercial forecasts and, with regard to IPR&D, also reflect the impact of new scientific findings and delayed launch dates. The intangible asset impairment charges for 2013 are associated with the following: Specialty Care ($394 million); Established Products ($201 million); Worldwide Research and Development ($140 million); Primary Care ($54 million); and Consumer Healthcare ($14 million).
- In 2012 , $835 million , reflecting (i) $393 million of IPR&D assets, primarily related to compounds that targeted autoimmune and inflammatory diseases (full write-off) and, to a lesser extent, compounds related to pain treatment; (ii) $175 million related to our Consumer Healthcare indefinite-lived brand assets, primarily Robitussin, a cough suppressant; (iii) $242 million related to developed technology rights, a charge composed of impairments of various products, none of which individually exceeded $45 million; and (iv) $25 million of finite-lived brands. The intangible asset impairment charges for 2012 reflect, among other things, the impact of new scientific findings, updated commercial forecasts, changes in pricing, an increased competitive environment and litigation uncertainties regarding intellectual property. The impairment charges in 2012 are associated with the following: Worldwide Research and Development ($303 million); Consumer Healthcare ($200 million); Primary Care ($137 million); Established Products ($83 million); Specialty Care ($56 million); and Emerging Markets ($56 million).

- In 2011, $834 million, the majority of which relates to intangible assets that were acquired as part of our acquisition of Wyeth. These impairment charges reflect (i) $458 million of IPR&D assets, primarily related to two compounds for the treatment of certain autoimmune and inflammatory diseases; (ii) $193 million related to our biopharmaceutical indefinite-lived brand, Xanax/Xanax XR; and (iii) $183 million related to developed technology rights comprising the impairment of five assets. The intangible asset impairment charges for 2011 reflect, among other things, the impact of new scientific findings and an increased competitive environment. The impairment charges in 2011 are associated with the following: Worldwide Research and Development ($394 million); Established Products ($193 million); Specialty Care ($135 million); Primary Care ($56 million); and Oncology ($56 million).

For a description of our accounting policy, see Notes to Consolidated Financial Statements— *Note 1K. Basis of Presentation and Significant Accounting Policies: Amortization of Intangible Assets, Depreciation and Certain Long-Lived Assets* .

When we are required to determine the fair value of intangible assets other than goodwill, we use an income approach, specifically the multi-period excess earnings method, also known as the discounted cash flow method. We start with a forecast of all the expected net cash flows associated with the asset, which includes the application of a terminal value for indefinite-lived assets, and then we apply an asset-specific discount rate to arrive at a net present value amount. Some of the more significant estimates and assumptions inherent in this approach include: the amount and timing of the projected net cash flows, which includes the expected impact of competitive, legal and/or regulatory forces on the projections and the impact of technological risk associated with IPR&D assets, as well as the selection of a long-term growth rate; the discount rate, which seeks to reflect the various risks inherent in the projected cash flows; and the tax rate, which seeks to incorporate the geographic diversity of the projected cash flows.

While all intangible assets other than goodwill can face events and circumstances that can lead to impairment, in general, intangible assets other than goodwill that are most at risk of impairment include IPR&D assets (approximately $443 million as of December 31, 2013) and newly acquired or recently impaired indefinite-lived brand assets (approximately $1.5 billion as of December 31, 2013). IPR&D assets are high-risk assets, as research and development is an inherently risky activity. Newly acquired and recently impaired indefinite-lived assets are more vulnerable to impairment as the assets are recorded at fair value and are then subsequently measured at the lower of fair value or carrying value at the end of each reporting period. As such, immediately after acquisition or impairment, even small declines in the outlook for these assets can negatively impact our ability to recover the carrying value and can result in an impairment charge.

- One of our indefinite-lived biopharmaceutical brands, Xanax/Xanax XR, was written down to its fair value of $1.2 billion at the end of the third quarter of 2013. This asset continues to be at risk for future impairment. Any negative change in the undiscounted cash flows, discount rate and/or tax rate could result in an impairment charge. Xanax/Xanax XR, which was launched in the mid-1980s and acquired in 2003, must continue to remain competitive against its generic challengers or the associated asset may become impaired again. We re-considered and confirmed the classification of this asset as indefinite-lived at the time of the impairment. We will continue to closely monitor this asset.

Goodwill

As a result of our goodwill impairment review work, we concluded that none of our goodwill is impaired as of December 31, 2013 , and we do not believe the risk of impairment is significant at this time.

For a description of our accounting policy, see Notes to Consolidated Financial Statements— *Note 1K. Basis of Presentation and Significant Accounting Policies: Amortization of Intangible Assets, Depreciation and Certain Long-Lived Assets* .

When we are required to determine the fair value of a reporting unit, as appropriate for the individual reporting unit, we may use the market approach, the income approach or a weighted-average combination of both approaches.

- The market approach is a historical approach to estimating fair value and relies primarily on external information. Within the market approach are two methods that we may use:
  - Guideline public company method—this method employs market multiples derived from market prices of stocks of companies that are engaged in the same or similar lines of business and that are actively traded on a free and open market and the application of the identified multiples to the corresponding measure of our reporting unit's financial performance.
  - Guideline transaction method—this method relies on pricing multiples derived from transactions of significant interests in companies engaged in the same or similar lines of business and the application of the identified multiples to the corresponding measure of our reporting unit's financial performance.

  The market approach is only appropriate when the available external information is robust and deemed to be a reliable proxy for the specific reporting unit being valued; however, these assessments may prove to be incomplete or inaccurate. Some of the more significant estimates and assumptions inherent in this approach include: the selection of appropriate guideline companies and transactions and the determination of applicable premiums and discounts based on any differences in ownership percentages, ownership rights, business ownership forms or marketability between the reporting unit and the guideline companies and transactions.
- The income approach is a forward-looking approach to estimating fair value and relies primarily on internal forecasts. Within the income approach, the method that we use is the discounted cash flow method. We start with a forecast of all the expected net cash flows associated with the reporting unit, which includes the application of a terminal value, and then we apply a reporting unit-specific discount rate to arrive at a net present value amount. Some of the more significant estimates and assumptions inherent in this approach include: the amount and timing of the projected net cash flows, which includes the expected impact of technological risk and competitive, legal and/or regulatory forces on the projections, as well as the selection of a long-term growth rate; the discount rate, which seeks to reflect the various risks inherent in the projected cash flows; and the tax rate, which seeks to incorporate the geographic diversity of the projected cash flows.

Specifically:

- When we estimate the fair value of our five biopharmaceutical reporting units as in effect prior to our January 1, 2014 reorganization we rely solely on the income approach. We use the income approach exclusively as many of our products are sold in multiple reporting units and as one reporting unit is geographic-based while the others are product and/or customer-based. Further, the projected cash flows from a single product may reside in up to three reporting units at different points in future years and the discounted cash flow method would reflect the movement of products among reporting units. As such, the use of the comparable guideline company method is not practical or reliable. For the income approach, we use the discounted cash flow method.
- When we estimate the fair value of our Consumer Healthcare reporting unit, we use a combination of approaches and methods. We use the income approach and the market approach, which we weight equally in our analysis. We weight them equally as we have equal confidence in the appropriateness of the approaches for this reporting unit. For the income approach, we use the discounted cash flow method and for the market approach, we use both the guideline public company method and the guideline transaction method, which we weight equally to arrive at our market approach value.

While all reporting units can confront events and circumstances that can lead to impairment, we do not believe that the risk of goodwill impairment for any of our reporting units as of December 31, 2013, is significant at this time.

Our Consumer Healthcare reporting unit has the narrowest difference between estimated fair value and estimated book value. However, we believe that it would take a significant negative change in the undiscounted cash flows, the discount rate and/or the market multiples in the consumer industry for the Consumer Healthcare reporting unit goodwill to be impaired. Our Consumer Healthcare reporting unit performance and consumer healthcare industry market multiples are highly correlated with the overall economy and our specific performance is also dependent on our and our competitors' innovation and marketing effectiveness, and on regulatory developments affecting claims, formulations and ingredients of our products.

For all of our reporting units, there are a number of future events and factors that may impact future results and that could potentially have an impact on the outcome of subsequent goodwill impairment testing. For a list of these factors, see the "Forward-Looking Information and Factors That May Affect Future Results" section of this Financial Review and Part I. Item 1A "Risk Factors" in our 2013 Annual Report on Form 10-K.

Benefit Plans

The majority of our employees worldwide are covered by defined benefit pension plans, defined contribution plans or both. In the U.S., we have both qualified and supplemental (non-qualified) defined contribution and defined benefit plans, as well as other postretirement benefit plans consisting primarily of healthcare and life insurance for retirees (see Notes to Consolidated Financial Statements— *Note 1P. Basis of Presentation and Significant Accounting Policies: Pension and Postretirement Benefit Plans* and *Note 11. Pension and Postretirement Benefit Plans and Defined Contribution Plans*). Beginning on January 1, 2011, for employees hired in the U.S. and Puerto Rico after December 31, 2010, we no longer offer a defined benefit plan and, instead, offer an enhanced benefit under our defined contribution plan. In addition to the standard matching contribution by the Company, the enhanced benefit provides an automatic Company contribution for such eligible employees based on age and years of service. Also, on May 8, 2012, we announced to employees that as of January 1, 2018, Pfizer will transition its U.S. and Puerto Rico employees from its defined benefit plans to an enhanced defined contribution savings plan.

The accounting for benefit plans is highly dependent on actuarial estimates, assumptions and calculations, which result from a complex series of judgments about future events and uncertainties. The assumptions and actuarial estimates required to estimate the employee benefit obligations for the defined benefit and postretirement plans may include the discount rate; expected salary increases; certain employee-related factors, such as turnover, retirement age and mortality (life expectancy); and healthcare cost trend rates.

As of December 31, 2013, our *Pension benefit obligations, net* and our *Postretirement benefit obligations, net* declined, in the aggregate, by approximately $4.0 billion compared to December 31, 2012. The decline reflects, among other things, a significant increase in our discount rate assumptions, used in the measurement of the plan obligations, as well as the impact of a strong return on plan assets for plans with assets.

Our assumptions reflect our historical experiences and our judgment regarding future expectations that have been deemed reasonable by management. The judgments made in determining the costs of our benefit plans can materially impact our results of operations.

The following table provides the expected versus actual rate of return on plan assets and the discount rate used to measure the benefit obligations for our U.S. qualified pension plans and our international pension plans [(a)]:

	2013	2012	2011
U.S. Qualified Pension Plans			
Expected annual rate of return on plan assets	**8.5%**	8.5%	8.5%
Actual annual rate of return on plan assets	**11.3**	12.7	3.4
Discount rate used to measure the plan obligations	**5.2**	4.3	5.1
International Pension Plans			
Expected annual rate of return on plan assets	**5.8**	5.6	5.9
Actual annual rate of return on plan assets	**13.1**	9.6	2.7
Discount rate used to measure the plan obligations	**3.9**	3.8	4.7

[(a)] For additional assumptions associated with our benefit plans, see Notes to Consolidated Financial Statements— *Note 11B. Pension and Postretirement Benefit Plans and Defined Contribution Plans: Actuarial Assumptions.*

Expected Annual Rate of Return on Plan Assets

The assumptions for the expected annual rate of return on all of our plan assets reflect our actual historical return experience and our long-term assessment of forward-looking return expectations by asset classes, which is used to develop a weighted-average expected return based on the implementation of our targeted asset allocation in our respective plans (see Notes to Consolidated Financial Statements— *Note 11D. Pension and Postretirement Benefit Plans and Defined Contribution Plans: Plan Assets* for asset allocation ranges and actual asset allocations for 2013 and 2012).

The expected annual rate of return on plan assets for our U.S. plans and the majority of our international plans is applied to the fair value of plan assets at each year-end and the resulting amount is reflected in our net periodic benefit costs in the following year. Holding all other assumptions constant, the effect of a 50 basis point decline in our assumption for the expected annual rate of return on plan assets would increase our 2014 net periodic benefit costs by approximately $101 million, pre-tax.

The actual return on plan assets resulted in an increase in our aggregate plan assets of approximately $2.4 billion during 2013.

Discount Rate Used to Measure Plan Obligations

The discount rate used to measure the plan obligations for our U.S. defined benefit plans is determined at least annually and evaluated and modified, as required, to reflect the prevailing market rate of a portfolio of high-quality corporate bond investments, rated AA/Aa or better, that would provide the future cash inflows needed to settle our benefit obligations as they come due. The discount rate used to measure the plan obligations for our international plans is determined at least annually by reference to investment grade corporate bonds, rated AA/Aa or better, including, when there are sufficient data, a yield-curve approach. These discount rate determinations are made in consideration of local requirements.

The measurement of the plan obligations at the end of the year will affect the amount of service cost, interest cost and amortization expense reflected in our net periodic benefit costs in the following year. Holding all other assumptions constant, the effect of a 10 basis point decrease in the discount rate assumptions would increase our 2014 net periodic benefit costs by approximately $30 million, pre-tax, and increase our benefit obligations as of December 31, 2013 by approximately $421 million.

The change in the discount rates used in measuring our plan obligations as of December 31, 2013 resulted in a decrease in the measurement of our aggregate plan obligations by approximately $2.2 billion.

Contingencies

For a discussion about income tax contingencies, see Notes to Consolidated Financial Statements— *Note 5D. Tax Matters: Tax Contingencies.*

For a discussion about legal and environmental contingencies, guarantees and indemnifications, see Notes to Consolidated Financial Statements— *Note 17. Commitments and Contingencies* .

ANALYSIS OF THE CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31,			% Change	
(MILLIONS OF DOLLARS)	**2013**	2012	2011	13/12	12/11
Revenues	**$ 51,584**	$ 54,657	$ 61,035	**(6)**	(10)
Cost of sales	**9,586**	9,821	12,500	**(2)**	(21)
% of revenues	**18.6%**	18.0%	20.5%		
Selling, informational and administrative expenses	**14,355**	15,171	17,581	**(5)**	(14)
% of revenues	**27.8%**	27.8%	28.8%		
Research and development expenses	**6,678**	7,482	8,681	**(11)**	(14)
% of revenues	**12.9%**	13.7%	14.2%		
Amortization of intangible assets	**4,599**	5,109	5,465	**(10)**	(7)
% of revenues	**8.9%**	9.3%	9.0%		
Restructuring charges and certain acquisition-related costs	**1,182**	1,810	2,841	**(35)**	(36)
% of revenues	**2.3%**	3.3%	4.7%		
Other (income)/deductions—net	**(532)**	4,022	2,486	*	62
Income from continuing operations before provision for taxes on income	**15,716**	11,242	11,481	**40**	(2)
% of revenues	**30.5%**	20.6%	18.8%		
Provision for taxes on income	**4,306**	2,221	3,621	**94**	(39)
Effective tax rate	**27.4%**	19.8%	31.5%		
Income from continuing operations	**11,410**	9,021	7,860	**26**	15
% of revenues	**22.1%**	16.5%	12.9%		
Discontinued operations—net of tax	**10,662**	5,577	2,189	**91**	*
Net income before allocation to noncontrolling interests	**22,072**	14,598	10,049	**51**	45
% of revenues	**42.8%**	26.7%	16.5%		
Less: Net income attributable to noncontrolling interests	**69**	28	40	**146**	(30)
Net income attributable to Pfizer Inc.	**$ 22,003**	$ 14,570	$ 10,009	**51**	46
% of revenues	**42.7%**	26.7%	16.4%		

Certain amounts and percentages may reflect rounding adjustments.

* Calculation not meaningful.

Revenues-Overview

Total revenues were $51.6 billion in 2013 , a decrease of 6% compared to 2012 , which reflects an operational decline of $1.9 billion , or 4% . The operational decrease was primarily the result of:

- the continued erosion of branded Lipitor in the U.S., developed Europe and certain other developed markets (approximately $1.7 billion);
- the loss of exclusivity for Geodon in March 2012 in the U.S. (approximately $130 million);
- other product losses of exclusivity (approximately $1.3 billion);
- the ongoing expiration of the Spiriva collaboration in certain countries (approximately $475 million);
- decreased government purchases of the Prevnar family of products and Enbrel in certain emerging markets (approximately $160 million); and
- lower revenues from generic atorvastatin (approximately $145 million),

partially offset by:

- the growth of certain products, including Lyrica, Inlyta, Celebrex and Xalkori in developed markets and Xeljanz in the U.S. (approximately $1.1 billion);
- the overall growth in the rest of the Emerging Markets business unit (approximately $751 million), excluding the aforementioned decrease in the government purchases of the Prevnar family of products and Enbrel;
- the overall growth in the Consumer Healthcare business unit (approximately $153 million); and
- revenues from the transitional manufacturing and supply agreements with Zoetis (approximately $132 million).

In addition, *Revenues* were unfavorably impacted by foreign exchange of approximately $1.2 billion , or 2% , in 2013 compared to 2012 .

Total revenues were $54.7 billion in 2012 , a decrease of 10% compared to 2011 , which reflects an operational decline of $5.0 billion , or 8% .

The operational decrease was primarily the result of:

- erosion of branded Lipitor in the U.S., developed Europe and certain other markets (approximately $5.6 billion);
- the loss of exclusivity for Geodon in March 2012 in the U.S (approximately $645 million); and
- other product losses of exclusivity (approximately $1.4 billion),

partially offset by:

- the growth of certain products, including Lyrica, Enbrel, Benefix, Inlyta, Celebrex, Xalkori and Zyvox (approximately $1.3 billion) in developed markets;
- the overall growth of the Emerging Markets business unit (approximately $1.2 billion); and
- the overall growth in the Consumer Healthcare business unit (approximately $241 million).

In addition, *Revenues* were unfavorably impacted by foreign exchange by approximately $1.3 billion , or 2% in 2012 compared to 2011.

In 2013, Lyrica, the Prevnar family, Enbrel, Celebrex and Lipitor each delivered at least $2 billion in revenues, while Viagra, Zyvox, Norvasc, Sutent and the Premarin family each delivered over $1 billion in revenues. Viagra lost exclusivity in most major EU markets in June 2013. We lost exclusivity for Lyrica in Canada in February 2013. Lipitor has lost exclusivity in all major markets.

In 2012, Lyrica, the Prevnar family, Lipitor, Enbrel, Celebrex and Viagra each delivered at least $2 billion in revenues, while Norvasc, Zyvox, Sutent and the Premarin family each surpassed $1 billion in revenues.

In 2011, Lipitor, Lyrica, Enbrel, the Prevnar family and Celebrex each delivered at least $2 billion in revenues, while Viagra, Norvasc, Zyvox, Xalatan/Xalacom (Xalatan lost exclusivity in the U.S. in March 2011; Xalatan and Xalacom lost exclusivity in the majority of European countries in January 2012), Sutent, Geodon/Zeldox (Geodon lost exclusivity in the U.S. in March 2012), and the Premarin family each surpassed $1 billion in revenues.

Revenues exceeded $500 million in each of 12 , 14 and 16 countries outside the U.S. in 2013 , 2012 and 2011, respectively. The U.S. is our largest national market, comprising 39% of total revenues in both 2013 and 2012, and 41% of total revenues in 2011. Japan is our second-largest national market, with approximately 10%, 12% and 10% of total revenues in 2013, 2012 and 2011, respectively.

Our policy relating to the supply of pharmaceutical inventory at domestic wholesalers, and in major international markets, is to generally maintain stocking levels under one month on average and to keep monthly levels consistent from year to year based on patterns of utilization. We historically have been able to closely monitor these customer stocking levels by purchasing information from our customers directly or by obtaining other third-party information. We believe our data sources to be directionally reliable but cannot verify their accuracy. Further, as we do not control this third-party data, we cannot be assured of continuing access. Unusual buying patterns and utilization are promptly investigated.

As is typical in the biopharmaceutical industry, our gross product sales are subject to a variety of deductions that generally are estimated and recorded in the same period that the revenues are recognized and primarily represent rebates and discounts to government agencies, wholesalers, distributors and managed care organizations with respect to our pharmaceutical products. These deductions represent estimates of the related obligations and, as such, judgment and knowledge of market conditions and practice are required when estimating the impact of these sales deductions on gross sales for a reporting period. Historically, our adjustments to actual results have not been material to our overall business. On a quarterly basis, our adjustments to actual results generally have been less than 1% of biopharmaceutical net sales and can result in either a net increase or a net decrease in income. Product-specific rebate charges, however, can have a significant impact on year-over-year individual product growth trends.

The following table provides information about certain deductions from revenues:

	Year Ended December 31,		
(MILLIONS OF DOLLARS)	**2013**	2012	2011
Medicaid and related state program rebates [a]	**$ 508**	$ 853	$ 1,197
Medicare rebates [a]	**887**	741	1,410
Performance-based contract rebates [a], [b]	**2,117**	1,852	3,179
Chargebacks [c]	**3,569**	3,648	3,212
Sales allowances [d]	**4,395**	4,525	4,573
Total	**$ 11,476**	$ 11,619	$ 13,571

[a] Rebates are product-specific and, therefore, for any given year are impacted by the mix of products sold.

[b] Performance-based contract rebates include contract rebates with managed care customers within the U.S., including health maintenance organizations and pharmacy benefit managers, who receive rebates based on the achievement of contracted performance terms and claims under these contracts. Outside of the U.S., performance-based contract rebates include rebates to wholesalers/distributors based on achievement of contracted performance for specific products or sales milestones.

[c] Chargebacks primarily represent reimbursements to wholesalers for honoring contracted prices to third parties.

[d] Sales allowances primarily represent pharmaceutical rebates, discounts and price reductions that are contractual or legislatively mandated outside of the U.S.

The total rebates and chargebacks for 2013 decreased compared to 2012, primarily as a result of:

- the impact of decreased Medicaid rebates for certain products that have lost exclusivity;
- lower Medicaid utilization trends; and
- a decrease in sales chargebacks for certain products that have lost exclusivity,

partially offset by:

- an increase in Medicare rebates due to higher volume;
- an increase in chargebacks for our branded products as a result of increasing competitive pressures;
- an increase in performance-based contract rebates in a number of European markets and China as a result of competitive factors and contract arrangements; and
- changes in product mix.

Our accruals for Medicaid rebates, Medicare rebates, performance-based contract rebates, sales allowances and chargebacks were $3.3 billion as of December 31, 2013 and $3.6 billion as of December 31, 2012, and primarily are included in *Other current liabilities* in our consolidated balance sheets.

Revenues by Segment and Geographic Area

The following table provides worldwide revenues by operating segment, business unit and geographic area:

	Year Ended December 31,									% Change					
	Worldwide			U.S.			International			Worldwide		U.S.		International	
(MILLIONS OF DOLLARS)	**2013**	2012	2011 [a]	**2013**	2012	2011 [a]	**2013**	2012	2011 [a]	**13/12**	12/11	**13/12**	12/11	**13/12**	12/11
Biopharmaceutical revenues:															
Primary Care Operating Segment	**$ 13,272**	$15,558	$22,670	**$ 8,352**	$ 8,191	$12,819	**$ 4,920**	$ 7,367	$ 9,851	**(15)**	(31)	**2**	(36)	**(33)**	(25)
Specialty Care	**13,288**	14,151	15,245	**5,652**	6,206	6,870	**7,636**	7,945	8,375	**(6)**	(7)	**(9)**	(10)	**(4)**	(5)
Oncology	**1,646**	1,310	1,323	**738**	573	391	**908**	737	932	**26**	(1)	**29**	47	**23**	(21)
SC&O Operating Segment	**14,934**	15,461	16,568	**6,390**	6,779	7,261	**8,544**	8,682	9,307	**(3)**	(7)	**(6)**	(7)	**(2)**	(7)
Emerging Markets	**10,215**	9,960	9,295	**—**	—	—	**10,215**	9,960	9,295	**3**	7	**—**	—	**3**	7
Established Products	**9,457**	10,235	9,214	**3,828**	4,738	3,627	**5,629**	5,497	5,587	**(8)**	11	**(19)**	31	**2**	(2)
EP&EM Operating Segment	**19,672**	**20,195**	18,509	**3,828**	4,738	3,627	**15,844**	15,457	14,882	**(3)**	9	**(19)**	31	**3**	4
	47,878	51,214	57,747	**18,570**	19,708	23,707	**29,308**	31,506	34,040	**(7)**	(11)	**(6)**	(17)	**(7)**	(7)
Consumer Healthcare	**3,342**	3,212	3,028	**1,580**	1,526	1,490	**1,762**	1,686	1,538	**4**	6	**4**	2	**5**	10
Other [b]	**364**	231	260	**124**	79	78	**240**	152	182	**58**	(11)	**57**	1	**58**	(16)
Total Revenues	**$ 51,584**	$54,657	$61,035	**$20,274**	$21,313	$25,275	**$31,310**	$33,344	$35,760	**(6)**	(10)	**(5)**	(16)	**(6)**	(7)

[a] For 2011, includes King commencing on the acquisition date of January 31, 2011.

[b] Represents revenues generated from Pfizer CentreSource, our contract manufacturing and bulk pharmaceutical chemical sales organization, and includes, in 2013, the revenues related to our transitional manufacturing and supply agreements with Zoetis.

Biopharmaceutical Revenues

Revenues from biopharmaceutical products contributed approximately 93% of our total revenues in 2013 , 94% of our total revenues in 2012 and 95% of our total revenues in 2011 .

We recorded direct product sales of more than $1 billion for each of 10 biopharmaceutical products in both 2013 and 2012 and each of 12 biopharmaceutical products in 2011 . These products represent 51% of our revenues from biopharmaceutical products in 2013 , 50% of our revenues from biopharmaceutical products in 2012 and 56% of our revenues from biopharmaceutical products in 2011 .

2013 v. 2012

Worldwide revenues from biopharmaceutical products in 2013 were $47.9 billion , a decrease of 7% compared to 2012 . In addition to the operational factors noted in the *Revenues Overview* section of this *Analysis of the Consolidated Statements of Income,* foreign exchange unfavorably impacted biopharmaceutical revenues by $1.2 billion or 3% .

Geographically,

- in the U.S., revenues from biopharmaceutical products decreased 6% in 2013 , compared to 2012 , reflecting, among other things:
  - lower revenues from Lipitor, Revatio and Geodon, all due to loss of exclusivity (down approximately $875 million in 2013);
  - lower Alliance revenues from Spiriva, reflecting the final-year terms of our Spiriva co-promotion agreement in the U.S. (down approximately $320 million in 2013), and Enbrel, reflecting the expiration of the co-promotion agreement in the U.S. and Canada in October 2013 (down approximately $82 million);
  - lower revenues from generic atorvastatin (down approximately $145 million in 2013);
  - lower revenues from Prevnar, due to decreased government purchases (down approximately $84 million in 2013); and
  - lower revenues from Zosyn (down approximately $45 million in 2013),

  partially offset by:
  - the strong performance of certain other biopharmaceutical products, including Lyrica, Celebrex, Xeljanz, Inlyta and Xalkori (up approximately $715 million in 2013).
- in our international markets, revenues from biopharmaceutical products decreased 7% in 2013 , compared to 2012 . Operationally, revenues decreased 3% in 2013, compared to 2012, reflecting, among other things:
  - lower revenues for Lipitor and Xalatan/Xalacom (down approximately $1.4 billion in 2013) due to the loss of exclusivity of Lipitor in developed Europe, Japan and Australia, and Xalatan/Xalacom in the majority of European markets and in Australia; lower revenues for Viagra (down approximately $108 million in 2013) primarily due to loss of exclusivity in most major markets in Europe; and lower revenues for Aricept (direct sales) (down approximately $88 million in 2013) due to the loss of exclusivity in certain markets; and
  - lower Alliance revenues (down approximately $493 million in 2013), primarily due to the loss of exclusivity of Aricept in many major European markets, the return of our rights to Aricept in Japan to Eisai Co., Ltd., and lower revenues for Spiriva in certain European countries, Canada and Australia (where the Spiriva collaboration has terminated),

  partially offset by:
  - higher revenues for Lyrica, and new product growth from Inlyta and Xalkori, (collectively, approximately $506 million in 2013).

The unfavorable impact of foreign exchange on international biopharmaceutical revenues of 4% in 2013 also contributed to the decrease in revenues from biopharmaceutical products in our international markets.

During 2013 , international revenues from biopharmaceutical products represented 61% of total revenues from biopharmaceutical products, compared to 62% in 2012 .

Primary Care Operating Segment

Primary Care unit revenues decreased 15% in 2013 , compared to 2012 , reflecting lower operational revenues of 13% in 2013 , primarily due to:

- the loss of exclusivity of Lipitor and the resulting shift in the reporting of Lipitor revenues in developed Europe and Australia to the Established Products unit beginning January 1, 2013, as well as the loss of exclusivity of certain other products in various markets, including Viagra in most major European markets in June 2013 and Lyrica in Canada in February 2013;
- the termination of the co-promotion agreement for Aricept in Japan in December 2012; and
- in the U.S. and certain European countries, the co-promotion collaboration for Spiriva is in its final year, which per the terms of the collaboration agreement, has resulted in a decline in Pfizer's share of Spiriva revenues; and in Australia, Canada and certain other European countries, the Spiriva collaboration has terminated,

partially offset by:

- the strong operational performance of Celebrex, Chantix and Pristiq in the U.S., as well as Lyrica in developed markets and the launch in February 2013 of Eliquis.

The unfavorable impact of foreign exchange of 2% in 2013, also contributed to the decrease in Primary Care unit revenues.

Collectively, the decline in revenues in developed markets for Lipitor and for certain other Primary Care unit products that lost exclusivity in various markets in 2013, as well as the resulting shift in the reporting of certain product revenues to the Established Products unit, and the termination and final-year terms of certain co-promotion agreements, reduced Primary Care unit revenues by approximately $2.9 billion , or 19% , in comparison with 2012.

Specialty Care and Oncology Operating Segment

- Specialty Care unit revenues decreased 6% in 2013 , compared to 2012 , reflecting a decrease in operational revenues of 4% in 2013 , primarily due to:
  - the loss of exclusivity and the resulting shift in the reporting of Geodon and Revatio revenues in the U.S. and Xalabrands revenues in developed Europe and Australia to the Established Products unit beginning January 1, 2013; and
  - the expiration of the co-promotion agreement for Enbrel in the U.S. and Canada on October 31, 2013, as a result of which for a 36-month period thereafter, we are entitled to royalty payments that are expected to be significantly less than the share of Enbrel profits

prior to the expiration of the co-promotion agreement, and those royalty payments are and will be included in *Other (income)/ deductions* —net rather than in *Revenues* , beginning November 1, 2013,

partially offset by:

- the growth of Enbrel outside of the U.S., as well as Xeljanz and the hemophilia portfolio (BeneFIX and ReFacto AF/Xyntha) in the U.S.

  The unfavorable impact of foreign exchange of 2% in 2013 also contributed to the decrease in Specialty Care unit revenues.

  Collectively, products that lost exclusivity, as well as the resulting shift in the reporting of certain product revenues to the Established Products unit, and the expiration of the co-promotion agreement for Enbrel in the U.S. and Canada reduced Specialty Care unit revenues by $996 million , or 7% , in comparison with 2012.

- Oncology unit revenues increased 26% in 2013 , compared to 2012 , reflecting higher operational revenues of 29% in 2013 due to:
  - the recent launches of new products, most notably Inlyta and Xalkori in several major markets,

  partially offset by:

  - the decline in Sutent revenues in the EU and Japan, due to increased competition and cost-containment measures in those markets, as well as some conversion from Sutent to Inlyta in Japan due to a broader label for Inlyta in Japan, which overlaps with the Sutent indication.

    Inlyta's market share is stable in the U.S. and continues to increase in international developed markets as patient feedback remains positive both in terms of efficacy and tolerability, and as pricing and reimbursement are being granted in developed Europe. Xalkori prescriptions and new patient starts also continue to increase, driven by initiatives established to improve molecular testing and identify the appropriate patients for this medicine.

    The operational increase in Oncology unit revenues was partially offset by the unfavorable impact of foreign exchange of 3% in 2013.

Established Products and Emerging Markets Operating Segment

- Established Products unit revenues decreased 8% in 2013 , compared to 2012 , reflecting a decrease in operational revenues of 5% in 2013 , primarily due to:
  - the continued erosion of branded Lipitor in the U.S. and Japan due to generic competition and additional generic competition for Metaxalone/Skelaxin in the U.S.,

  partially offset by:

  - revenues from products in certain markets that were shifted to the Established Products unit from other business units beginning January 1, 2013, including Lipitor, Caduet and Xalabrands in developed Europe and Australia and Geodon in the U.S.; and
  - the contribution from the collaboration with Mylan Inc. to market generic drugs in Japan.

  The unfavorable impact of foreign exchange of 3% in 2013 also contributed to the decrease in Established Products unit revenues.

- Emerging Markets unit revenues increased 3% in 2013 , compared to 2012 , due to higher operational revenues of 6% in 2013 , primarily due to:
  - volume growth in China, most notably Lipitor, Norvasc and Sulperazon,

  partially offset by:

  - the impact of the transfer of certain product rights to our equity-method investment in China in the first quarter of 2013; and
  - decreased government purchases of Prevenar and Enbrel, as well as government cost-containment measures, in certain emerging markets.

  The operational increase in Emerging Markets unit revenues was partially offset by the unfavorable impact of foreign exchange of 3% in 2013 .

Total revenues from established products in both the Established Products and Emerging Markets units were $13.6 billion , with $4.2 billion generated in emerging markets, in 2013 .

2012 v. 2011

Worldwide revenues from biopharmaceutical products in 2012 were $51.2 billion , reflecting a decrease of 11% compared to 2011 , reflecting, among other things:

- a decrease in operational revenues of approximately $7.2 billion due to the loss of exclusivity of various products in certain markets, including a decrease in operational revenues from branded Lipitor of $5.6 billion, Geodon of $645 million and Xalatan of $413 million; and
- a decrease in operational Alliance revenues of approximately $118 million, reflecting the loss of exclusivity for Aricept in certain markets ($209 million), the final-year terms of our collaboration agreements in certain European markets for Spiriva ($251 million) partially offset by growth in other products generating alliance revenues,

partially offset by:

- an increase in operational revenues of approximately $1.4 billion in developed markets for certain biopharmaceutical products, particularly Lyrica, Enbrel, generic atorvastatin, Celebrex, Inlyta and Benefix; and
- an increase in operational revenues of approximately $1.2 billion due to growth in the Emerging Markets unit related to various products, including Enbrel and Prevnar.

The unfavorable impact of foreign exchange on biopharmaceutical revenues of $1.3 billion, or 2%, also contributed to a decrease in biopharmaceutical revenues.

Geographically,

- in the U.S., revenues from biopharmaceutical products decreased $4.0 billion or 17% in 2012, compared to 2011, primarily reflecting, among other things:
  - lower revenues from Lipitor, Geodon, Caduet, Xalatan and Aromasin, all due to loss of exclusivity (down approximately $5.1 billion in 2012); and
  - lower revenues from Effexor, Zosyn and Detrol/Detrol LA (down approximately $331 million in 2012),

  partially offset by:
  - the strong performance of certain other biopharmaceutical products, including generic atorvastatin, Celebrex, Enbrel, Lyrica and Viagra (up approximately $841 million in 2012); and
  - lower reductions related to Medicare rebates (down approximately $669 million in 2012).
- in our international markets, revenues from biopharmaceutical products decreased 7% in 2012, compared to 2011. Operationally, revenues decreased 4% in 2012, compared to 2011, reflecting among other things:
  - the loss of exclusivity of Lipitor in most of developed Europe (down approximately $1.2 billion in 2012);
  - lower revenues from Xalatan/Xalacom, Aricept and Aromasin, all due to loss of exclusivity in certain markets (down approximately $754 million in 2012);
  - lower revenues for Spiriva in certain European countries, Canada and Australia (reflecting the final-year terms of our Spiriva collaboration agreements relating to those countries) (down approximately $258 million in 2012); and
  - lower revenues for Norvasc and Effexor (down approximately $221 million in 2012),

  partially offset by:
  - the strong operational growth of Lyrica, the Prevnar family of products and Enbrel (up approximately $815 million in 2012).

The unfavorable impact of foreign exchange on international biopharmaceutical revenues of 3% in 2012 also contributed to a decrease in revenues from biopharmaceutical products in our international markets.

During 2012, international revenues from biopharmaceutical products represented 62% of total revenues from biopharmaceutical products, compared to 59% in 2011.

Primary Care Operating Segment

Primary Care unit revenues decreased 31% in 2012 compared to 2011, reflecting lower operational revenues of 30%, primarily due to:

- the loss of exclusivity of Lipitor in most major markets, as well as the resulting shift in the reporting of U.S. and Japan Lipitor revenues to the Established Products unit beginning January 1, 2012. These factors impacted Primary Care operational revenues by approximately $7.0 billion, or 31%, in 2012,

partially offset by:

- the strong operational growth of Lyrica in developed markets (approximately $488 million) and Celebrex and Viagra in the U.S. (approximately $280 million).

Collectively, the decline in worldwide revenues for Lipitor and for certain other Primary Care unit products that lost exclusivity in various markets in 2012 and 2011, as well as the resulting shift in the reporting of certain product revenues to the Established Products unit, reduced Primary Care unit revenues by $7.9 billion, or 35%, in comparison with 2011.

The unfavorable impact of foreign exchange of 1% also contributed to the decrease in Primary Care unit revenues.

Specialty Care and Oncology Operating Segment

- Specialty Care unit revenues decreased 7% compared to 2011, reflecting a decrease in operational revenues of 5%, primarily due to:
  - a decline in the Prevnar family of products in the U.S. and developed Europe (approximately $54 million), as the pediatric catch-up dose opportunity declined significantly in 2012 compared to 2011, with fewer children eligible to receive the catch-up dose; and
  - the losses of exclusivity of Vfend and Xalatan in the U.S. in February and March 2011, respectively, and the resulting shift in the reporting of Vfend and Xalatan U.S. revenues to the Established Products unit beginning January 1, 2012, as well as the loss of exclusivity of Xalatan and Xalacom in the majority of European markets in January 2012, and Geodon in the U.S. in March 2012. Collectively, these developments reduced Specialty Care unit revenues by $1.2 billion, or 8%, in comparison with 2011,

  partially offset by:

- the growth of Benefix, Rebif, ReFacto/Xyntha, Enbrel and Zyvox (approximately $579 million).

The unfavorable impact of foreign exchange of 2% in 2012 also contributed to the decrease in Specialty Care unit revenues.

- Oncology unit revenues decreased 1%, compared to 2011, primarily due to:
  - the unfavorable impact of foreign exchange of 3%; and
  - the unfavorable impact of the loss of exclusivity of Aromasin in the majority of European markets in the second half of 2011 and the resulting shift in the reporting of such revenues to the Established Products unit beginning January 1, 2012. This loss of exclusivity reduced Oncology unit revenues by $230 million, or 17%, in comparison with 2011,

  partially offset by operational revenues that were positively impacted by:
  - the launches of Inlyta and Xalkori in the U.S. and certain other developed markets (approximately $148 million); and
  - the growth of Sutent, primarily in the U.S. and emerging markets (approximately $93 million).

Established Products and Emerging Markets Operating Segment

- Established Products unit revenues increased 11% compared to 2011, reflecting higher operational revenues of 13%, primarily due to:
  - the shift in the reporting of branded Lipitor revenues in the U.S. and Japan from the Primary Care unit, totaling $1.4 billion, to the Established Products unit beginning January 1, 2012;
  - recent launches of generic versions of certain Pfizer branded primary care and specialty care products; and
  - contributions from the sales of the authorized generic version of Lipitor in the U.S. by Watson Pharmaceuticals, Inc. (Watson) (The agreement with Watson was terminated by mutual consent in January 2013),

  partially offset by:
  - revenue declines for Effexor, Norvasc and Zosyn (approximately $518 million);
  - the entry of multi-source generic competition in the U.S. for donepezil (Aricept) in May 2011;
  - the continuing decline of revenues of certain products that previously lost exclusivity; and
  - the impact of ongoing pricing pressures, primarily in South Korea and developed Europe.

  The operational increase in Established Products unit revenues was partially offset by the unfavorable impact of foreign exchange of 2% in 2012.
- Emerging Markets unit revenues increased 7% compared to 2011, due to higher operational revenues of 13%, primarily due to volume growth in China, Brazil and Russia, as a result of more targeted promotional efforts for key innovative and established products, including Lipitor, Norvasc and Lyrica. The operational increase in Emerging Markets unit revenues was partially offset by the unfavorable impact of foreign exchange of 6% in 2012.

Total revenues from established products in both the Established Products and Emerging Markets units were $14.4 billion, with $4.1 billion generated in emerging markets in 2012.

Consumer Healthcare Operating Segment

2013 v. 2012

Consumer Healthcare unit revenues increased 4% in 2013 compared to 2012, reflecting higher operational revenues of 5% in 2013, due to:

- strong growth for Centrum as a result of several recent product launches;
- increased promotional activities for various products in key markets; and
- the growth of Emergen-C in the U.S. due to expanded distribution and promotional activities,

partially offset by:

- declines in sales of respiratory and other products in certain international markets due to unfavorable seasonal conditions compared to 2012.

The operational increase in Consumer Healthcare revenues was partially offset by the unfavorable impact of foreign exchange of 1% in 2013.

2012 v. 2011

Consumer Healthcare unit revenues increased 6% in 2012, compared to 2011, reflecting higher operational revenues of 8% in 2012, partially offset by the unfavorable impact of foreign exchange of 2%. The operational revenue increase was primarily due to the addition of products from the acquisitions of the consumer healthcare business of Ferrosan in December 2011 and Alacer Corp. in February 2012.

Revenues—Major Biopharmaceutical Products

The following table provides revenue information for several of our major biopharmaceutical products:
(MILLIONS OF DOLLARS)

		Year Ended December 31,			% Change	
PRODUCT	PRIMARY INDICATIONS	**2013**	2012	2011	**13/12**	12/11
Lyrica	Epilepsy, post-herpetic neuralgia and diabetic peripheral neuropathy, fibromyalgia and neuropathic pain due to spinal cord injury	**$ 4,595**	$ 4,158	$ 3,693	**11**	13
Prevnar family	Vaccine for prevention of pneumococcal disease	**3,974**	4,117	4,145	**(3)**	(1)
Enbrel (Outside the U.S. and Canada)	Rheumatoid, juvenile rheumatoid and psoriatic arthritis, plaque psoriasis and ankylosing spondylitis	**3,774**	3,737	3,666	**1**	2
Celebrex	Arthritis pain and inflammation, acute pain	**2,918**	2,719	2,523	**7**	8
Lipitor	Reduction of LDL cholesterol	**2,315**	3,948	9,577	**(41)**	(59)
Viagra	Erectile dysfunction	**1,881**	2,051	1,981	**(8)**	4
Zyvox	Bacterial infections	**1,353**	1,345	1,283	**1**	5
Norvasc	Hypertension	**1,229**	1,349	1,445	**(9)**	(7)
Sutent	Advanced and/or metastatic renal cell carcinoma (mRCC), refractory gastrointestinal stromal tumors (GIST) and advanced pancreatic neuroendocrine tumor	**1,204**	1,236	1,187	**(3)**	4
Premarin family	Menopause	**1,092**	1,073	1,013	**2**	6
BeneFIX	Hemophilia	**832**	775	693	**7**	12
Vfend	Fungal infections	**775**	754	747	**3**	1
Genotropin	Replacement of human growth hormone	**772**	832	889	**(7)**	(6)
Pristiq	Depression	**698**	630	577	**11**	9
Chantix/Champix	An aid to smoking cessation treatment	**648**	670	720	**(3)**	(7)
Refacto AF/Xyntha	Hemophilia	**602**	584	506	**3**	15
Xalatan/Xalacom	Glaucoma and ocular hypertension	**589**	806	1,250	**(27)**	(36)
Detrol/Detrol LA	Overactive bladder	**562**	761	883	**(26)**	(14)
Zoloft	Depression and certain anxiety disorders	**469**	541	573	**(13)**	(6)
Medrol	Inflammation	**464**	523	510	**(11)**	3
Effexor	Depression and certain anxiety disorders	**440**	425	678	**4**	(37)
Zosyn/Tazocin	Antibiotic	**395**	484	636	**(18)**	(24)
Zithromax/Zmax	Bacterial infections	**387**	435	453	**(11)**	(4)
Fragmin	Anticoagulant	**359**	381	382	**(6)**	—
Relpax	Treats the symptoms of migraine headache	**359**	368	341	**(2)**	8
Tygacil	Antibiotic	**358**	335	298	**7**	12
Rapamune	Immunosuppressant	**350**	346	372	**1**	(7)
Inlyta	Advanced renal cell carcinoma (RCC)	**319**	100	—	*****	*
Sulperazon	Antibiotic	**309**	262	218	**18**	20
Revatio	Pulmonary arterial hypertension (PAH)	**307**	534	535	**(43)**	—
Cardura	Hypertension/Benign prostatic hyperplasia	**296**	338	380	**(12)**	(11)
Xalkori	Anaplastic lymphoma kinase positive non-small cell lung cancer	**282**	123	16	**129**	*
Xanax/Xanax XR	Anxiety disorders	**276**	274	306	**1**	(10)
Diflucan	Fungal infections	**242**	259	265	**(7)**	(2)
Toviaz	Overactive bladder	**236**	207	187	**14**	11
Aricept [(a)]	Alzheimer's disease	**235**	326	450	**(28)**	(28)
Inspra	High blood pressure	**233**	214	195	**9**	10
Caduet	Reduction of LDL cholesterol and hypertension	**223**	258	538	**(14)**	(52)
Somavert	Acromegaly	**217**	197	183	**10**	8
Neurontin	Seizures	**216**	235	289	**(8)**	(19)
Unasyn	Injectable antibacterial	**212**	228	231	**(7)**	(1)
BMP2	Development of bone and cartilage	**209**	263	340	**(21)**	(23)
Geodon	Bipolar disorder	**194**	353	1,033	**(45)**	(65)

Depo-Provera	Contraceptive	**191**	148	139	**29**	6
Aromasin	Breast cancer	**185**	210	361	**(12)**	(42)
Xeljanz	Rheumatoid arthritis	**114**	6	—	*****	*
Alliance revenues [b]	Various	**2,628**	3,492	3,630	**(25)**	(4)
All other	Various	**7,360**	7,804	7,441	**(6)**	5

[a] Represents direct sales under license agreement with Eisai Co., Ltd.

[b] Includes Enbrel (in the U.S. and Canada through October 31, 2013), Spiriva, Rebif, Aricept and Eliquis.

* Calculation not meaningful.

Certain amounts and percentages may reflect rounding adjustments.

Biopharmaceutical—Selected Product Descriptions

- **Lyrica** is indicated in the U.S. for three neuropathic pain conditions, fibromyalgia and adjunctive therapy for adult patients with partial onset seizures. In certain countries outside the U.S., indications include neuropathic pain (peripheral and central), fibromyalgia, adjunctive treatment of epilepsy and generalized anxiety disorder. Worldwide revenues for Lyrica increased 11% in 2013 compared to 2012 .

  In the U.S., revenues increased 17% in 2013 compared to 2012 driven by price and volume growth, despite continued competition from generic versions of competitive medicines, as well as managed care pricing and formulary pressures.

  Internationally, Lyrica revenues increased 6% in 2013 compared to 2012 , with the growth due to a focus on enhancing diagnosis and treatment rates of neuropathic back pain and expediting the identification and appropriate treatment of generalized anxiety disorder in the EU, and physician education regarding neuropathic pain and fibromyalgia in Japan. Foreign exchange had an unfavorable impact on international revenues of 4% in 2013 , compared to 2012 .

- **Prevnar** family of products consists of Prevnar 13/Prevenar 13 and Prevnar/Prevenar (7-valent), our pneumococcal conjugate vaccines for the prevention of various syndromes of pneumococcal disease. Overall, worldwide revenues for the Prevnar family of products decreased 3% in 2013 , compared to 2012 .

  In the U.S., revenues for the Prevnar family of products decreased 4% in 2013 , compared to 2012 , mainly due to inventory sell-through in the public and private markets and lower demand related to lower birth rates, lower rates of children receiving the final dose of the approved dosing schedule, and stronger U.S. Centers for Disease Control and Prevention (CDC) inventory management procedures.

  Internationally, revenues for the Prevnar family of products decreased 3% in 2013 , compared to 2012 , primarily due to much lower purchases in Turkey, the end of the catch-up program in Australia and the unfavorable impact of foreign exchange.

  On February 24, 2014, we announced the top-line results of the Community-Acquired Pneumonia Immunization Trial in Adults (CAPiTA), which was conducted in order to fulfill requirements in connection with the FDA's approval of the Prevnar 13 adult indication under its accelerated approval program. This study of approximately 85,000 subjects evaluated the efficacy of Prevnar 13 in adults age 65 and older. CAPiTA met its primary clinical objective, which was efficacy against a first episode of vaccine-type, community-acquired pneumonia (CAP). It also met both of its secondary clinical objectives, which were efficacy against (i) a first episode of non-bacteremic/non-invasive, vaccine-type CAP and (ii) a first episode of vaccine-type, invasive pneumococcal disease. We plan to share the CAPiTA data with U.S. and worldwide regulatory authorities and vaccine technical committees to help inform any decisions regarding potential Prevnar 13 label and recommendation updates. We expect that the CAPiTA data will be an important component in any consideration of potential updated or new recommendations for adults and that other key factors, such as the current burden of pneumococcal disease in adults, also will be taken into consideration.

  At its regular meeting held on February 22, 2012, the CDC's Advisory Committee on Immunization Practices (ACIP) indicated that it will defer voting on a recommendation for the routine use of Prevnar 13 in adults 50 years of age and older until the results of CAPiTA, as well as data on the impact of pediatric use of Prevnar 13 on the disease burden and serotype distribution among adults, are available. The rate of uptake for the use of Prevnar 13 in adults 50 years of age and older has been impacted by ACIP's decision to defer voting on a recommendation for the routine use of Prevnar 13 in that population. At its regular meeting held on June 20, 2012, ACIP voted to recommend the use of Prevnar 13 for adults 19 years of age and older with immuno-compromising conditions such as HIV infections, cancer, advanced kidney disease and other immuno-compromising conditions. This recommendation is based on the disproportionate burden of invasive pneumococcal disease in this patient population.

- **Enbrel** , for the treatment of moderate-to-severe rheumatoid arthritis, polyarticular juvenile rheumatoid arthritis, psoriatic arthritis, plaque psoriasis and ankylosing spondylitis, a type of arthritis affecting the spine, recorded an increase in worldwide revenues, excluding the U.S. and Canada, of 1% in 2013 , compared to 2012 . Results were favorably impacted by the overall growth in the anti-tumor necrosis factor (TNF) biologic market and strong performance in European markets. Results were unfavorably impacted 3% by foreign exchange and by decreased government purchases in Brazil.

  Our co-promotion agreement with Amgen Inc. (Amgen), under which we co-promoted Enbrel in the U.S. and Canada and shared in the profits from Enbrel sales in those countries, and which we included in Alliance revenues through October 31, 2013, expired on that date and, subject to the terms of the agreement, we are entitled to a royalty stream for 36 months thereafter, which we expect will be significantly less than our share of Enbrel profits from U.S. and Canadian sales prior to the expiration. The royalties paid to us during the 36-month period are and will be included in *Other (income)/deductions — net* rather than in *Revenues* in our consolidated statements of income from November 1, 2013. Following the end of the royalty period, we will not be entitled to any further revenues from Enbrel sales in the U.S. and Canada. Our exclusive rights to Enbrel outside the U.S. and Canada will not be affected by the expiration of the co-promotion agreement with Amgen.

- **Celebrex** , indicated for the treatment of the signs and symptoms of osteoarthritis and rheumatoid arthritis worldwide and for the management of acute pain in adults in the U.S., Japan and certain other markets, recorded an increase in worldwide revenues of 7% in 2013 , compared to 2012 , primarily due to strong performance in the U.S.

  In the U.S., revenues increased 11% in 2013 , compared to 2012 , primarily driven by price increases and overall market growth, partially offset by volume erosion due to ongoing generic pressure, as well as higher rebates and sales allowances.

  Internationally, Celebrex revenues increased 1% in 2013 , compared to 2012 . Strong operational performance in international markets was driven by growth in Japan (strong performance in the low back pain and osteoarthritis indications), South Korea (maximizing expanded reimbursement to osteoarthritis patients age greater than 60 years rather than age greater than 65 years), and in emerging markets, primarily driven by Latin America and China, partially offset by lower revenues in the developed markets in Europe in 2013 , compared to 2012 . Foreign exchange had an unfavorable impact on international revenues of 6% in 2013 , compared to 2012 .

- **Lipitor** is for the treatment of elevated LDL-cholesterol levels in the blood. Lipitor has lost exclusivity and faces generic competition in all major markets. Branded Lipitor recorded worldwide revenues of $2.3 billion , or a decrease of 41% , in 2013 , compared to 2012 , due to:

- the impact of loss of exclusivity;
- the continuing impact of an intensely competitive lipid-lowering market with competition from generics and branded products worldwide; and
- the increased payer pressure worldwide, including the need for flexible rebate policies.

Geographically,

- in the U.S., revenues decreased 54% in 2013 , compared to 2012 ; and
- in our international markets, revenues decreased 38% in 2013 , compared to 2012 . Foreign exchange had an unfavorable impact on international revenues of 3% in 2013 , compared to 2012 .

See the “Our Operating Environment” section of this Financial Review for a discussion concerning losses of exclusivity for Lipitor in various markets.

- **Viagra** is indicated for the treatment for erectile dysfunction. Viagra worldwide revenues decreased 8% in 2013 , compared to 2012 , primarily due to a decrease in international revenues. International revenues decreased 18% in 2013 , compared to 2012 , primarily due to the entry of generics in developed Europe. In emerging markets, the decrease was primarily due to the impact of both herbal and generic competition. Loss of exclusivity for Viagra in major European markets occurred in late-June 2013 and reduced revenues by approximately $108 million, in comparison with 2012 . Revenues in the U.S. were essentially flat in 2013 , compared to 2012 .
- **Zyvox** is the world’s best-selling branded agent among those used to treat serious Gram-positive pathogens, including methicillin-resistant staphylococcus-aureus. Zyvox worldwide revenues increased 1% in 2013 , compared to 2012 . The increase in 2013 was primarily due to increased demand in both the U.S. and Europe, partly offset by the unfavorable impact of foreign exchange of 2%.
- **Norvasc** is indicated for the treatment of hypertension. Norvasc worldwide revenues decreased 9% in 2013 , compared to 2012 , and reflects, among other factors, the unfavorable impact of foreign exchange of 6%.
- **Sutent** is indicated for the treatment of advanced renal cell carcinoma, including metastatic renal cell carcinoma (mRCC); gastrointestinal stromal tumors after disease progression on, or intolerance to, imatinib mesylate; and advanced pancreatic neuroendocrine tumor. Sutent worldwide revenues decreased 3% in 2013 , compared to 2012 , as a result of increased competition and cost-containment measures in developed Europe and Japan, as well as some conversion from Sutent to Inlyta in Japan as a result of the broader label for Inlyta in Japan, which overlaps with the Sutent indication, and the unfavorable impact of foreign exchange of 2%, partially offset by price increases in the U.S. and increases in uptake in key emerging markets, most notably Russia, China and the Levant (a group of countries bordering the Eastern Mediterranean).
- Our **Premarin** family of products helps women address moderate-to-severe menopausal symptoms. Premarin worldwide revenues increased 2% in 2013 , compared to 2012 . Revenues in the U.S. were favorably impacted by two price increases and growth in Premarin Vaginal Cream prescription volume, and unfavorably impacted by prescription volume declines for Premarin Family Oral brands.
- **BeneFIX and ReFacto AF/Xyntha** are hemophilia products using state-of-the-art manufacturing that assist patients with their lifelong bleeding disorders. BeneFIX recorded an increase in worldwide revenues of 7% in 2013 , compared to 2012 , primarily due to greater consumption and price increases in the U.S., as well as the launch of 3000 IU SKU in Europe and continued product uptake in Japan.

  ReFacto AF/Xyntha recorded a 3% increase in worldwide revenues in 2013 , compared to 2012 , as a result of continued competitive patient conversions and increased hospital utilization in the U.S. and the successful completion of the dual chamber syringe ("FuseNGO") launches across the developed EU.
- **Pristiq** is approved for the treatment of major depressive disorder in the U.S. and in various other countries. Pristiq has also been approved for treatment of moderate-to-severe vasomotor symptoms (VMS) associated with menopause in Thailand, Mexico, the Philippines and Ecuador. Pristiq recorded an increase in worldwide revenues of 11% in 2013 , compared to 2012 , primarily due to prescription growth in the emerging markets, Canada and Australia, as well as a price increase in the U.S.
- **Chantix/Champix** is an aid to smoking-cessation in adults 18 years of age and older. Worldwide revenues decreased 3% in 2013 , compared to 2012 . Revenues in the U.S. increased 10% in 2013 , compared to 2012 , primarily due to price increases in January and July 2013. International revenues decreased 15% in 2013 , compared to 2012 , primarily due to an overall market decline across several key markets as a result of a challenging macro-economic environment, as well as the lingering impact from previous negative media exposure and the unfavorable impact of foreign exchange of 5%.
- **Inlyta** , for the treatment of patients with advanced renal cell carcinoma (RCC) after failure of a prior systemic treatment, is approved in 59 countries, including the U.S., EU, Switzerland, Japan, Canada, Australia, South Korea and some emerging markets, including Russia, Mexico and Turkey (exact indications vary by region). Inlyta recorded worldwide revenues of $319 million in 2013 .
- **Xalkori,** for the treatment of patients with locally advanced or metastatic non-small cell lung cancer (NSCLC) that is anaplastic lymphoma kinase (ALK)-positive, is now approved in more than 70 countries, including the U.S., EU (conditional), Japan, South Korea, Canada, Australia and Switzerland, as well as in many emerging markets, including China, Russia, Mexico, India and Turkey. Xalkori recorded worldwide revenues of $282 million in 2013 .
- **Xeljanz** was approved in the U.S. in November 2012 and in various other countries in 2013 for the treatment of adult patients with moderately to severely active rheumatoid arthritis. Xeljanz recorded worldwide revenues of $114 million in 2013 , virtually all in the U.S.
- **Alliance revenues** worldwide decreased 25% in 2013 , compared to 2012 , mainly due to:
  - the near-term expiration of the co-promotion collaboration for Spiriva in the U.S. and certain European countries combined with the expiration of the collaboration in Australia, Canada and certain other European countries, which resulted in declines of $517 million in 2013 , compared to 2012 , in Pfizer's share of Spiriva's revenues;

- the loss of exclusivity for Aricept 5mg and 10mg tablets in the U.S. in November 2010 and the entry of multi-source generic competition in the U.S. in May 2011, as well as the loss of exclusivity in many major European markets in February 2012 and the termination of the co-promotion agreement for Aricept in Japan in December 2012, which resulted in a decrease in Pfizer's share of Aricept revenues of $309 million in 2013 , compared to 2012 ; and
- the expiration of the co-promotion agreement for Enbrel in the U.S. and Canada in October 2013,

partially offset by:

- the strong performance of Enbrel in the U.S. prior to the expiration of the co-promotion agreement.

See the “Intellectual Property Rights and Collaboration/Licensing Rights” section of this Financial Review for a discussion regarding the expiration of various contract rights relating to Aricept, Spiriva, Enbrel and Rebif.

Eliquis (apixaban) is being jointly developed and commercialized by Pfizer and Bristol-Myers Squibb (BMS). In 2012, Eliquis (apixaban) was approved to reduce the risk of stroke and systemic embolism in patients with nonvalvular atrial fibrillation in the 27 countries of the EU, plus Iceland and Norway, Canada, Japan and the U.S. To date, we have launched that indication for Eliquis in the U.S., U.K., Germany, Denmark, Japan, Netherlands and Sweden. The two companies share commercialization expenses and profit/losses equally on a global basis. While we are the third entrant in this market, we believe we have a differentiated product profile and continue to invest in medical education and peer-to-peer programs to assist physicians in understanding the data, and we have begun direct-to consumer advertising in the U.S.

- **Embeda** —In November 2013, we announced that the FDA had approved a prior approval supplement for an update to the Embeda manufacturing process. This update addressed the pre-specified stability requirement that led to the voluntary recall of Embeda from the market in March 2011. We anticipate returning Embeda to the market in the second quarter of 2014.

See Notes to Consolidated Financial Statements— *Note 17. Commitments and Contingencies* for a discussion of recent developments concerning patent and product litigation relating to certain of the products discussed above.

Product Developments—Biopharmaceutical

We continue to invest in R&D to provide potential future sources of revenues through the development of new products, as well as through additional uses for in-line and alliance products. Notwithstanding our efforts, there are no assurances as to when, or if, we will receive regulatory approval for additional indications for existing products or any of our other products in development.

We continue to transform our global research and development organization and pursue strategies intended to improve innovation and overall productivity in R&D to achieve a sustainable pipeline that will deliver value in the near term and over time. Our R&D priorities include: delivering a pipeline of differentiated therapies with the greatest scientific and commercial promise, innovating new capabilities that can position Pfizer for long-term leadership and creating new models for biomedical collaboration that will expedite the pace of innovation and productivity. To that end, our research primarily focuses on five high-priority areas that have a mix of small molecules and large molecules—immunology and inflammation; oncology; cardiovascular and metabolic diseases; neuroscience and pain; and vaccines. Other areas of focus include rare diseases and biosimilars.

Our development pipeline, which is updated quarterly, can be found at www.pfizer.com/pipeline. It includes an overview of our research and a list of compounds in development with targeted indication, phase of development and, for late-stage programs, mechanism of action. The information currently in our development pipeline is as of February 28, 2014.

Among our new drug candidates in late-stage development is palbociclib (PD-0332991), an oral and selective reversible inhibitor of the CDK 4 and 6 kinases for the treatment of patients with estrogen receptor-positive, human epidermal growth factor receptor 2- negative advanced breast cancer, recurrent advanced breast cancer and high-risk early breast cancer. On February 3, 2014, we announced that the randomized Phase 2 trial of palbociclib achieved its primary endpoint by demonstrating a statistically significant and clinically meaningful improvement in progression-free survival for the combination of palbociclib and letrozole compared with letrozole alone in post-menopausal women with estrogen receptor positive (ER+), human epidermal growth factor receptor 2 negative (HER2-) locally advanced or newly diagnosed metastatic breast cancer. Adverse events observed for the palbociclib arm were consistent with the known adverse event profile for this combination.

The following series of tables provides information about significant regulatory actions by, and filings pending with, the FDA and regulatory authorities in the EU and Japan, as well as additional indications and new drug candidates in late-stage development.

RECENT FDA APPROVALS		
PRODUCT	**INDICATION**	**DATE APPROVED**
Duavee (Conjugated Estrogens/Bazedoxifene) [(a)]	Treatment of moderate-to-severe vasomotor symptoms associated with menopause and prevention of postmenopausal osteoporosis in women with a uterus	October 2013

[(a)] The FDA approved the 0.45mg/20mg dose of Duavee for these indications. We received a "complete response" letter from the FDA with regard to the 0.625mg/20mg dose for these indications, and for an indication for the treatment of vulvar and vaginal atrophy.

PENDING U.S. NEW DRUG APPLICATIONS (NDA) AND SUPPLEMENTAL FILINGS		
PRODUCT	**INDICATION**	**DATE FILED***
Eliquis (Apixaban) [(a)]	Treatment of deep vein thrombosis (DVT) and pulmonary embolism (PE), and for the reduction in the risk of recurrent DVT and PE	December 2013
Eliquis (Apixaban) [(a)]	Prevention of DVT, which may lead to PE in adult patients who have undergone hip or knee replacement surgery	July 2013
Tafamidis meglumine [(b)]	Treatment of transthyretin familial amyloid polyneuropathy (TTR-FAP)	February 2012
Genotropin Mark VII Multidose Disposable Device (Somatropin rDNA Origin) [(c)]	Replacement of human growth hormone deficiency	December 2009
Celebrex (Celecoxib) [(d)]	Chronic pain	October 2009
Remoxy (Oxycodone Hydrochloride) [(e)]	Management of moderate-to-severe pain when a continuous, around-the-clock opioid analgesic is needed for an extended period of time	August 2008
Viviant (Bazedoxifene) [(f)]	Osteoporosis treatment and prevention	August 2006

* The dates set forth in this column are the dates on which the FDA accepted our submissions.

[(a)] This indication for Eliquis (apixaban) was developed in collaboration with BMS.

[(b)] In May 2012, the FDA's Peripheral and Central Nervous System Drugs Advisory Committee voted that the tafamidis meglumine data provide substantial evidence of efficacy for a surrogate endpoint that is reasonably likely to predict a clinical benefit. In June 2012, the FDA issued a “complete response” letter with respect to the tafamidis NDA. The FDA has requested the completion of a second efficacy study, and also has asked for additional information on the data within the current tafamidis NDA. We continue to work with the FDA to define a path forward.

[(c)] After receiving a “complete response” letter from the FDA for the Genotropin Mark VII multidose disposable device submission, we submitted our response in August 2010. In April 2011, we received a second “complete response” letter from the FDA, and we submitted our response in July 2013. In February 2014, we received a third "complete response" letter from the FDA, and we are working with the FDA to determine next steps.

[(d)] In June 2010, we received a “complete response” letter from the FDA for the Celebrex chronic pain supplemental NDA. The supplemental NDA remains pending while we await the completion of the PRECISION trial, anticipated in 2015, which will inform our next steps. The PRECISION trial is designed to assess the relative long-term cardiovascular safety of Celebrex compared to prescription doses of ibuprofen and naproxen in the treatment of arthritis pain.

[(e)] In 2005, King entered into an agreement with Pain Therapeutics, Inc. (PT) to develop and commercialize Remoxy. In August 2008, the FDA accepted the NDA for Remoxy that had been submitted by King and PT. In December 2008, the FDA issued a “complete response” letter. In March 2009, King exercised its right under the agreement with PT to assume sole control and responsibility for the development of Remoxy. In December 2010, King resubmitted the NDA for Remoxy with the FDA. In June 2011, we and PT announced that a “complete response” letter had been received from the FDA with regard to the resubmission of the NDA. Having achieved technical milestones related to manufacturing and following guidance received from the FDA earlier in 2013, we announced in October 2013 that we will proceed with the additional clinical studies and other actions required to address the "complete response" letter received in June 2011. These new clinical studies will include, in part, a pivotal bioequivalence study with the modified Remoxy formulation to bridge to the clinical data related to the original Remoxy formulation, and an abuse-potential study with the modified formulation. As previously disclosed, the "complete response" submission is not expected to occur prior to mid-2015.

[(f)] Two “approvable” letters were received by Wyeth in April and December 2007 from the FDA for Viviant (bazedoxifene), for the prevention of post-menopausal osteoporosis, that set forth the additional requirements for approval. In May 2008, Wyeth received an “approvable” letter from the FDA for the treatment of post-menopausal osteoporosis. The FDA is seeking additional data, and we have been systematically working through these requirements and seeking to address the FDA's concerns. In February 2008, the FDA advised Wyeth that it expects to convene an advisory committee to review the pending NDAs for both the treatment and prevention indications after we submit our response to the “approvable” letters. In view of the recent approval of Duavee by the FDA, we are reassessing the next steps regarding our NDAs for Viviant. In April 2009, Wyeth received approval in the EU for CONBRIZA (the EU trade name for Viviant) for the treatment of post-menopausal osteoporosis in women at increased risk of fracture.

REGULATORY APPROVALS AND FILINGS IN THE EU AND JAPAN			
PRODUCT	**DESCRIPTION OF EVENT**	**DATE APPROVED**	**DATE FILED***
Bosulif (Bosutinib)	Application filed in Japan for treatment of previously treated chronic myelogenous leukemia	—	December 2013
Eliquis (Apixaban) [(a)]	Application filed in the EU for treatment of DVT and PE, and for the reduction in the risk of recurrent DVT and PE	—	November 2013
Vyndaqel (Tafamidis meglumine)	Approval in Japan as a treatment to delay the peripheral neurological impairment of transthyretin familial amyloid polyneuropathy (TTR-FAP)	September 2013	—
Prevenar 13 Adult	Application filed in Japan for prevention of pneumococcal pneumonia and invasive disease caused by Streptococcus pneumoniae serotypes (1, 3, 4, 5, 6A, 6B, 7F, 9V, 14, 18C, 19A, 19F and 23F) in adults 65 years of age and older	—	July 2013
Prevenar 13 Infant	Approval in Japan for prevention of invasive disease caused by Streptococcus pneumoniae serotypes (1, 3, 4, 5, 6A, 6B, 7F, 9V, 14, 18C, 19A, 19F and 23F) in infants and young children	June 2013	—
Bosulif (Bosutinib)	Conditional marketing authorization in the EU for treatment of previously treated chronic myelogenous leukemia	March 2013	—
Xeljanz (Tofacitinib)	Approval in Japan for treatment of rheumatoid arthritis with inadequate response to existing therapies	March 2013	—
Lyrica (Pregabalin)	Approval in Japan for treatment of neuropathic pain	February 2013	—
Conjugated Estrogens/Bazedoxifene	Application filed in the EU for treatment of symptoms associated with menopause and osteoporosis	—	July 2012

* For applications in the EU, the dates set forth in this column are the dates on which the European Medicines Agency (EMA) validated our submissions.

[(a)] This indication for Eliquis (apixaban) was developed in collaboration with BMS.

LATE-STAGE CLINICAL PROGRAMS FOR ADDITIONAL USES AND DOSAGE FORMS FOR IN-LINE AND IN-REGISTRATION PRODUCTS	
PRODUCT	**INDICATION**
Inlyta (Axitinib)	Oral and selective inhibitor of vascular endothelial growth factor (VEGF) receptor 1, 2 & 3 for the adjuvant treatment of renal cell carcinoma, which is being developed in collaboration with SFJ Pharmaceuticals Group
Lyrica (Pregabalin)	Peripheral neuropathic pain; CR (once-a-day) dosing
Sutent (Sunitinib)	Adjuvant treatment of renal cell carcinoma
Tofacitinib	A JAK kinase inhibitor for the treatment of psoriasis, ulcerative colitis and psoriatic arthritis
Vyndagael (Tafamidis meglumine)	Adult symptomatic transthyretin cardiomyopathy
Xalkori (Crizotinib)	An oral ALK and c-Met inhibitor for the treatment of ALK-positive first-line non-small cell lung cancer

NEW DRUG CANDIDATES IN LATE-STAGE DEVELOPMENT	
CANDIDATE	**INDICATION**
ALO-02	A Mu-type opioid receptor agonist for the management of moderate-to-severe pain when a continuous, around-the-clock opioid analgesic is needed for an extended period of time
Bococizumab (RN316) (PF-04950615)	A monoclonal antibody that inhibits PCSK9 for the treatment of hyperlipidemia and prevention of cardiovascular events
Dacomitinib	A pan-HER tyrosine kinase inhibitor for the first-line treatment of patients with advanced non-small cell lung cancer with EGFR activating mutations, which is being developed in collaboration with SFJ Pharmaceuticals Group
Ertugliflozin (PF-04971729)	An oral SGLT2 inhibitor for the treatment of type 2 diabetes, which is being developed in collaboration with Merck & Co., Inc.
Inotuzumab ozogamicin	An antibody drug conjugate, consisting of an anti-CD22 monotherapy antibody linked to a cytotoxic agent, calicheamycin, for the treatment of acute lymphoblastic leukemia
MnB rLP2086 (PF-05212366)	A prophylactic vaccine for prevention of *Neisseria meningitidis* serogroup B invasive disease in adolescents and young adults (ages 11-25)
Palbociclib (PD-0332991) [(a)]	An oral and selective reversible inhibitor of the CDK 4 and 6 kinases for the treatment of patients with estrogen receptor-positive, human epidermal growth factor receptor 2-negative advanced breast cancer, recurrent advanced breast cancer and, in collaboration with the German Breast Group, high-risk early breast cancer
PF-05280014	A potential biosimilar to Trastuzumab. Trastuzumab is a monoclonal antibody that binds and inhibits HER2 for the treatment of HER2-positive breast cancer and gastric cancer
Tanezumab [(b)]	An anti-nerve growth factor monoclonal antibody for the treatment of pain (on clinical hold)

[(a)] On February 3, 2014, we announced that the randomized Phase 2 trial of palbociclib achieved its primary endpoint by demonstrating a statistically significant and clinically meaningful improvement in progression-free survival for the combination of palbociclib and letrozole compared with letrozole alone in post-menopausal women with estrogen receptor positive (ER+), human epidermal growth factor receptor 2 negative (HER2-) locally advanced or newly diagnosed metastatic breast cancer. Adverse events observed for the palbociclib arm were consistent with the known adverse event profile for this combination.

[(b)] The tanezumab program is under a partial clinical hold by the FDA pending our submission of additional nonclinical data. We anticipate submitting that data to the FDA by the end of 2014. Subject to the removal of the partial clinical hold, we are planning to continue development of tanezumab for the treatment of osteoarthritis, chronic low back pain and cancer pain. In October 2013, we entered into a collaboration agreement with Eli Lilly and Company to jointly develop and globally commercialize tanezumab for those indications.

Additional product-related programs are in various stages of discovery and development. Also, see the discussion in the "Our Business Development Initiatives" section of this Financial Review.

COSTS AND EXPENSES

Cost of Sales

	Year Ended December 31,			% Change	
(MILLIONS OF DOLLARS)	**2013**	2012	2011	**13/12**	12/11
Cost of sales	**$ 9,586**	$ 9,821	$ 12,500	**(2)**	(21)
As a percentage of *Revenues*	**18.6%**	18.0%	20.5%		

2013 v. 2012

Cost of sales decreased 2% in 2013 , compared to 2012 , primarily due to the favorable impact of foreign exchange of 4%, which more than offset the unfavorable impact of a shift in product mix due to the loss of exclusivity of certain products in various markets.

2012 v. 2011

Cost of sales decreased 21% in 2012 , compared to 2011 , primarily due to:

- lower purchase accounting charges, primarily reflecting the fair value adjustments to acquired inventory from Wyeth and King that was subsequently sold;
- lower costs related to our cost-reduction and productivity initiatives and acquisition-related costs, as well as the benefits generated from the ongoing productivity initiatives to streamline the manufacturing network;
- reduced manufacturing volumes related to products that lost exclusivity in various markets; and
- the favorable impact of foreign exchange of 3%,

partially offset by:

- an unfavorable shift in geographic, product and business mix due to products that lost exclusivity in various markets.

Selling, Informational and Administrative (SI&A) Expenses

	Year Ended December 31,			% Change	
(MILLIONS OF DOLLARS)	**2013**	2012	2011	**13/12**	12/11
Selling, informational and administrative expenses	**$ 14,355**	$ 15,171	$ 17,581	**(5)**	(14)
As a percentage of *Revenues*	**27.8%**	27.8%	28.8%		

2013 v. 2012

SI&A expenses decreased 5% in 2013 , compared to 2012 , primarily due to:

- savings generated from a reduction in marketing functions, partly in response to product losses of exclusivity and more streamlined corporate support functions; and
- the favorable impact of foreign exchange of 1%,

partially offset by:

- increased spending in support of several new product launches.

2012 v. 2011

SI&A expenses decreased 14% in 2012 , compared to 2011 , primarily due to:

- savings generated from a reduction in the field force and a decrease in promotional spending, both partly in response to product losses of exclusivity;
- more streamlined corporate support functions; and
- the favorable impact of foreign exchange of 2%,

partially offset by:

- costs associated with the separation of Zoetis employees, net assets and operations from Pfizer.

Research and Development (R&D) Expenses

	Year Ended December 31,			% Change	
(MILLIONS OF DOLLARS)	**2013**	2012	2011	**13/12**	12/11
Research and development expenses	**$ 6,678**	$ 7,482	$ 8,681	**(11)**	(14)
As a percentage of *Revenues*	**12.9%**	13.7%	14.2%		

2013 v. 2012

R&D expenses decreased 11% in 2013 , compared to 2012 , primarily due to:

- the non-recurrence of a $250 million payment to AstraZeneca in 2012 to obtain the exclusive, global, OTC rights to Nexium; and
- lower charges related to implementing our cost-reduction and productivity initiatives.

2012 v. 2011

R&D expenses decreased 14% in 2012 , compared to 2011 , primarily due to:

- savings generated by the discontinuation of certain therapeutic areas and R&D programs in connection with our previously announced cost-reduction and productivity initiatives; and

- lower charges related to implementing our cost-reduction and productivity initiatives,

partially offset by:

- a $250 million payment to AstraZeneca to obtain the exclusive, global, OTC rights to Nexium.

R&D expenses also include payments for intellectual property rights of $203 million in 2013 , $371 million in 2012 (which includes the $250 million payment to AstraZeneca to obtain the exclusive, global OTC rights to Nexium referred to above) and $306 million in 2011 (for further discussion, see the "Our Business Development Initiatives" section of this Financial Review).

Research and Development Operations

Innovation is critical to the success of our company and drug discovery and development is time-consuming, expensive and unpredictable.

The following table provides information by operating segment about our research and development (R&D) expenses (see also Notes to Consolidated Financial Statements— *Note 18. Segment, Geographic and Other Revenue Information*):

	R&D Expenses				
	Year Ended December 31,			% Change	
(MILLIONS OF DOLLARS)	**2013**	2012	2011	**13/12**	12/11
Primary Care [a]	**$ 969**	$ 1,009	$ 1,307	**(4)**	(23)
Specialty Care and Oncology [a]	**1,403**	1,401	1,561	**—**	(10)
Established Products and Emerging Markets [a]	**408**	401	441	**2**	(9)
Consumer Healthcare [a], [b]	**113**	358	88	**(68)**	307
Worldwide Research and Development/Pfizer Medical [c]	**2,821**	2,839	3,337	**(1)**	(15)
Corporate and Other [d]	**964**	1,474	1,947	**(35)**	(24)
Total *Research and Development Expenses*	**$ 6,678**	$ 7,482	$ 8,681	**(11)**	(14)

[a] Our operating segments, in addition to their sales and marketing responsibilities, are responsible for certain development activities. Generally, these responsibilities relate to additional indications for in-line products and IPR&D projects that have achieved proof-of-concept. R&D spending may include upfront and milestone payments for intellectual property rights.

[b] The decrease in 2013 relates to the non-recurrence of a $250 million payment to AstraZeneca in 2012 to obtain the exclusive, global OTC rights to Nexium.

[c] Worldwide Research and Development is generally responsible for research projects until proof-of-concept is achieved, and then for transitioning those projects to the appropriate business unit for possible clinical and commercial development. R&D spending may include upfront and milestone payments for intellectual property rights. This organization also has responsibility for certain science-based and other platform-services organizations, which provide technical expertise and other services to the various R&D projects. Worldwide Research and Development is also responsible for all regulatory submissions and interactions with regulatory agencies, including all safety event activities. Pfizer Medical is responsible for the provision of medical information to healthcare providers, patients and other parties, transparency and disclosure activities, clinical trial results publication, grants for healthcare quality improvement and medical education, partnerships with global public health and medical associations, regulatory inspection readiness reviews, internal audits of Pfizer-sponsored clinical trials and internal regulatory compliance processes. The decrease in 2012 compared to 2011 results from cost savings associated with the R&D productivity initiative announced on February 1, 2011 (see the "Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives" section of this Financial Review).

[d] Corporate and other includes unallocated costs, primarily facility costs, information technology, share-based compensation, and restructuring related costs. The decrease in 2013 primarily reflects lower charges relating to implementing our cost-reduction and productivity initiatives, and to a lesser extent efficiencies gained from these efforts, and in 2012, primarily results from cost savings associated with the R&D productivity initiative announced on February 1, 2011, and to a lesser extent, from lower charges relating to implementing our cost-reduction and productivity initiatives (see the "Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives" section of this Financial Review).

Our R&D spending is conducted through a number of matrix organizations—Research Units, within our Worldwide Research and Development organization, are generally responsible for research assets (assets that have not yet achieved proof-of-concept); Business Units are generally responsible for development assets (assets that have achieved proof-of-concept); and science-based and other platform-services organizations.

We take a holistic approach to our R&D operations and manage the operations on a total-company basis through our matrix organizations described above. Specifically, a single committee, co-chaired by members of our R&D and commercial organizations, is accountable for aligning resources among all of our R&D projects and for seeking to ensure that our company is focusing its R&D resources in the areas where we believe that we can be most successful and maximize our return on investment. We believe that this approach also serves to maximize accountability and flexibility.

Our Research Units are organized in a variety of ways (by therapeutic area or combinations of therapeutic areas, by discipline, by location, etc.) to enhance flexibility, cohesiveness and focus. Because of our structure, we can rapidly redeploy resources, within a Research Unit, between various projects as necessary because the workforce shares similar skills, expertise and/or focus.

Our platform-services organizations, where a significant portion of our R&D spending occurs, provide technical expertise and other services to the various R&D projects, and are organized into science-based functions such as Pharmaceutical Sciences, Chemistry, Drug Safety, and Development Operations, and non-science-based functions, such as Facilities, Business Technology and Finance. As a result, within each of these functions, we are able to migrate resources among projects, candidates and/or targets in any therapeutic area and in most phases of development, allowing us to react quickly in response to evolving needs.

Generally, we do not disaggregate total R&D expense by development phase or by therapeutic area since, as described above, we do not manage a significant portion of our R&D operations by development phase or by therapeutic area. Further, as we are able to adjust a

significant portion of our spending quickly, as conditions change, we believe that any prior-period information about R&D expense by development phase or by therapeutic area would not necessarily be representative of future spending.

Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives

	Year Ended December 31,			% Change	
(MILLIONS OF DOLLARS)	**2013**	2012	2011	**13/12**	12/11
Costs associated with acquisitions and cost-reduction/productivity initiatives [(a)]	**$ 1,704**	$ 2,775	$ 4,415	**(39)**	(37)

[(a)] Comprises *Restructuring charges and certain acquisition-related costs* as well as costs associated with our cost-reduction/productivity initiatives included in *Cost of sales* , *Selling, informational and administrative expenses* and/or *Research and development expenses* , as appropriate.

We have incurred significant costs in connection with acquiring, integrating and restructuring businesses and in connection with our global cost-reduction and productivity initiatives. For example:

- In connection with acquisition activity, we typically incur costs associated with executing the transactions, integrating the acquired operations (which may include expenditures for consulting and the integration of systems and processes), and restructuring the combined company (which may include charges related to employees, assets and activities that will not continue in the combined company); and
- In connection with our cost-reduction/productivity initiatives, we typically incur costs and charges associated with site closings and other facility rationalization actions, workforce reductions and the expansion of shared services, including the development of global systems.

All of our businesses and functions have been impacted by these types of actions, including sales and marketing, manufacturing and R&D, as well as groups such as information technology, shared services and corporate operations. Since the acquisition of Wyeth on October 15, 2009, our cost-reduction initiatives announced on January 26, 2009, but not completed as of December 31, 2009, were incorporated into a comprehensive plan to integrate Wyeth's operations to generate cost savings and to capture synergies across the combined company. In addition, among our ongoing cost reduction/productivity initiatives, on February 1, 2011, we announced a new research and productivity initiative to accelerate our strategies to improve innovation and productivity in R&D by prioritizing areas that we believe have the greatest scientific and commercial promise, utilizing appropriate risk/return profiles and focusing on areas with the highest potential to deliver value in the near term and over time.

Costs associated with the above actions decreased 39% in 2013, compared to 2012, due to lower costs incurred in all categories: restructuring charges and transaction costs (down $391 million), integration costs (down $237 million), additional depreciation—asset restructuring (down $282 million) and lower implementation costs (down $161 million). Costs associated with the above actions decreased 37% in 2012, compared to 2011, due to lower costs incurred in most categories: restructuring charges and transaction costs (down $719 million), integration costs (down $312 million), additional depreciation—asset restructuring (down $655 million) and higher implementation costs (up $46 million). See Notes to Consolidated Financial Statements— *Note 3. Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives* for more information.

The overall lower costs reflect the fact that these programs have been substantially completed, except for our manufacturing plant network rationalization, where execution timelines are necessarily long (see "Key Activities" below). In connection with these continuing manufacturing plant network rationalization activities, we expect to incur approximately $450 million in associated costs in 2014-2016.

Cost-Reduction Goals

With respect to the January 26, 2009 announcements, and our acquisition of Wyeth on October 15, 2009, in the aggregate, we achieved our cost-reduction goal by the end of 2011, a year earlier than expected, and are continuing to generate cost reductions.

With respect to the R&D productivity initiative announced on February 1, 2011, we met our goal to achieve significant reductions in our annual research and development expenses by the end of 2012. Adjusted R&D expenses were $6.6 billion in 2013, and we expect adjusted R&D expenses to be approximately $6.4 billion to $6.9 billion in 2014, which reflects the late-2013 and early-2014 initiation of Phase 3 clinical programs for certain pipeline compounds. For an understanding of adjusted research and development expenses, see the "Adjusted Income" section of this Financial Review.

Total Costs

Through December 31, 2013, we incurred approximately $15.5 billion (pre-tax) in cost-reduction and acquisition-related costs (excluding transaction costs) in connection with the aforementioned initiatives. This $15.5 billion is a component of the $ 16.3 billion (pre-tax) in total restructuring charges incurred from the beginning of our cost-reduction/productivity initiatives in 2005 through December 31, 2013. See Notes to Consolidated Financial Statements— *Note 3. Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives* for more information.

Key Activities

The targeted cost reductions were achieved through, among other things, the following actions:

- The closing of duplicative facilities and other site rationalization actions Company-wide, including research and development facilities, manufacturing plants, sales offices and other corporate facilities. Among the more significant actions are the following:
  - Manufacturing: After the acquisition of Wyeth, our manufacturing sites totaled 59. Other acquisitions have added eight manufacturing sites, and we have subsequently exited 11 sites, resulting in 56 sites supporting continuing operations as of December 31, 2013 . Our plant network strategy is expected to result in the exit of a further eight sites over the next several years. These site counts exclude five Nutrition business-related manufacturing sites as the Nutrition business was sold in 2012, and exclude 24 Zoetis sites as the disposition of the remaining 80.2% interest in Zoetis common stock was completed on June 24, 2013. See Notes to Consolidated Financial Statements— *Note 2B. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Divestitures* for more information.
  - Research and Development: After the acquisition of Wyeth, we operated in 20 R&D sites and announced that we would close a number of sites. We have completed a number of site closures, including our Sandwich, U.K. research and development facility, except for a small presence. In addition, in 2011, we rationalized several other sites to reduce and optimize the overall R&D footprint. We disposed of our toxicology site in Catania, Italy; exited our R&D sites in Aberdeen and Gosport, U.K.; and disposed of a vacant site in St. Louis, MO. We still maintain laboratories in St. Louis, MO that focus on the area of biologics. We are presently marketing for sale, lease or sale/lease-back, either a portion of or all of certain of our R&D campuses. Locations with R&D operations are in the U.S., Europe, Canada and China, with five major research sites in addition to a number of specialized units. We also re-prioritized our commitments to disease areas and have discontinued certain therapeutic areas and R&D programs as part of our R&D productivity initiative. Our research primarily focuses on five high-priority areas that have a mix of small and large molecules—immunology and inflammation; oncology; cardiovascular and metabolic diseases; neuroscience and pain; and vaccines. Other areas of focus include rare diseases and biosimilars.
- Workforce Reductions: Across all areas of our business, we reduced our workforce and completed other organizational changes, primarily in the U.S. field force, manufacturing, R&D and corporate functions. We identified areas for a reduction in workforce across all of our businesses. From 2009, when the workforce was approximately 130,000, through the end of 2012, we achieved a reduction of 38,500, and by the end of 2013, we achieved a reduction of 52,300. In 2013, the workforce declined by 13,800, from 91,500 to 77,700, primarily due to the full disposition of Zoetis, which resulted in a workforce reduction of approximately 9,300. The aforementioned workforce reductions include the impact of acquisitions and divestitures subsequent to the Wyeth acquisition.
- The increased use of shared services and centers of excellence.
- Procurement savings.

New Programs—2014 through 2016 Activities

At the beginning of our fiscal year 2014, we began to manage our commercial operations through a new global commercial structure consisting of three businesses––the Global Innovative Pharmaceutical business (GIP); the Global Vaccines, Oncology and Consumer Healthcare business (VOC); and the Global Established Pharmaceutical business (GEP). In connection with this reorganization, we expect to incur costs of approximately $350 million in 2014-2016 related to the streamlining of certain functions, the realignment of regional locations and colleagues to support the businesses, as well as implementing the necessary system changes to support future reporting requirements.

In addition, while we have substantially completed our previously described cost-reduction/productivity initiatives with the exception of our manufacturing plant network rationalization, which is already underway and where execution timelines are necessarily long, we have tasked our commercial, manufacturing and corporate divisions, as part of our annual budgeting process, with the identification of new cost-savings opportunities and expect those new programs to be implemented in 2014-2016.

The development of these opportunities and action plans is underway and, in order to achieve the targeted savings, we expect that we will incur approximately $2.4 billion in 2014-2016 (in addition to the anticipated costs associated with the reorganization of our commercial operations and our continuing manufacturing plant network rationalization activities, described above).

Expected Cost Savings

The expected ongoing annual cost savings associated with our new commercial structure, our anticipated 2014-2016 cost-reduction programs and our continuing manufacturing plant network rationalization activities, in the aggregate, are estimated to be approximately $2.9 billion by the end of 2016.

The expected costs and costs savings in 2014 associated with these activities are reflected in our financial guidance for 2014.

In addition to these major initiatives, we continuously monitor our operations for cost reduction and/or productivity opportunities, especially in light of the losses of exclusivity and the expiration of collaborative arrangements for various products.

Other (Income)/Deductions––Net

	Year Ended December 31,			% Change	
(MILLIONS OF DOLLARS)	**2013**	2012	2011	**13/12**	12/11
Other (income)/deductions—net	**$ (532)**	$ 4,022	$ 2,486	**(113)**	62

2013 v. 2012

Other (income)/deductions—net changed favorably by $4.6 billion in 2013 , compared to 2012 , primarily due to:

- patent litigation settlement income of $1.3 billion recorded in 2013 (for additional information, see Notes to Consolidated Financial Statements— *Note 4. Other (Income)/Deductions—Net*);
- lower net charges for other legal matters in 2013 (down approximately $2.2 billion) (for additional information, see Notes to Consolidated Financial Statements— *Note 4. Other (Income)/Deductions—Net*);
- a gain of approximately $459 million recorded in 2013 associated with the transfer of certain product rights to our equity-method investment in China (for additional information, see Notes to Consolidated Financial Statements— *Note 2D. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Equity-Method Investments*); and
- higher net gains on asset disposals (up approximately $268 million) (for additional information, see Notes to Consolidated Financial Statements— *Note 4. Other (Income)/Deductions—Net*),

partially offset by:

- higher asset impairments and related charges (up approximately $211 million) (for additional information, see Notes to Consolidated Financial Statements— *Note 4. Other (Income)/Deductions—Net*).

2012 v. 2011

Other (Income)/Deductions—Net changed unfavorably by $1.5 billion in 2012 , compared to 2011 , which primarily reflects:

- charges for litigation-related matters that were approximately $1.4 billion higher in 2012 than in 2011, primarily due to a $491 million charge related to the resolution of an investigation by the U.S. Department of Justice into Wyeth's historical promotional practices in connection with Rapamune, a $450 million settlement of a lawsuit by Brigham Young University related to Celebrex, and charges related to Chantix litigation (for additional information, see Notes to Consolidated Financial Statements— *Note 17. Commitments and Contingencies*); and
- royalty-related income that was approximately $92 million lower in 2012 than in 2011.

Certain Asset Impairment Charges

For information about the asset impairment charges, see the “Significant Accounting Policies and Application of Critical Accounting Estimates—Asset Impairment Reviews” section of this Financial Review, as well as Notes to Consolidated Financial Statements *Note 4. Other (Income)/Deductions—Net* and *Note 10B. Goodwill and Other Intangible Assets: Other Intangible Assets.*

PROVISION FOR TAXES ON INCOME

	Year Ended December 31,			% Change	
(MILLIONS OF DOLLARS)	**2013**	2012	2011	**13/12**	12/11
Provision for taxes on income	**$ 4,306**	$ 2,221	$ 3,621	**94**	(39)
Effective tax rate on continuing operations	**27.4%**	19.8%	31.5%		

In all three years, our effective tax rate for continuing operations was impacted by favorable audit settlements and from the expiration of certain statutes of limitations in multiple jurisdictions covering various periods, among other factors. For details about these discrete elements that impacted our tax provisions, see Notes to Consolidated Financial Statements— *Note 5A. Tax Matters: Taxes on Income from Continuing Operations* .

2013 v. 2012

The higher effective tax rate in 2013 compared to 2012 primarily reflects a decrease, of approximately $500 million, in tax benefits related to certain audit settlements and the expiration of certain statutes of limitations in multiple jurisdictions covering various periods.

To a lesser extent, the unfavorable comparison of 2013 to 2012 also reflects:

- the unfavorable tax rate associated with patent litigation settlement income of $1.3 billion recorded in 2013;
- the non-deductibility of the $292 million of goodwill derecognized and the jurisdictional mix of the other intangible assets divested as part of the transfer of certain product rights to our equity-method investment in China (Hisun Pfizer); and
- the non-deductibility of the $223 million loss on an option to acquire the remaining interest in Teuto, a 40%-owned generics company in Brazil, since we expect to retain the investment indefinitely, and the non-deductibility of a $32 million impairment charge related to our equity-method investment in Teuto,

partially offset by:

- the change in the jurisdictional mix of earnings; and
- the extension of the U.S. R&D tax credit (resulting in the full-year benefit of the 2012 and 2013 U.S. R&D tax credit being recorded in 2013).

2012 v. 2011

The lower effective tax rate in 2012 compared to 2011 is primarily the result of:

- an increase, of approximately $1.1 billion in tax benefits, related to certain audit settlements in multiple jurisdictions and the expiration of certain statutes of limitations covering various periods,

partially offset by:

- the impact of the expiration of the U.S. R&D tax credit on December 31, 2011; and
- the non-deductibility of the 2012 legal charge related to Rapamune (see the "Other (income)/deductions—Net" section of this Financial Review).

For additional details about the resolution of certain tax positions, see Notes to Consolidated Financial Statements— *Note 5A. Tax Matters: Taxes on Income from Continuing Operations* .

Changes in Tax Laws

On February 28, 2013, the Governor of Puerto Rico signed into law Act No. 2-2013, amending Sections 2101 and 2102 of the Puerto Rico Internal Revenue Code of 1994, which provided for an excise tax that was effective beginning in 2011 (Act 154) . The excise tax is imposed on the purchase of products by multinational corporations and their affiliates from their Puerto Rico affiliates. As originally adopted, the excise tax was to be in effect from 2011 through 2016 and the tax rate was to decline over time from 4% in 2011 to 1% in 2016. Act No. 2-2013 extended the excise tax through 2017 and, effective July 1, 2013, increased the tax rate to 4% for all years through 2017. The impact of Act No. 2-2013 is being recorded in *Cost of sales* and *Provision for taxes on income,* as appropriate. All expected impacts in 2014 have been reflected in our financial guidance for 2014.

On January 3, 2013, the President of the United States signed into law the American Taxpayer Relief Act of 2012 (the 2012 Act), which extended the U.S. R&D tax credit for tax years 2012 and 2013, as well as other provisions. Given the enactment date of the 2012 Act, the benefit related to our 2012 and 2013 R&D spending was recorded in 2013. On December 31, 2013, the U.S. R&D tax credit expired. Since the U.S. R&D tax credit was in effect for all of 2013, the expiration has no impact on our 2013 results. We have not anticipated the extension of the U.S. R&D tax credit in our financial guidance for 2014.

DISCONTINUED OPERATIONS

For additional information about our discontinued operations, see Notes to Consolidated Financial Statements— *Note 2B. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Divestitures* .

The following table provides the components of *Discontinued operations — net of tax* :

	Year Ended December 31, [a]		
(MILLIONS OF DOLLARS)	**2013**	2012	2011
Revenues	**$ 2,201**	$ 6,587	$ 6,897
Pre-tax income from discontinued operations [a]	**408**	1,253	1,310
Provision for taxes on income [b]	**100**	459	425
Income from discontinued operations—net of tax	**308**	794	885
Pre-tax gain on sale of discontinued operations	**10,446**	7,123	1,688
Provision for taxes on income [c]	**92**	2,340	384
Gain on disposal of discontinued operations—net of tax	**10,354**	4,783	1,304
Discontinued operations—net of tax	**$ 10,662**	$ 5,577	$ 2,189

[a] Includes (i) the Animal Health (Zoetis) business through June 24, 2013, the date of disposal, (ii) the Nutrition business through November 30, 2012, the date of disposal and (iii) the Capsugel business through August 1, 2011, the date of disposal.

[b] Includes a deferred tax benefit of $23 million for 2013 and $23 million for 2012 , and a deferred tax expense of $28 million for 2011 , which is net of a deferred tax expense of $42 million in 2012 and includes a deferred tax expense of $6 million in 2011 related to investments in certain foreign subsidiaries, resulting from our intention not to hold these subsidiaries indefinitely.

[c] For 2013, primarily reflects income tax expense of $122 million resulting from certain legal entity reorganizations. For 2012 and 2011 , includes a deferred tax expense of $1.4 billion for 2012 and $190 million for 2011 , which includes a deferred tax expense of $2.2 billion for 2012 and $190 million for 2011 on certain current-year funds earned outside the U.S. that will not be indefinitely reinvested overseas. For 2012 , also includes a deferred tax benefit reflecting the reversal of net deferred tax liabilities associated with the divested Nutrition assets.

ADJUSTED INCOME

General Description of Adjusted Income Measure

Adjusted income is an alternative view of performance used by management, and we believe that investors' understanding of our performance is enhanced by disclosing this performance measure. We report Adjusted income in order to portray the results of our major operations—the discovery, development, manufacture, marketing and sale of prescription medicines, consumer healthcare (over-the-counter) products, and vaccines—prior to considering certain income statement elements. We have defined Adjusted income as Net income

attributable to Pfizer Inc. before the impact of purchase accounting for acquisitions, acquisition-related costs, discontinued operations and certain significant items. The Adjusted income measure is not, and should not be viewed as, a substitute for U.S. GAAP net income.

The Adjusted income measure is an important internal measurement for Pfizer. We measure the performance of the overall Company on this basis in conjunction with other performance metrics. The following are examples of how the Adjusted income measure is utilized:

- senior management receives a monthly analysis of our operating results that is prepared on an Adjusted income basis;
- our annual budgets are prepared on an Adjusted income basis; and
- senior management's annual compensation is derived, in part, using this Adjusted income measure. Adjusted income is the performance metric utilized in the determination of bonuses under the Pfizer Inc. Executive Annual Incentive Plan that is designed to limit the bonuses payable to the Executive Leadership Team (ELT) for purposes of Internal Revenue Code Section 162(m). Subject to the Section 162(m) limitation, the bonuses are funded from a pool based on the performance measured by three financial metrics, including adjusted diluted earnings per share, which is derived from Adjusted income. This metric accounts for 40% of the bonus pool. The pool applies to the bonus plans for virtually all bonus-eligible, non-sales-force employees worldwide, including the ELT members and other members of senior management.

Despite the importance of this measure to management in goal setting and performance measurement, Adjusted income is a non-GAAP financial measure that has no standardized meaning prescribed by U.S. GAAP and, therefore, has limits in its usefulness to investors. Because of its non-standardized definition, Adjusted income (unlike U.S. GAAP net income) may not be comparable to the calculation of similar measures of other companies. Adjusted income is presented solely to permit investors to more fully understand how management assesses performance.

We also recognize that, as an internal measure of performance, the Adjusted income measure has limitations, and we do not restrict our performance-management process solely to this metric. A limitation of the Adjusted income measure is that it provides a view of our operations without including all events during a period, such as the effects of an acquisition or amortization of purchased intangibles, and does not provide a comparable view of our performance to other companies in the biopharmaceutical industry. We also use other specifically tailored tools designed to achieve the highest levels of performance. For example, our R&D organization has productivity targets, upon which its effectiveness is measured. In addition, total shareholder return, both on an absolute basis and relative to a group of pharmaceutical industry peers, plays a significant role in determining payouts under certain of Pfizer's long-term incentive compensation plans.

Purchase Accounting Adjustments

Adjusted income is calculated prior to considering certain significant purchase accounting impacts resulting from business combinations and net asset acquisitions. These impacts, primarily associated with Pharmacia (acquired in 2003), Wyeth (acquired in 2009) and King (acquired in 2011), can include the incremental charge to cost of sales from the sale of acquired inventory that was written up to fair value, amortization related to the increase in fair value of the acquired finite-lived intangible assets, depreciation related to the increase/decrease in fair value of the acquired fixed assets, amortization related to the increase in fair value of acquired debt, and the fair value changes associated with contingent consideration. Therefore, the Adjusted income measure includes the revenues earned upon the sale of the acquired products without considering the acquisition cost of those products.

Certain of the purchase accounting adjustments can occur through 20 or more years, but this presentation provides an alternative view of our performance that is used by management to internally assess business performance. We believe the elimination of amortization attributable to acquired intangible assets provides management and investors an alternative view of our business results by trying to provide a degree of parity to internally developed intangible assets for which research and development costs previously have been expensed.

However, a completely accurate comparison of internally developed intangible assets and acquired intangible assets cannot be achieved through Adjusted income. This component of Adjusted income is derived solely from the impacts of the items listed in the first paragraph of this section. We have not factored in the impacts of any other differences in experience that might have occurred if we had discovered and developed those intangible assets on our own, and this approach does not intend to be representative of the results that would have occurred in those circumstances. For example, our research and development costs in total, and in the periods presented, may have been different; our speed to commercialization and resulting sales, if any, may have been different; or our costs to manufacture may have been different. In addition, our marketing efforts may have been received differently by our customers. As such, in total, there can be no assurance that our Adjusted income amounts would have been the same as presented had we discovered and developed the acquired intangible assets.

Acquisition-Related Costs

Adjusted income is calculated prior to considering transaction, integration, restructuring and additional depreciation costs associated with business combinations because these costs are unique to each transaction and represent costs that were incurred to restructure and integrate two businesses as a result of the acquisition decision. For additional clarity, only transaction costs, additional depreciation and restructuring and integration activities that are associated with a business combination or a net-asset acquisition are included in acquisition-related costs. We have made no adjustments for the resulting synergies.

We believe that viewing income prior to considering these charges provides investors with a useful additional perspective because the significant costs incurred in connection with a business combination result primarily from the need to eliminate duplicate assets, activities or employees—a natural result of acquiring a fully integrated set of activities. For this reason, we believe that the costs incurred to convert disparate systems, to close duplicative facilities or to eliminate duplicate positions (for example, in the context of a business combination) can be viewed differently from those costs incurred in other, more normal, business contexts.

The integration and restructuring costs associated with a business combination may occur over several years, with the more significant impacts ending within three years of the transaction. Because of the need for certain external approvals for some actions, the span of time needed to achieve certain restructuring and integration activities can be lengthy. For example, due to the highly regulated nature of the pharmaceutical business, the closure of excess facilities can take several years, as all manufacturing changes are subject to extensive validation and testing and must be approved by the FDA and/or other global regulatory authorities.

Discontinued Operations

Adjusted income is calculated prior to considering the results of operations included in discontinued operations, as well as any related gains or losses on the disposal of such operations such as the gains on the full disposition of our former Animal Health business (Zoetis) in June 2013, the sale of our former Nutrition business in November 2012 and the sale of our former Capsugel business in August 2011. We believe that this presentation is meaningful to investors because, while we review our businesses and product lines for strategic fit with our operations, we do not build or run our businesses with the intent to sell them. Restatements due to discontinued operations do not impact compensation or change the Adjusted income measure for the compensation in respect of the restated periods, but are presented in this Financial Review for consistency across all periods.

Certain Significant Items

Adjusted income is calculated prior to considering certain significant items. Certain significant items represent substantive, unusual items that are evaluated on an individual basis. Such evaluation considers both the quantitative and the qualitative aspect of their unusual nature. Unusual, in this context, may represent items that are not part of our ongoing business; items that, either as a result of their nature or size, we would not expect to occur as part of our normal business on a regular basis; items that would be non-recurring; or items that relate to products we no longer sell. While not all-inclusive, examples of items that could be included as certain significant items would be a major non-acquisition-related restructuring charge and associated implementation costs for a program that is specific in nature with a defined term, such as those related to our non-acquisition-related cost-reduction and productivity initiatives; amounts related to certain disposals of businesses, products or facilities that do not qualify as discontinued operations under U.S. GAAP; amounts associated with transitional service, manufacturing and supply agreements in support of discontinued operations after sale; certain intangible asset impairments; adjustments related to the resolution of certain tax positions; the impact of adopting certain significant, event-driven tax legislation; or charges related to certain legal matters, such as certain of those discussed in Notes to Consolidated Financial Statements— *Note 17. Commitments and Contingencies* and in *Part II—Other Information; Item 1. Legal Proceedings* in our Quarterly Reports on Form 10-Q filings. Normal, ongoing defense costs of the Company or settlements of and accruals for legal matters made in the normal course of our business would not be considered certain significant items.

Reconciliation

The following table provides a reconciliation of *Net income attributable to Pfizer Inc.* , as reported under U.S. GAAP, and Non-GAAP Adjusted income:

	Year Ended December 31,			% Change	
(MILLIONS OF DOLLARS)	**2013**	2012	2011	**13/12**	12/11
GAAP Reported net income attributable to Pfizer Inc.	**$ 22,003**	$ 14,570	$ 10,009	**51**	46
Purchase accounting adjustments—net of tax	**3,146**	3,562	4,946	**(12)**	(28)
Acquisition-related costs—net of tax	**383**	743	1,415	**(48)**	(47)
Discontinued operations—net of tax	**(10,623)**	(5,577)	(2,189)	**90**	*
Certain significant items—net of tax	**379**	2,451	2,964	**(85)**	(17)
Non-GAAP Adjusted income [(a)]	**$ 15,288**	$ 15,749	$ 17,145	**(3)**	(8)

[(a)] The effective tax rate on Non-GAAP Adjusted income was 27.5% in 2013 , 28.7% in 2012 and 29.3% in 2011 . The effective tax rate for 2013 compared with 2012 was favorably impacted by the increase in tax benefits related to audit settlements with foreign jurisdictions and the expiration of certain statutes of limitations in multiple jurisdictions covering various periods, as well as the extension of the U.S. R&D tax credit that was signed into law in January 2013. The effective tax rate for 2012 compared with 2011 reflects the impact of the change in the jurisdictional mix of earnings, the expiration of the U.S. R&D tax credit on December 31, 2011 and the favorable impact of the resolution of certain prior-period tax positions in 2012 with various foreign tax authorities and the expiration of certain statutes of limitations.

* Calculation not meaningful.

Certain amounts and percentages may reflect rounding adjustments.

The following table provides a reconciliation of Reported diluted EPS, as reported under U.S. GAAP, and Non-GAAP Adjusted diluted EPS:

	Year Ended December 31,			% Change	
	2013	2012	2011	**13/12**	12/11
Earnings per common share—diluted					
GAAP Reported income from continuing operations attributable to Pfizer Inc. common shareholders	**$ 1.65**	$ 1.20	$ 0.99	**38**	21
Income from discontinued operations—net of tax	**1.54**	0.74	0.28	**108**	*
GAAP Reported net income attributable to Pfizer Inc. common shareholders	**3.19**	1.94	1.27	**64**	53
Purchase accounting adjustments—net of tax	**0.46**	0.47	0.63	**(2)**	(25)
Acquisition-related costs—net of tax	**0.06**	0.10	0.18	**(40)**	(44)
Discontinued operations—net of tax	**(1.54)**	(0.74)	(0.28)	**(108)**	*
Certain significant items—net of tax	**0.05**	0.33	0.38	**(85)**	(13)
Non-GAAP Adjusted income attributable to Pfizer Inc. common shareholders [(a)]	**$ 2.22**	$ 2.10	$ 2.18	**6**	(4)

[(a)] Reported and Adjusted diluted earnings per share in all periods presented were significantly impacted by the decrease in the number of shares outstanding, due to the Company's ongoing share repurchase program and in 2013, the impact of the Zoetis exchange offer.

* Calculation not meaningful.

Certain amounts and percentages may reflect rounding adjustments.

Adjusted income, as shown above, excludes the following items:

(MILLIONS OF DOLLARS)	Year Ended December 31, 2013	2012	2011
Purchase accounting adjustments			
Amortization, depreciation and other [a]	**$ 4,367**	$ 4,904	$ 5,475
Cost of sales [b]	**(23)**	1	1,197
Total purchase accounting adjustments—pre-tax	**4,344**	4,905	6,672
Income taxes [c]	**(1,198)**	(1,343)	(1,726)
Total purchase accounting adjustments—net of tax	**3,146**	3,562	4,946
Acquisition-related costs			
Restructuring charges [d]	**108**	291	577
Transaction costs [d]	**—**	1	30
Integration costs [d]	**144**	381	693
Additional depreciation—asset restructuring [e]	**124**	273	613
Total acquisition-related costs—pre-tax	**376**	946	1,913
Income taxes [f]	**7**	(203)	(498)
Total acquisition-related costs—net of tax	**383**	743	1,415
Discontinued operations			
Discontinued operations—net of tax [g]	**(10,662)**	(5,577)	(2,189)
Discontinued operations—net of tax, attributable to noncontrolling interests	**39**	—	—
Total discontinued operations—net of tax, attributable to Pfizer Inc.	**(10,623)**	(5,577)	(2,189)
Certain significant items			
Restructuring charges [h]	**930**	1,137	1,541
Implementation costs and additional depreciation—asset restructuring [i]	**398**	692	961
Patent litigation settlement income [j]	**(1,342)**	—	—
Other legal matters, net [k]	**21**	2,191	822
Gain associated with the transfer of certain product rights to an equity-method investment [k]	**(459)**	—	—
Certain asset impairments and related charges [l]	**1,059**	875	827
Costs associated with the Zoetis IPO [m]	**18**	125	35
Income associated with the transitional manufacturing and supply agreements with Zoetis [n]	**(16)**	—	—
Other [l]	**83**	19	69
Total certain significant items—pre-tax	**692**	5,039	4,255
Income taxes [o]	**(313)**	(2,588)	(1,291)
Total certain significant items—net of tax	**379**	2,451	2,964
Total purchase accounting adjustments, acquisition-related costs, discontinued operations and certain significant items—net of tax, attributable to Pfizer Inc.	**$ (6,715)**	$ 1,179	$ 7,136

[a] Included primarily in *Amortization of intangible assets* (see Notes to Consolidated Financial Statements— *Note 10. Goodwill and Other Intangible Assets*).

[b] For 2011, primarily related to fair value adjustments of acquired inventory.

[c] Included in *Provision for taxes on income.* Income taxes includes the tax effect of the associated pre-tax amounts, calculated by determining the jurisdictional location of the pre-tax amounts and applying that jurisdiction's applicable tax rate.

[d] Included in *Restructuring charges and certain acquisition-related costs* (see Notes to Consolidated Financial Statements— *Note 3. Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives*).

[e] Represents the impact of changes in estimated useful lives of assets involved in restructuring actions related to acquisitions. For 2013, included in *Cost of sales* ($116 million) and *Selling informational and administrative expenses* ($8 million). For 2012, included in *Cost of sales* ($258 million), *Selling informational and administrative expenses* ($9 million) and *Research and development expenses* ($6 million). For 2011, included in *Cost of sales* ($549 million), *Selling, informational and administrative expenses* ($42 million) and *Research and development expenses* ($22 million).

[f] Included in *Provision for taxes on income.* Income taxes includes the tax effect of the associated pre-tax amounts, calculated by determining the jurisdictional location of the pre-tax amounts and applying that jurisdiction's applicable tax rate. The amount in 2013 also includes the unfavorable impact of the remeasurement of certain deferred tax liabilities resulting

from plant network restructuring activities.

(g) Included in *Discontinued operations—net of tax* and relates to Zoetis, our former Animal Health business, through June 24, 2013, the date of disposal, to our former Nutrition business through November 30, 2012, the date of disposal, and to our former Capsugel business through August 1, 2011, the date of disposal (see Notes to Consolidated Financial Statements—*Note 2B. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Divestitures*) .

(h) Primarily represents restructuring charges related to our cost-reduction and productivity initiatives. Included in *Restructuring charges and certain acquisition-related costs* (see Notes to Consolidated Financial Statements— *Note 3. Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives*).

(i) Amounts primarily relate to our cost-reduction/productivity initiatives (see Notes to Consolidated Financial Statements— *Note 3. Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives*). For 2013, included in *Selling, informational and administrative expenses* ($156 million), *Research and development expenses* ($127 million) and *Cost of sales* ($115 million). For 2012, included in *Research and development expenses* ($521 million), *Selling, informational and administrative expenses* ($141 million) and *Cost of sales* ($30 million). For 2011, included in *Cost of sales* ($251 million), *Selling, informational and administrative expenses* ($55 million) and *Research and development expenses* ($655 million).

(j) In 2013, reflects income from a litigation settlement with Teva Pharmaceutical Industries Ltd. and Sun Pharmaceutical Industries Ltd. for patent-infringement damages resulting from their "at-risk" launches of generic Protonix in the U.S. Included in *Other (income)/deductions—net* (see the "Other (Income)/Deductions—Net" section of this Financial Review and Notes to Consolidated Financial Statements— *Note 4. Other (Income)/Deductions—Net*) .

(k) Included in *Other (income)/deductions—net* (see the “Other (Income)/Deductions—Net” section of this Financial Review and Notes to Consolidated Financial Statements— *Note 4. Other (Income)/Deductions—Net*) .

(l) Substantially all included in *Other (income)/deductions—net* (see the “Other (Income)/Deductions—Net” section of this Financial Review and Notes to Consolidated Financial Statements— *Note 4. Other (Income)/Deductions—Net*) .

(m) Costs incurred in connection with the initial public offering of an approximate 19.8% ownership interest in Zoetis. Includes expenditures for banking, legal, accounting and similar services. For 2013 and 2012, included in *Other (income)/deductions—net* (see the "Other (Income)/Deductions—Net" section of this Financial Review and Notes to Consolidated Financial Statements— *Note 4. Other (Income)/Deductions—Net*) . For 2011, substantially all included in *Other (income)/deductions—net* .

(n) Included in *Revenues* ($132 million) and in *Cost of sales* ($116 million) for 2013.

(o) Included in *Provision for taxes on income.* Income taxes includes the tax effect of the associated pre-tax amounts, calculated by determining the jurisdictional location of the pre-tax amounts and applying that jurisdiction’s applicable tax rate. The amount in 2013 was favorably impacted by U.S. tax benefits of approximately $430 million, representing tax and interest, resulting from a settlement with the U.S. Internal Revenue Service (IRS) with respect to audits of the Wyeth tax returns for the years 2006 through date of acquisition and unfavorably impacted by (i) the tax rate associated with the patent litigation settlement income, (ii) the non-deductibility of goodwill derecognized and the jurisdictional mix of the other intangible assets divested as part of the transfer of certain product rights to Pfizer's 49%-owned equity-method investment in China, and (iii) the non-deductibility of the loss on an option to acquire the remaining interest in Laboratório Teuto Brasileiro S.A. (Teuto), a 40%-owned generics company in Brazil, since we expect to retain the investment indefinitely, and the non-deductibility of an impairment charge related to our equity method investment in Teuto. The amount in 2012 was favorably impacted by U.S. tax benefits of approximately $1.1 billion, representing tax and interest, resulting from a settlement with the IRS with respect to audits for multiple tax years (see Notes to Consolidated Financial Statements— *Note 5A. Tax Matters: Taxes on Income from Continuing Operations*).

ANALYSIS OF THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Changes in the components of *Accumulated other comprehensive loss* reflect the following:

2013

For *Foreign currency translation adjustments* , reflects the weakening of several currencies against the U.S. dollar, primarily the Japanese yen, the Australian dollar, the Canadian dollar and the Brazilian real, partially offset by the strengthening of several currencies against the U.S. dollar, primarily the euro and to a lesser extent the U.K. pound, as well as the reclassification of amounts associated with dispositions into income.

For *Unrealized holding gains/(losses) on derivative financial instruments* , reflects the impact of fair value remeasurements (gains) and the reclassification of realized gains into income. For additional information, see Notes to Consolidated Financial Statements— *Note 7. Financial Instruments* .

For *Unrealized holding gains on available-for-sale securities* , reflects the impact of fair value remeasurements and the reclassification of realized gains into income. For additional information, see Notes to Consolidated Financial Statements— *Note 7. Financial Instruments* .

For *Benefit plans: actuarial gains/(losses) , net* , reflects the impact of actuarial gains (due to an increase in the discount rate and higher than expected returns on plan assets) and the reclassification of certain amounts related to amortization and curtailments/settlements into income. For additional information, see Notes to Consolidated Financial Statements— *Note 11. Pension and Postretirement Benefit Plans and Defined Contribution Plans* and the “Significant Accounting Policies and Application of Critical Accounting Estimates—Benefit Plans" section of this Financial Review.

2012

For *Foreign currency translation adjustments* , reflects the weakening of several currencies against the U.S. dollar, primarily the euro, the Japanese yen, the Australian dollar and the Brazilian real, and the reclassification of amounts associated with dispositions into income.

For *Unrealized holding gains/(losses) on derivative financial instruments* , reflects the impact of fair value remeasurements (gains) and the reclassification of realized gains into income. See also Notes to Consolidated Financial Statements— *Note 7. Financial Instruments* .

For *Unrealized holding gains on available-for-sale securities* , reflects the impact of fair value remeasurements and the reclassification of realized losses into income. For additional information, see Notes to Consolidated Financial Statements— *Note 7. Financial Instruments* .

For *Benefit plans: actuarial gains/(losses) , net* , reflects the impact of actuarial losses (due to a decrease in the discount rate partially offset by higher-than-expected returns on plan assets) and the reclassification of certain amounts related to amortization and curtailments/settlements into income. See also Notes to Consolidated Financial Statements— *Note 11. Pension and Postretirement Benefit Plans and Defined Contribution Plans* .

2011

For *Foreign currency translation adjustments* , reflects the strengthening of several currencies against the U.S. dollar, primarily the euro, the Japanese yen, the U.K. pound and the Australian dollar, and the reclassification of certain amounts associated with dispositions into income .

For *Unrealized holding gains/(losses) on derivative financial instruments* , reflects the impact of fair value remeasurements (losses) and the reclassification of realized losses into income. See also Notes to Consolidated Financial Statements— *Note 7 Financial Instruments* .

For *Unrealized holding gains on available-for-sale securities* , reflects the impact of fair value remeasurements and the reclassification of realized gains into income. For additional information, see Notes to Consolidated Financial Statements— *Note 7. Financial Instruments* .

For *Benefit plans: actuarial gains/(losses)* , *net,* reflects the impact of actuarial losses (due to a decrease in the discount rate and lower-than-expected returns on plan assets) and the reclassification of certain amounts related to amortization and curtailments/settlements into income. See also Notes to Consolidated Financial Statements— *Note 11. Pension and Postretirement Benefit Plans and Defined Contribution Plans* .

ANALYSIS OF THE CONSOLIDATED BALANCE SHEETS

For information about certain of our financial assets and liabilities, including *Cash and cash equivalents, Short-term investments, Long-term investments, Short-term borrowings, including current portion of long-term debt* , and *Long-term debt* , see "Analysis of the Consolidated Statements of Cash Flows" section of this Financial Review, the “Analysis of Financial Condition, Liquidity and Capital Resources: Selected Measures of Liquidity and Capital Resources” section of this Financial Review and Notes to Consolidated Financial Statements— *Note 7. Financial Instruments* .

For information about certain balances in *Accounts receivable, less allowance for doubtful accounts, s* ee also the “Analysis of Financial Condition, Liquidity and Capital Resources: Selected Measures of Liquidity and Capital Resources: Accounts Receivable” section of this Financial Review.

For information about our tax accounts, including *Current deferred tax assets and other current tax assets, Noncurrent deferred tax assets and other noncurrent tax assets, Noncurrent deferred tax liabilities and Other taxes payable,* including the impact of the adoption of a new accounting standard, see Notes to Consolidated Financial Statements— *Note 5. Tax Matters* .

For a description of changes in *Total Equity* , see the consolidated statements of equity.

Virtually all of the changes in our asset and liability accounts as of December 31, 2013 , compared to December 31, 2012 , reflect, among other things, decreases due to changes in foreign currency exchange rates. The following explanations exclude the impact of foreign exchange.

- For *Accounts receivable, less allowance for doubtful accounts,* the change also reflects the timing of collections in the normal course of business as well as reductions in revenues of certain products.
- For *Inventories,* the change also reflects increases in pharmaceutical and consumer inventory in the normal course of business.
- For *Assets of discontinued operations and other assets held for sale* and *Liabilities of discontinued operations,* the change also reflects the impact of the full disposition of our Animal Health business (Zoetis). For additional information, see Notes to Consolidated Financial Statements— *Note 2B. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Divestitures.*
- For *Long-term investments* , the change also reflects an increase associated with the transfer of certain product rights to our equity-method investment in China. For additional information, see Notes to Consolidated Financial Statements— *Note 2D. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Equity-Method Investments* .
- For *Property, plant and equipment, less accumulated depreciation,* the change also reflects depreciation partially offset by capital additions. In addition, there were some minor asset impairments and disposals.
- For *Goodwill* , the change also reflects goodwill derecognized as part of the transfer of certain product rights, which constituted a business, to our equity-method investment in China. For additional information, see Notes to Consolidated Financial Statements— *Note 2D. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Equity-Method Investments* and *Note 10A. Goodwill and Other Intangible Assets: Goodwill* .
- For *Identifiable intangible assets, less accumulated amortization* , the change also reflects amortization, asset impairment charges and the transfer of certain product rights to our equity-method investment in China, slightly offset by some minor intangible asset acquisitions. For additional information, see Notes to Consolidated Financial Statements— *Note 10B. Goodwill and Other Intangible Assets: Other Intangible Assets* . For additional information about the asset impairment charges, see Notes to Consolidated Financial Statements— *Note 4. Other (Income)/Deductions—Net.* For additional information about the transfer of certain product rights, see Notes to Consolidated Financial Statements— *Note 2D. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Equity-Method Investments* .
- For *Accounts payable* , the change also reflects the timing of payments in the normal course of business.
- For *Other current liabilities* , the change also reflects a decrease in our legal accruals, including those related to the Quigley product liability claims, reflecting payments made, and, to a much lesser extent, decreases in our restructuring accruals, VAT payables, and accrued interest, all in the normal course of business.
- For *Long-term debt* , the change also reflects the completion of a public offering of $4.0 billion aggregate principal amount of senior unsecured notes, the $2.4 billion repayment, at maturity, of our 3.625% senior unsecured notes that were due June 2013, the redemption in December 2013 of the aggregate principal amount of $1.8 billion of our 5.50% senior unsecured notes that were due February 2014, and reclassifications to *Short-term borrowings, including current portion of long-term debt.*

- For *Pension benefit obligations, net* and *Postretirement benefit obligations, net* , the change also reflects, among other things, significant reductions due to changes in the assumed discount rates used for measuring the obligations and favorable plan asset performance during the year, for plans with assets. For additional information, see Notes to Consolidated Financial Statements— *Note 11. Pension and Postretirement Benefit Plans and Defined Contribution Plans.*

ANALYSIS OF THE CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,			% Change	
(MILLIONS OF DOLLARS)	**2013**	2012	2011	**13/12**	12/11
Cash provided by/(used in):					
Operating activities	**$ 17,765**	$ 16,746	$ 20,240	**6**	(17)
Investing activities	**(10,625)**	6,154	1,843	*****	*****
Financing activities	**(14,975)**	(15,999)	(20,607)	**(6)**	(22)
Effect of exchange-rate changes on cash and cash equivalents	**(63)**	(2)	(29)	*****	(93)
Net increase/(decrease) in *Cash and cash equivalents*	**$ (7,898)**	$ 6,899	$ 1,447	*****	*

* Calculation not meaningful.

In the consolidated statements of cash flows, the Other changes in assets and liabilities, net of acquisitions and divestitures, are presented excluding the effects of changes in foreign currency exchange rates, as these changes do not reflect actual cash inflows or outflows, and excluding any other significant non-cash movements. Accordingly, the amounts shown will not necessarily agree with the changes in the assets and liabilities that are presented in our consolidated balance sheets.

Operating Activities

2013 v. 2012

Our net cash provided by operating activities was $17.8 billion in 2013 , compared to $16.7 billion in 2012 . The increase in net cash provided by operating activities reflects the timing of receipts and payments in the ordinary course of business, including the receipt of a portion of the Protonix patent litigation settlement income and payments against legal accruals (see Notes to Consolidated Financial Statements— *Note 4. Other (Income)/Deductions—Net* and *Note 17A5. Commitments and Contingencies* : *Legal Proceedings — Certain Matters Resolved During 2013*).

2012 v. 2011

Our net cash provided by operating activities was $16.7 billion in 2012 , compared to $20.2 billion in 2011 . The decrease in net cash provided by operating activities was primarily attributable to:

- the loss of exclusivity of Lipitor, as well as certain other products, resulting in lower revenues and associated expenses (see also "Our Operating Environment—Intellectual Property Rights and Collaboration/Licensing Rights" section of this Financial Review), partially offset by spending reductions resulting from our company-wide cost-reduction initiatives;
- payments made in connection with certain legal matters; and
- the timing of other receipts and payments in the ordinary course of business.

Investing Activities

2013 v. 2012

Our net cash used in investing activities was $10.6 billion in 2013 , compared to net cash provided by investing activities of $6.2 billion in 2012 . The increase in net cash used by investing activities was primarily attributable to:

- the nonrecurrence of net proceeds received on November 30, 2012 from the sale of our Nutrition business of $11.85 billion (see Notes to Consolidated Financial Statements— *Note 2B. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Divestitures*); and
- net purchases of investments of $9.4 billion in 2013, compared to net purchases of investments of $3.4 billion in 2012,

partially offset by:

- cash paid of $1.1 billion, net of cash acquired, for our acquisitions of Alacer, Ferrosan and NextWave in 2012 (see Notes to Consolidated Financial Statements– – *Note 2A. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Acquisitions)* .

2012 v. 2011

Our net cash provided by investing activities was $6.2 billion in 2012 , compared to $1.8 billion in 2011 . The increase in net cash provided by investing activities was primarily attributable to:

- net proceeds from the sale of our Nutrition business of $11.85 billion in 2012 compared to net proceeds from the sale of our Capsugel business of $2.4 billion in 2011 (see Notes to Consolidated Financial Statements— *Note 2B. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Divestitures*); and
- cash paid of $1.1 billion, net of cash acquired, for our acquisitions of Alacer, Ferrosan and NextWave in 2012 (see Notes to Consolidated Financial Statements– – *Note 2A. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Acquisitions*), compared to $3.3 billion cash paid, net of cash acquired, in 2011, for our acquisitions of King, Icagen and Excaliard,

partially offset by:

- net purchases of investments of $3.4 billion in 2012, compared to net proceeds from redemptions and sales of investments of $4.1 billion in 2011, which were primarily used to finance our acquisition of King.

Financing Activities

2013 v. 2012

Our net cash used in financing activities was $15.0 billion in 2013 , compared to $16.0 billion in 2012 . The decrease in net cash used in financing activities was primarily attributable to:

- net proceeds from borrowings of $6.0 billion in 2013, compared to net repayments of borrowings of $1.7 billion in 2012; and
- proceeds from the exercise of stock options of $1.8 billion in 2013 compared to $0.6 billion in 2012,

partially offset by:

- purchases of common stock of $16.3 billion in 2013, compared to $8.2 billion in 2012.

2012 v. 2011

Our net cash used in financing activities was $16.0 billion in 2012 , compared to $20.6 billion in 2011 . The decrease in net cash used in financing activities was primarily attributable to:

- net repayments of borrowings of $1.7 billion in 2012, compared to net repayments of borrowings of $5.5 billion in 2011;
- purchases of common stock of $8.2 billion in 2012, compared to $9.0 billion in 2011; and
- increased proceeds from the exercise of stock options,

slightly offset by:

- higher cash dividends paid.

Supplemental Schedule of Non-Cash Investing and Financing Information

In 2013, we:

- sold Zoetis common stock for Pfizer common stock valued at $11.4 billion;
- exchanged Zoetis common stock for the retirement of Pfizer commercial paper issued in 2013 for $2.5 billion;
- exchanged Zoetis senior notes for the retirement of Pfizer commercial paper issued in 2012 for $1.0 billion;
- transferred certain product rights, valued at $1.2 billion, to an equity-method investment (Hisun Pfizer); and
- contributed an investment, valued at $447 million, in connection with the resolution of a legal matter (Quigley).

Zoetis is our former Animal Health business. For further details on Zoetis-related transactions, see Notes to Consolidated Financial Statements— *Note 2B. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Divestitures.* For further details on the transfer of certain product rights, see Notes to Consolidated Financial Statements— *Note 2D. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Equity-Method Investments* . For further details on the transfer of investments in connection with the resolution of the Quigley legal matter, see Notes to Consolidated Financial Statements— *Note 17A5. Commitments and Contingencies: Legal Proceedings—Certain Matters Resolved During 2013.*

ANALYSIS OF FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

We rely largely on operating cash flows, short-term investments, short-term commercial paper borrowings and long-term debt to provide for our liquidity requirements. Due to our significant operating cash flows as well as our financial assets, access to capital markets and available lines of credit and revolving credit agreements, we believe that we have, and will maintain, the ability to meet our liquidity needs for the foreseeable future, which include:

- the working capital requirements of our operations, including our research and development activities;

- investments in our business;
- dividend payments and potential increases in the dividend rate;
- share repurchases;
- the cash requirements associated with our cost-reduction/productivity initiatives;
- paying down outstanding debt;
- contributions to our pension and postretirement plans; and
- business-development activities.

With regard to share repurchases, the Company's Board of Directors authorized a new $10 billion share-purchase plan on June 27, 2013. After giving effect to share purchases through year-end 2013, our remaining share-purchase authorization was approximately $5.5 billion at December 31, 2013. (For additional information about the share-purchase plans, see the “Share-Purchase Plans” section of this Financial Review.)

Our long-term debt is rated high quality by both Standard & Poor’s (S&P) and Moody’s Investors Service (Moody's). See the “Credit Ratings” section below. As market conditions change, we continue to monitor our liquidity position. We have taken and will continue to take a conservative approach to our financial investments. Both short-term and long-term investments consist primarily of high-quality, highly liquid, well-diversified and available-for-sale debt securities.

Selected Measures of Liquidity and Capital Resources

The following table provides certain relevant measures of our liquidity and capital resources:

	As of December 31,	
(MILLIONS OF DOLLARS, EXCEPT RATIOS AND PER COMMON SHARE DATA)	**2013**	2012
Selected financial assets:		
Cash and cash equivalents [(a)]	**$ 2,183**	$ 10,081
Short-term investments [(a)]	**30,225**	22,318
Long-term investments [(a)]	**16,406**	14,149
	48,814	46,548
Debt:		
Short-term borrowings, including current portion of long-term debt	**6,027**	6,424
Long-term debt	**30,462**	31,036
	36,489	37,460
Net financial assets [(b)]	**$ 12,325**	$ 9,088
Working capital [(c)]	**$ 32,878**	$ 35,645
Ratio of current assets to current liabilities	**2.41:1**	2.22:1
Total Pfizer Inc. shareholders' equity per common share [(d)]	**$ 11.93**	$ 11.17

[(a)] See Notes to Consolidated Financial Statements— *Note 7. Financial Instruments* for a description of certain assets held and for a description of credit risk related to our financial instruments held.

[(b)] Net financial assets increased during 2013 as net cash provided by operating activities, the net impact of the Zoetis transactions and the proceeds from the exercise of stock options, among other things, more than offset share purchases and dividend payments. For additional information, see the “Analysis of the Consolidated Statements of Cash Flows ” section of this Financial Review.

[(c)] Working capital includes net assets held for sale of $55 million as of December 31, 2013 and $4.5 billion (Zoetis) as of December 31, 2012 .

[(d)] Represents total Pfizer Inc. shareholders’ equity divided by the actual number of common shares outstanding (which excludes treasury shares).

For additional information about the sources and uses of our funds, see the “Analysis of the Consolidated Balance Sheets ” and “ Analysis of the Consolidated Statements of Cash Flows ” sections of this Financial Review.

On June 3, 2013, we completed a public offering of $4.0 billion aggregate principal amount of senior unsecured notes. In addition, we repaid at maturity our 3.625% senior unsecured notes that were due June 2013, which had a balance of $2.4 billion at December 31, 2012, and, in December 2013, we redeemed the aggregate principal amount of $1.8 billion of our 5.50% senior unsecured notes that were due in February 2014.

Full Separation of Zoetis—Impacts on Liquidity

As a result of the Zoetis-related transactions, which were completed in the second quarter of 2013, among other impacts, we received cash and were relieved of debt obligations in the aggregate amount of approximately $6.1 billion. For additional information, see Notes to Consolidated Financial Statements— *Note 2B. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Divestitures* .

Domestic and International Short-Term Funds

Many of our operations are conducted outside the U.S., and significant portions of our cash, cash equivalents and short-term investments are held internationally. We generally hold approximately 10%-30% of these short-term funds in U.S. tax jurisdictions. The amount of funds held in U.S. tax jurisdictions can fluctuate due to the timing of receipts and payments in the ordinary course of business and due to other reasons, such as business-development activities. As part of our ongoing liquidity assessments, we regularly monitor the mix of domestic and international cash flows (both inflows and outflows). Repatriation of overseas funds can result in additional U.S. federal, state and local income tax payments. We record U.S. deferred tax liabilities for certain unremitted earnings, but when amounts earned overseas are expected to be indefinitely reinvested outside the U.S., no accrual for U.S. taxes is provided.

Accounts Receivable

We continue to monitor developments regarding government and government agency receivables in several European markets where economic conditions remain challenging and uncertain. Historically, payments from a number of these European governments and government agencies extend beyond the contractual terms of sale, and there have been no significant changes in the year-over-year trend.

We believe that our allowance for doubtful accounts is appropriate. Our assessment is based on an analysis of the following: (i) payments received to date; (ii) the consistency of payments from customers; (iii) direct and observed interactions with the governments (including court petitions) and with market participants (for example, the factoring industry); and (iv) various third-party assessments of repayment risk (for example, rating agency publications and the movement of rates for credit default swap instruments).

As of December 31, 2013 , we had about $1.1 billion in aggregate gross accounts receivable from governments and/or government agencies in Spain, Italy, Greece, Portugal and Ireland where economic conditions remain challenging and uncertain. Such receivables in excess of one year from the invoice date, totaling $245 million, were as follows: $149 million in Spain; $51 million in Italy; $34 million in Greece; $10 million in Portugal; and $1 million in Ireland.

Although certain European governments and government agencies sometimes delay payments beyond the contractual terms of sale, we seek to appropriately balance repayment risk with the desire to maintain good relationships with our customers and to ensure a humanitarian approach to local patient needs.

We will continue to closely monitor repayment risk and, when necessary, we will continue to adjust our allowance for doubtful accounts.

Our assessments about the recoverability of accounts receivables can result from a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. For information about the risks associated with estimates and assumptions, see Notes to Consolidated Financial Statements— *Note 1C. Basis of Presentation and Significant Accounting Policies: Estimates and Assumptions* .

Credit Ratings

Two major corporate debt-rating organizations, Moody's and S&P, assign ratings to our short-term and long-term debt. 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.

The following table provides the current ratings assigned by these rating agencies to our commercial paper and senior unsecured non-credit-enhanced long-term debt:

	Pfizer Commercial Paper	Pfizer Long-Term Debt		
NAME OF RATING AGENCY	Rating	Rating	Outlook	Date of Last Action
Moody's	P-1	A1	Stable	October 2013
S&P	A-1+	AA	Stable	May 2013

Debt Capacity

We have available lines of credit and revolving credit agreements with a group of banks and other financial intermediaries. We maintain cash and cash equivalent balances and short-term investments in excess of our commercial paper and other short-term borrowings. As of December 31, 2013 , we had access to $8.6 billion of lines of credit, of which $961 million expire within one year. Of these lines of credit, $8.4 billion are unused, of which our lenders have committed to loan us $7.1 billion at our request. Also, $7.0 billion of our unused lines of credit, all of which expire in 2018, may be used to support our commercial paper borrowings.

Global Economic Conditions

The challenging economic environment has not had, nor do we anticipate it will have, a significant impact on our liquidity. Due to our significant operating cash flows, financial assets, access to capital markets and available lines of credit and revolving credit agreements, we continue to believe that we have, and will maintain, the ability to meet our liquidity needs for the foreseeable future. As markets change, we continue to monitor our liquidity position. There can be no assurance that the challenging economic environment or a further economic downturn would not impact our ability to obtain financing in the future.

Contractual Obligations

Payments due under contractual obligations as of December 31, 2013, mature as follows:

		Years			
(MILLIONS OF DOLLARS)	Total	2014	2015-2016	2017-2018	Thereafter
Long-term debt, including current portion [a]	$ 32,522	$ 2,060	$ 7,452	$ 5,073	$ 17,937
Interest payments on long-term debt obligations [b]	17,320	1,368	2,492	2,119	11,341
Other long-term liabilities [c]	4,654	451	829	858	2,516
Lease commitments [d]	1,476	210	306	181	779
Purchase obligations and other [e]	3,376	1,265	1,417	641	53
Uncertain tax positions [f]	98	98	—	—	—

[a] Long-term debt consists of senior unsecured notes, including fixed and floating rate, foreign currency denominated, and other notes.

[b] Our calculations of expected interest payments incorporate only current period assumptions for interest rates, foreign currency translation rates and hedging strategies (see Notes to Consolidated Financial Statements— *Note 7. Financial Instruments*), and assume that interest is accrued through the maturity date or expiration of the related instrument.

[c] Includes expected payments relating to our unfunded U.S. supplemental (non-qualified) pension plans, postretirement plans and deferred compensation plans. Excludes amounts relating to our U.S. qualified pension plans and international pension plans, all of which have a substantial amount of plan assets, because the required funding obligations are not expected to be material and/or because such liabilities do not necessarily reflect future cash payments, as the impact of changes in economic conditions on the fair value of the pension plan assets and/or liabilities can be significant; however, we currently anticipate contributing approximately $311 million to these plans in 2014. Also excludes $3.7 billion of liabilities related to legal matters, employee terminations and the fair value of derivative financial instruments and other, most of which do not represent contractual obligations. See also our liquidity discussion above in this "Analysis of Financial Condition, Liquidity and Capital Resources" section, as well as the Notes to Consolidated Financial Statements— *Note 3. Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives, Note 7A. Financial Instruments: Selected Financial Assets and Liabilities, Note 11E. Pension and Postretirement Benefit Plans and Defined Contribution Plans: Cash Flows,* and *Note 17. Commitments and Contingencies.*

[d] Includes operating and capital lease obligations.

[e] Includes agreements to purchase goods and services that are enforceable and legally binding and includes amounts relating to advertising, information technology services, employee benefit administration services, and potential milestone payments deemed reasonably likely to occur.

[f] Includes amounts reflected in *Income taxes payable* only. We are unable to predict the timing of tax settlements related to our noncurrent obligations for uncertain tax positions as tax audits can involve complex issues and the resolution of those issues may span multiple years, particularly if subject to negotiation or litigation.

The above table includes amounts for potential milestone payments under collaboration, licensing or other arrangements, if the payments are deemed reasonably likely to occur. Payments under these agreements generally become due and payable only upon the achievement of certain development, regulatory and/or commercialization milestones, which may span several years and which may never occur.

In 2014, we expect to spend approximately $1.3 billion on property, plant and equipment. Planned capital spending mostly represents investment to maintain existing facilities and capacity. We rely largely on operating cash flows to fund our capital investment needs. Due to our significant operating cash flows, we believe we have the ability to meet our capital investment needs and anticipate no delays to planned capital expenditures.

Off-Balance Sheet Arrangements

In the ordinary course of business and in connection with the sale of assets and businesses, we often indemnify our counterparties against certain liabilities that may arise in connection with a transaction or that are related to activities prior to a transaction. These indemnifications typically pertain to environmental, tax, employee and/or product-related matters, and patent-infringement claims. If the indemnified party were to make a successful claim pursuant to the terms of the indemnification, we would be required to reimburse the loss. These indemnifications generally are subject to threshold amounts, specified claim periods and other restrictions and limitations. Historically, we have not paid significant amounts under these provisions and, as of December 31, 2013 , recorded amounts for the estimated fair value of these indemnifications are not significant.

Certain of our co-promotion or license agreements give our licensors or partners the rights to negotiate for, or in some cases to obtain under certain financial conditions, co-promotion or other rights in specified countries with respect to certain of our products.

Share-Purchase Plans

On December 12, 2011, we announced that the Board of Directors had authorized a $10 billion share-purchase plan (the December 2011 Stock Purchase Plan), which was exhausted in the first quarter of 2013. On November 1, 2012, we announced that the Board of Directors had authorized an additional $10 billion share-purchase plan, which became effective on November 30, 2012 and was exhausted in October 2013. On June 27, 2013, we announced that the Board of Directors had authorized an additional $10 billion share-purchase plan, and share purchases commenced thereunder in October 2013.

In 2013, we purchased approximately 563 million shares of our common stock for approximately $16.3 billion under our publicly announced share-purchase plans. In 2012, we purchased approximately 349 million shares of our common stock for approximately $8.2 billion under our publicly announced share-purchase plans. In 2011, we purchased approximately 459 million shares of our common stock for approximately $9.0 billion under our publicly announce share-purchase plans. After giving effect to share purchases through year-end 2013, our remaining share-purchase authorization was approximately $5.5 billion at December 31, 2013 .

Dividends on Common Stock

We paid dividends on our common stock of $6.6 billion in 2013 and $6.5 billion in 2012. In December 2013, our Board of Directors declared a first-quarter 2014 dividend of $0.26 per share, payable on March 4, 2014, to shareholders of record at the close of business on February 7, 2014. The first-quarter 2014 cash dividend will be our 301st consecutive quarterly dividend.

Our current and projected dividends provide a return to shareholders while maintaining sufficient capital to invest in growing our businesses and to seek to increase shareholder value. Our dividends are not restricted by debt covenants. While the dividend level remains a decision of Pfizer's Board of Directors and will continue to be evaluated in the context of future business performance, we currently believe that we can support future annual dividend increases, barring significant unforeseen events.

NEW ACCOUNTING STANDARDS

Recently Adopted Accounting Standard

See Notes to Consolidated Financial Statements— *Note 1B. Basis of Presentation and Significant Accounting Policies: Adoption of New Accounting Standard.*

Recently Issued Accounting Standards, Not Adopted as of December 31, 2013

In March 2013, the Financial Accounting Standards Board (FASB) issued a clarification regarding the accounting for cumulative translation adjustment (CTA) upon derecognition of assets or investment within a foreign entity. This new standard provides additional CTA accounting guidance on sales or transfers of foreign entity investments and assets as well as step acquisitions involving a foreign entity. The provisions of the new standard are effective on a prospective basis in 2014 for annual and interim reporting periods. We do not expect the provisions of this standard to have a significant impact on our consolidated financial statements.

In February 2013, the FASB issued guidance regarding the measurement of obligations resulting from joint and several liability arrangements that may include debt agreements, other contractual obligations and settled litigation or judicial rulings. The provisions of this standard require that these obligations are measured at the amount representing the agreed-upon obligation of the company as well as additional liability amounts it expects to assume on behalf of other parties in the arrangement. The provisions of the new standard are effective on a retrospective basis in 2014 for annual and interim reporting periods. We do not expect the provisions of this standard to have a significant impact on our consolidated financial statements.

FORWARD-LOOKING INFORMATION AND FACTORS THAT MAY AFFECT FUTURE RESULTS

This report and other written or oral statements that we make from time to time contain forward-looking statements that set forth anticipated results based on management's plans and assumptions. Such forward-looking statements involve substantial risks and uncertainties. We have tried, wherever possible, to identify such statements by using words such as "will," "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "target," "forecast," "goal", "objective", "aim" and other words and terms of similar meaning or by using future dates in connection with any discussion of, among other things, our anticipated future operating or financial performance, business plans and prospects, in-line products and product candidates, strategic reviews, capital allocation, business-development plans and plans relating to share repurchases and dividends. In particular, these include statements relating to future actions, business plans and prospects, prospective products or product approvals, future performance or results of current and anticipated products, sales efforts, expenses, interest rates, foreign exchange rates, the outcome of contingencies, such as legal proceedings, plans relating to share repurchases and dividends, government regulation and financial results, including, in particular, the financial guidance set forth in the "Our Financial Guidance for 2014" section of this Financial Review, the anticipated costs and cost savings set forth in the " Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives " section of this Financial Review, the planned capital spending set forth in the "Contractual Obligations" section of this Financial Review, and the contributions that we expect to make from our general assets to the Company's pension and postretirement plans during 2014 set forth in the "Contractual Obligations" section of this Financial Review and in Notes to Consolidated Financial Statements— *Note 11. Pension and Postretirement Benefit Plans and Defined Contribution Plans* . 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 clinical trial commencement and completion dates, regulatory submission and approval dates, and launch dates for product candidates, as well as the possibility of unfavorable 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, as well as their decisions regarding labeling, ingredients and other matters that could affect the availability or commercial potential of our products;
- 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;
- the success of external business-development activities;
- competitive developments, including the impact on our competitive position of new product entrants, in-line branded products, generic products, private label products 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 of an abbreviated legal pathway to approve biosimilar products, which could subject our biologic products to competition from biosimilar products in the U.S., with attendant competitive pressures, after the expiration of any applicable exclusivity period and patent rights;
- the ability to meet generic and branded competition after the loss 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;
- trade buying patterns;
- the impact of existing and future legislation and regulatory provisions on product exclusivity;
- trends toward managed care and healthcare cost containment;
- the impact of the U.S. Budget Control Act of 2011 (the Budget Control Act) and the deficit-reduction actions to be taken pursuant to the Budget Control Act in order to achieve the deficit-reduction targets provided for therein, and the impact of any broader deficit-reduction efforts;
- the impact of U.S. healthcare legislation enacted in 2010—the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act—and of any modification or repeal of any of the provisions thereof;
- U.S. federal or state legislation or regulatory action affecting, among other things, pharmaceutical product pricing, reimbursement or access, including under Medicaid, Medicare and other publicly funded or subsidized health programs; the importation of prescription drugs from outside the U.S. at prices that are regulated by governments of various foreign countries; direct-to-consumer advertising and interactions with healthcare professionals; and 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;
- legislation or regulatory action in markets outside the U.S. affecting pharmaceutical product pricing, reimbursement or access, including, in particular, continued government-mandated price reductions for certain biopharmaceutical products in certain European and emerging market countries;
- 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 and unstable governments and legal systems;
- 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, settlement costs, the risk of an adverse decision or settlement and the adequacy of reserves related to product liability, patent protection, government investigations, consumer, commercial, securities, antitrust, environmental and tax issues, ongoing efforts to explore various means for resolving asbestos litigation, and other legal proceedings;
- 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;
- any significant issues involving our largest wholesaler customers, 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;
- 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;
- changes in U.S. generally accepted accounting principles;
- uncertainties related to general economic, political, business, industry, regulatory and market conditions including, without limitation, uncertainties related to the impact on us, 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; and the related risk that our allowance for doubtful accounts may not be adequate;
- 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; and
- the impact of acquisitions, divestitures, restructurings, internal reorganizations, product recalls and withdrawals and other unusual items, including our ability to realize the projected benefits of our cost-reduction and productivity initiatives, including

those related to our research and development organization, and of the internal separation of our commercial operations into three new global businesses effective January 1, 2014.

We cannot guarantee that any forward-looking statement will be realized, although we believe we have been prudent in our plans and assumptions. 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.

We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our Form 10-Q, 8-K and 10-K reports and our other filings with the SEC.

Certain risks, uncertainties and assumptions are discussed here and under the heading entitled “Risk Factors” in Part I, Item 1A. of our Annual Report on Form 10-K for the year ended December 31, 2013. We note these factors for investors as permitted by the Private Securities Litigation Reform Act of 1995. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.

This report includes 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.

Financial Risk Management

The objective of our financial risk management framework is to reduce the variability of our earnings and interest rates. We manage these financial exposures through operational means and through the use of third party instruments. Our specific techniques and practices might change in response to changing economic conditions.

Foreign Exchange Risk

We operate globally and, as such, we are subject to foreign exchange risk in our commercial operations, as well as in our financial assets (investments) and liabilities (borrowings). Our net investments in foreign subsidiaries are also subject to currency risk.

On the commercial side, a significant portion of our revenues and earnings is exposed to changes in foreign exchange rates. See the " *Our Operating Environment — The Global Economic Environment* " section of this Financial Review for the key currencies in which we operate. We seek to manage our foreign exchange risk, in part, through operational means, including managing same-currency revenues in relation to same-currency costs and same-currency assets in relation to same-currency liabilities. Where foreign exchange risk cannot be mitigated via operational means, we may use foreign currency forward-exchange contracts and/or foreign currency swaps to manage that risk.

With respect to our financial assets and liabilities, our primary foreign exchange exposure arises predominantly from short-term and long-term intercompany receivables and payables, and, to a lesser extent, from short-term and long-term investments and debt, where the assets and/or liabilities are denominated in currencies other than the functional currency of the business entity.

In addition, under certain market conditions, we may seek to protect against possible declines in the reported net investments of our foreign business entities. In these cases, we may use foreign currency swaps and/or foreign currency debt.

For details about these and other financial instruments, including fair valuation methodologies, see Notes to Consolidated Financial Statements— *Note 7A. Financial Instruments: Selected Financial Assets and Liabilities* .

The fair values of our financial instrument holdings are analyzed at year-end to determine their sensitivity to foreign exchange rate changes. In this sensitivity analysis, holding all other assumptions constant and assuming that a change in one currency’s rate relative to the U.S. dollar would not have any effect on another currency’s rates relative to the U.S. dollar, if the dollar were to appreciate against all other currencies by 10%, as of December 31, 2013, the expected impact on our financial statements would not be significant.

Interest Rate Risk

We are subject to interest rate risk on our investments and on our borrowings. We manage interest rate risk in the aggregate, while focusing on Pfizer’s immediate and intermediate liquidity needs.

With respect to our investments, we strive to maintain a predominantly floating-rate basis position, but our strategy may change based on prevailing market conditions. Our floating-rate assets are subject to the risk that short-term interest rates may fall and, as a result, the investments would generate less interest income. Fixed-rate investments provide a known amount of interest income regardless of a change in interest rates. We sometimes use interest rate swaps in our financial investment portfolio.

With respect to our long-term borrowings, we strive to maintain a predominantly floating-rate basis position, but here too, we may change our strategy depending upon prevailing market conditions. We generally issue debt with a fixed rate, and then use interest rate swaps to convert it into floating-rate debt as we deem appropriate in the circumstances. This effective floating rate debt serves to offset some of the interest rate risks associated with our short-term and floating-rate investments.

For details about these and other financial instruments, including fair valuation methodologies, see Notes to Consolidated Financial Statements— *Note 7A. Financial Instruments: Selected Financial Assets and Liabilities* .

The fair values of our financial instrument holdings are analyzed at year-end to determine their sensitivity to interest rate changes. In this sensitivity analysis, holding all other assumptions constant and assuming a parallel shift in the interest rate curve for all maturities and for all instruments, if there were a one hundred basis point decrease in interest rates as of December 31, 2013, the expected impact on our financial statements would not be significant.

Contingencies

Legal Matters

We and certain of our subsidiaries are subject to numerous contingencies arising in the ordinary course of business, such as patent litigation, product liability and other product-related litigation, commercial litigation, environmental claims and proceedings, government investigations and guarantees and indemnifications (see Notes to Consolidated Financial Statements— *Note 17. Commitments and Contingencies).*

Certain of these contingencies could result in losses, including damages, fines and/or civil penalties, and/or criminal charges, which could be substantial.

We believe that our claims and defenses in these matters are substantial, but litigation is inherently unpredictable and excessive verdicts do occur. We do not believe that any of these matters will have a material adverse effect on our financial position. However, we could incur judgments, enter into settlements or revise our expectations regarding the outcome of certain matters, and such developments could have a material adverse effect on our results of operations in the period in which the amounts are accrued and/or our cash flows in the period in which the amounts are paid.

We have accrued for losses that are both probable and reasonably estimable. Substantially all of these contingencies are subject to significant uncertainties and, therefore, determining the likelihood of a loss and/or the measurement of any loss can be complex. Consequently, we are unable to estimate the range of reasonably possible loss in excess of amounts accrued. Our assessments are based on estimates and assumptions that have been deemed reasonable by management, but the assessment process relies heavily on estimates and assumptions that may prove to be incomplete or inaccurate, and unanticipated events and circumstances may occur that might cause us to change those estimates and assumptions.

Tax Matters

We and certain of our subsidiaries are subject to numerous contingencies arising in the ordinary course of business for tax matters (see Notes to Consolidated Financial Statements— *Note 5D. Tax Matters: Tax Contingencies).*

We account for income tax contingencies using a benefit recognition model. If our initial assessment fails to result in the recognition of a tax benefit, we regularly monitor our position and subsequently recognize the tax benefit: (i) if there are changes in tax law, analogous case law or there is new information that sufficiently raise the likelihood of prevailing on the technical merits of the position to more likely than not; (ii) if the statute of limitations expires; or (iii) if there is a completion of an audit resulting in a favorable settlement of that tax year with the appropriate agency. We regularly re-evaluate our tax positions based on the results of audits of federal, state and foreign income tax filings, statute of limitations expirations, changes in tax law or receipt of new information that would either increase or decrease the technical merits of a position relative to the “more-likely-than-not” standard.

Our assessments are based on estimates and assumptions that have been deemed reasonable by management, but our estimates of unrecognized tax benefits and potential tax benefits may not be representative of actual outcomes, and variation from such estimates could materially affect our financial statements in the period of settlement or when the statutes of limitations expire, as we treat these events as discrete items in the period of resolution. Finalizing audits with the relevant taxing authorities can include formal administrative and legal proceedings, and, as a result, it is difficult to estimate the timing and range of possible changes related to our uncertain tax positions, and such changes could be significant.

Management's Report on Internal Control Over Financial Reporting

Management's Report

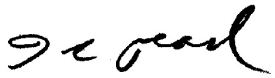
We prepared and are responsible for the financial statements that appear in our 2013 Financial Report. These financial statements are in conformity with accounting principles generally accepted in the United States of America and, therefore, include amounts based on informed judgments and estimates. We also accept responsibility for the preparation of other financial information that is included in this document.

Report on Internal Control Over Financial Reporting

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America. The Company's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2013. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control—Integrated Framework* (1992). Based on our assessment and those criteria, management believes that the Company maintained effective internal control over financial reporting as of December 31, 2013.

The Company's independent auditors have issued their auditors' report on the Company's internal control over financial reporting. That report appears in our 2013 Financial Report under the heading, *Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting.*



Ian Read
Chairman and Chief Executive Officer

Frank D'Amelio
Principal Financial Officer

Loretta Cangialosi
Principal Accounting Officer

February 28, 2014

Audit Committee Report

The Audit Committee reviews the Company's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process, including the system of internal controls.

In this context, the Committee has met and held discussions with management and the independent registered public accounting firm regarding the fair and complete presentation of the Company's results and the assessment of the Company's internal control over financial reporting. The Committee has discussed significant accounting policies applied by the Company in its financial statements, as well as, when applicable, alternative accounting treatments. Management has represented to the Committee that the Company's consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, and the Committee has reviewed and discussed the consolidated financial statements with management and the independent registered public accounting firm. The Committee has discussed with the independent registered public accounting firm matters required to be discussed under applicable Public Company Accounting Oversight Board standards.

In addition, the Committee has reviewed and discussed with the independent registered public accounting firm the auditor's independence from the Company and its management. As part of that review, the Committee has received the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and the Committee has discussed the independent registered public accounting firm's independence from the Company.

The Committee also has considered whether the independent registered public accounting firm's provision of non-audit services to the Company is compatible with the auditor's independence. The Committee has concluded that the independent registered public accounting firm is independent from the Company and its management.

As part of its responsibilities for oversight of the Company's Enterprise Risk Management process, the Committee has reviewed and discussed Company policies with respect to risk assessment and risk management, including discussions of individual risk areas, as well as an annual summary of the overall process.

The Committee has discussed with the Company's Internal Audit Department and independent registered public accounting firm the overall scope of and plans for their respective audits. The Committee meets with the Chief Internal Auditor, Chief Compliance and Risk Officer and representatives of the independent registered public accounting firm, in regular and executive sessions to discuss the results of their examinations, the evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting and compliance programs.

In reliance on the reviews and discussions referred to above, the Committee has recommended to the Board of Directors, and the Board has approved, that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2013, for filing with the SEC. The Committee has selected, and the Board of Directors has ratified, the selection of the Company's independent registered public accounting firm for 2014.

W. Don Cornwell
Chair, Audit Committee

February 28, 2014

The Audit Committee Report does not constitute soliciting material, and shall not be deemed to be filed or incorporated by reference into any Company filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates the Audit Committee Report by reference therein.

Report of Independent Registered Public Accounting Firm on the Consolidated Financial Statements

The Board of Directors and Shareholders of Pfizer Inc.:

We have audited the accompanying consolidated balance sheets of Pfizer Inc. and Subsidiary Companies as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the years in the three-year period ended December 31, 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Pfizer Inc. and Subsidiary Companies as of December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Pfizer Inc. and Subsidiary Companies' internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control — In tegrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 28, 2014 expressed an unqualified opinion on the effective operation of the Company's internal control over financial reporting.

KPMG LLP
New York, New York

February 28, 2014

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

The Board of Directors and Shareholders of Pfizer Inc.:

We have audited the internal control over financial reporting of Pfizer Inc. and Subsidiary Companies as of December 31, 2013, based on criteria established in *Internal Control — Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Pfizer Inc. and Subsidiary Companies' management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Pfizer Inc. and Subsidiary Companies maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control — Integrated Framework (1992)* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Pfizer Inc. and Subsidiary Companies as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the years in the three-year period ended December 31, 2013, and our report da ted February 28, 2014 expressed an unqualified opinion on those consolidated financial statements.

KPMG LLP

KPMG LLP
New York, New York

February 28, 2014

Consolidated Statements of Income

Pfizer Inc. and Subsidiary Companies

(MILLIONS, EXCEPT PER COMMON SHARE DATA)	Year Ended December 31, 2013	2012	2011
Revenues	**$ 51,584**	$ 54,657	$ 61,035
Costs and expenses:			
Cost of sales [a]	**9,586**	9,821	12,500
Selling, informational and administrative expenses [a]	**14,355**	15,171	17,581
Research and development expenses [a]	**6,678**	7,482	8,681
Amortization of intangible assets	**4,599**	5,109	5,465
Restructuring charges and certain acquisition-related costs	**1,182**	1,810	2,841
Other (income)/deductions—net	**(532)**	4,022	2,486
Income from continuing operations before provision for taxes on income	**15,716**	11,242	11,481
Provision for taxes on income	**4,306**	2,221	3,621
Income from continuing operations	**11,410**	9,021	7,860
Discontinued operations:			
Income from discontinued operations—net of tax	**308**	794	885
Gain on disposal of discontinued operations—net of tax	**10,354**	4,783	1,304
Discontinued operations—net of tax	**10,662**	5,577	2,189
Net income before allocation to noncontrolling interests	**22,072**	14,598	10,049
Less: Net income attributable to noncontrolling interests	**69**	28	40
Net income attributable to Pfizer Inc.	**$ 22,003**	$ 14,570	$ 10,009
Earnings per common share—basic :			
Income from continuing operations attributable to Pfizer Inc. common shareholders	**$ 1.67**	$ 1.21	$ 1.00
Discontinued operations—net of tax	**1.56**	0.75	0.28
Net income attributable to Pfizer Inc. common shareholders	**$ 3.23**	$ 1.96	$ 1.28
Earnings per common share—diluted :			
Income from continuing operations attributable to Pfizer Inc. common shareholders	**$ 1.65**	$ 1.20	$ 0.99
Discontinued operations—net of tax	**1.54**	0.74	0.28
Net income attributable to Pfizer Inc. common shareholders	**$ 3.19**	$ 1.94	$ 1.27
Weighted-average shares—basic	**6,813**	7,442	7,817
Weighted-average shares—diluted	**6,895**	7,508	7,870
Cash dividends paid per common share	**$ 0.96**	$ 0.88	$ 0.80

[a] Exclusive of amortization of intangible assets, except as disclosed in *Note 1K. Basis of Presentation and Significant Accounting Policies: Amortization of Intangible Assets, Depreciation and Certain Long-Lived Assets.*

See Notes to Consolidated Financial Statements, which are an integral part of these statements.

Consolidated Statements of Comprehensive Income

Pfizer Inc. and Subsidiary Companies

(MILLIONS)	Year Ended December 31, 2013	2012	2011
Net income before allocation to noncontrolling interests	**$ 22,072**	$ 14,598	$ 10,049
Foreign currency translation adjustments	**$ (535)**	$ (811)	$ 796
Reclassification adjustments [a]	**144**	(207)	(127)
	(391)	(1,018)	669
Unrealized holding gains/(losses) on derivative financial instruments	**488**	745	(726)
Reclassification adjustments for realized (gains)/losses [b]	**(94)**	(616)	537
	394	129	(189)
Unrealized holding gains on available-for-sale securities	**151**	74	81
Reclassification adjustments for realized (gains)/losses [b]	**(237)**	356	(283)
	(86)	430	(202)
Benefit plans: actuarial gains/(losses), net	**3,714**	(2,136)	(2,246)
Reclassification adjustments related to amortization [c]	**581**	473	284
Reclassification adjustments related to settlements, net [c]	**175**	221	140
Other	**48**	22	(98)
	4,518	(1,420)	(1,920)
Benefit plans: prior service credits and other	**151**	25	106
Reclassification adjustments related to amortization [c]	**(58)**	(69)	(69)
Reclassification adjustments related to curtailments, net [c]	**1**	(130)	(91)
Other	**(8)**	(3)	3
	86	(177)	(51)
Other comprehensive income/(loss), before tax	**4,521**	(2,056)	(1,693)
Tax provision/(benefit) on other comprehensive income/(loss) [d]	**1,928**	(225)	(959)
Other comprehensive income/(loss) before allocation to noncontrolling interests	**$ 2,593**	$ (1,831)	$ (734)
Comprehensive income before allocation to noncontrolling interests	**$ 24,665**	$ 12,767	$ 9,315
Less: Comprehensive income/(loss) attributable to noncontrolling interests	**7**	21	(5)
Comprehensive income attributable to Pfizer Inc.	**$ 24,658**	$ 12,746	$ 9,320

[a] Reclassified into *Gain on disposal of discontinued operations—net of tax* in the consolidated statements of income.

[b] Reclassified into *Other (income)/deductions—net* in the consolidated statements of income.

[c] Generally reclassified, as part of net periodic pension cost, into *Cost of sales, Selling, informational and administrative expenses,* and/or *Research and development expenses* , as appropriate, in the consolidated statements of income. For additional information, see *Note 11. Pension and Postretirement Benefit Plans and Defined Contribution Plans* .

[d] See *Note 5E. Tax Matters: Taxes on Items of Other Comprehensive Income/(Loss).*

See Notes to Consolidated Financial Statements, which are an integral part of these statements.

Consolidated Balance Sheets

Pfizer Inc. and Subsidiary Companies

(MILLIONS, EXCEPT PREFERRED STOCK ISSUED AND PER COMMON SHARE DATA)	As of December 31, 2013	2012
Assets		
Cash and cash equivalents	**$ 2,183**	$ 10,081
Short-term investments	**30,225**	22,318
Accounts receivable, less allowance for doubtful accounts: 2013—$478; 2012—$324	**9,357**	10,675
Inventories	**6,166**	6,076
Current deferred tax assets and other current tax assets	**4,624**	6,170
Other current assets	**3,613**	3,567
Assets of discontinued operations and other assets held for sale	**76**	5,944
Total current assets	**56,244**	64,831
Long-term investments	**16,406**	14,149
Property, plant and equipment, less accumulated depreciation	**12,397**	13,213
Goodwill	**42,519**	43,661
Identifiable intangible assets, less accumulated amortization	**39,385**	45,146
Noncurrent deferred tax assets and other noncurrent tax assets	**1,554**	1,565
Other noncurrent assets	**3,596**	3,233
Total assets	**$ 172,101**	$ 185,798
Liabilities and Equity		
Short-term borrowings, including current portion of long-term debt: 2013—$2,060; 2012—$2,449	**$ 6,027**	$ 6,424
Accounts payable	**3,234**	2,921
Dividends payable	**1,663**	1,733
Income taxes payable	**678**	979
Accrued compensation and related items	**1,792**	1,875
Other current liabilities	**9,951**	13,812
Liabilities of discontinued operations	**21**	1,442
Total current liabilities	**23,366**	29,186
Long-term debt	**30,462**	31,036
Pension benefit obligations, net	**4,635**	7,782
Postretirement benefit obligations, net	**2,668**	3,491
Noncurrent deferred tax liabilities	**25,590**	21,193
Other taxes payable	**3,993**	6,581
Other noncurrent liabilities	**4,767**	4,851
Total liabilities	**95,481**	104,120
Commitments and Contingencies		
Preferred stock, no par value, at stated value; 27 shares authorized; issued: 2013—829; 2012—967	**33**	39
Common stock, $0.05 par value; 12,000 shares authorized; issued: 2013—9,051; 2012—8,956	**453**	448
Additional paid-in capital	**77,283**	72,608
Treasury stock, shares at cost: 2013—2,652; 2012—1,680	**(67,923)**	(40,122)
Retained earnings	**69,732**	54,240
Accumulated other comprehensive loss	**(3,271)**	(5,953)
Total Pfizer Inc. shareholders' equity	**76,307**	81,260

Equity attributable to noncontrolling interests	**313**	418
Total equity	**76,620**	81,678
Total liabilities and equity	**$ 172,101**	$ 185,798

See Notes to Consolidated Financial Statements, which are an integral part of these statements.

Consolidated Statements of Equity

Pfizer Inc. and Subsidiary Companies

(MILLIONS, EXCEPT PREFERRED SHARES)	PFIZER INC. SHAREHOLDERS											
	Preferred Stock		Common Stock			Treasury Stock						
	Shares	Stated Value	Shares	Par Value	Add'l Paid-In Capital	Shares	Cost	Retained Earnings	Accum. Other Comp. Loss	Share - holders' Equity	Non-controlling Interests	Total Equity
Balance, January 1, 2011	1,279	$ 52	8,876	$ 444	$70,760	(864)	$(22,719)	$ 42,716	$ (3,440)	$87,813	$ 452	$88,265
Net income								10,009		10,009	40	10,049
Other comprehensive loss, net of tax									(689)	(689)	(45)	(734)
Cash dividends declared:												
Common stock								(6,512)		(6,512)		(6,512)
Preferred stock								(3)		(3)		(3)
Noncontrolling interests											(19)	(19)
Share-based payment transactions			23	1	594	(5)	(90)			505		505
Purchases of common stock						(459)	(9,000)			(9,000)		(9,000)
Preferred stock conversions and redemptions	(167)	(7)			(2)	—	1			(8)		(8)
Other			3	—	71	1	4	—		75	3	78
Balance, December 31, 2011	1,112	45	8,902	445	71,423	(1,327)	(31,804)	46,210	(4,129)	82,190	431	82,621
Net income								14,570		14,570	28	14,598
Other comprehensive loss, net of tax									(1,824)	(1,824)	(7)	(1,831)
Cash dividends declared:												
Common stock								(6,537)		(6,537)		(6,537)
Preferred stock								(3)		(3)		(3)
Noncontrolling interests											(9)	(9)
Share-based payment transactions			52	3	1,150	(4)	(97)			1,056		1,056
Purchases of common stock						(349)	(8,228)			(8,228)		(8,228)
Preferred stock conversions and redemptions	(145)	(6)			(3)	—	1			(8)		(8)
Other			2	—	38	—	6	—		44	(25)	19
Balance, December 31, 2012	967	39	8,956	448	72,608	(1,680)	(40,122)	54,240	(5,953)	81,260	418	81,678
Net income								**22,003**		**22,003**	**69**	**22,072**
Other comprehensive income/(loss), net of tax									**2,655**	**2,655**	**(62)**	**2,593**
Cash dividends declared:												
Common stock								**(6,509)**		**(6,509)**		**(6,509)**
Preferred stock								**(2)**		**(2)**		**(2)**
Noncontrolling interests											**(121)**	**(121)**
Share-based payment transactions			**95**	**5**	**2,390**	**(4)**	**(99)**			**2,296**		**2,296**
Purchases of common stock						**(563)**	**(16,290)**			**(16,290)**		**(16,290)**
Preferred stock conversions and redemptions	**(138)**	**(6)**			**(5)**	**—**	**—**			**(11)**		**(11)**
Sale of 19.8% of subsidiary through an IPO [(a)]					**2,297**				**27**	**2,324**	**155**	**2,479**
Acquisition of common stock in exchange offer [(a)]						**(405)**	**(11,408)**			**(11,408)**		**(11,408)**
Deconsolidation of subsidiary sold [(a)]											**(145)**	**(145)**
Other			**—**	**—**	**(7)**	**—**	**(4)**	**—**		**(11)**	**(1)**	**(12)**
Balance, December 31, 2013	**829**	**$ 33**	**9,051**	**$ 453**	**$77,283**	**(2,652)**	**$(67,923)**	**$ 69,732**	**$ (3,271)**	**$76,307**	**$ 313**	**$76,620**

[(a)] Relates to Zoetis (our former Animal Health subsidiary). See *Note 2B. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Divestitures* .

See Notes to Consolidated Financial Statements, which are an integral part of these statements.

Consolidated Statements of Cash Flows

Pfizer Inc. and Subsidiary Companies

(MILLIONS)	Year Ended December 31, 2013	2012	2011
Operating Activities			
Net income before allocation to noncontrolling interests	**$ 22,072**	$ 14,598	$ 10,049
Adjustments to reconcile net income before allocation to noncontrolling interests to net cash provided by operating activities:			
Depreciation and amortization	**6,410**	7,655	9,026
Asset write-offs, impairments and related charges	**1,368**	1,299	1,198
Gain on disposal of discontinued operations	**(10,446)**	(7,123)	(1,688)
Gain associated with the transfer of certain product rights to an equity-method investment	**(459)**	—	—
Deferred taxes from continuing operations	**1,726**	786	236
Deferred taxes from discontinued operations	**(23)**	1,412	218
Share-based compensation expense	**523**	481	419
Benefit plan contributions (in excess of)/less than expense	**310**	135	(1,769)
Other non-cash adjustments, net	**(324)**	(130)	18
Other changes in assets and liabilities, net of acquisitions and divestitures:			
Accounts receivable	**940**	367	140
Inventories	**(538)**	(631)	1,084
Other assets	**(822)**	(434)	186
Accounts payable	**382**	579	(367)
Other liabilities	**(3,184)**	(2,738)	1,508
Other tax accounts, net	**(170)**	490	(18)
Net cash provided by operating activities	**17,765**	16,746	20,240
Investing Activities			
Purchases of property, plant and equipment	**(1,206)**	(1,327)	(1,660)
Purchases of short-term investments	**(42,761)**	(24,018)	(18,447)
Proceeds from redemptions and sales of short-term investments	**41,127**	25,302	14,176
Net (purchases of)/proceeds from redemptions and sales of short-term investments with original maturities of 90 days or less)	**(4,277)**	1,459	10,874
Purchases of long-term investments	**(11,020)**	(11,145)	(4,620)
Proceeds from redemptions and sales of long-term investments	**7,555**	4,990	2,147
Acquisitions of businesses, net of cash acquired	**(15)**	(1,050)	(3,282)
Acquisitions of intangible assets	**(259)**	(92)	(222)
Proceeds from sale of businesses	**—**	11,850	2,376
Other investing activities	**231**	185	501
Net cash provided by/(used in) investing activities	**(10,625)**	6,154	1,843
Financing Activities			
Proceeds from short-term borrowings	**4,323**	7,995	12,810
Principal payments on short-term borrowings	**(4,234)**	(8,177)	(13,276)
Net proceeds from/(payments on) short-term borrowings with original maturities of 90 days or less	**3,475**	(30)	1,910
Proceeds from issuance of long-term debt [a]	**6,618**	—	—
Principal payments on long-term debt	**(4,146)**	(1,513)	(6,986)
Purchases of common stock	**(16,290)**	(8,228)	(9,000)
Cash dividends paid	**(6,580)**	(6,534)	(6,234)
Proceeds from exercise of stock options	**1,750**	568	153
Other financing activities	**109**	(80)	16

Net cash used in financing activities	**(14,975)**	(15,999)	(20,607)
Effect of exchange-rate changes on cash and cash equivalents	**(63)**	(2)	(29)
Net increase/(decrease) in cash and cash equivalents	**(7,898)**	6,899	1,447
Cash and cash equivalents, beginning	**10,081**	3,182	1,735
Cash and cash equivalents, end	**$ 2,183**	$ 10,081	$ 3,182

- Continued -

Consolidated Statements of Cash Flows
Pfizer Inc. and Subsidiary Companies

	Year Ended December 31,		
	2013	2012	2011
Supplemental Cash Flow Information			
Non-cash transactions:			
Sale of subsidiary common stock (Zoetis) for Pfizer common stock [b]	**$ 11,408**	**$ —**	**$ —**
Exchange of subsidiary common stock (Zoetis) for the retirement of Pfizer commercial paper issued in 2013 [b]	**2,479**	—	—
Exchange of subsidiary senior notes (Zoetis) for the retirement of Pfizer commercial paper issued in 2012 [b]	**992**	—	—
Transfer of certain product rights to an equity-method investment (Hisun Pfizer) [c]	**1,233**	—	—
Contribution of an investment in connection with the resolution of a legal matter (Quigley) [d]	**447**	—	—
Cash paid during the period for:			
Income taxes	**$ 2,874**	$ 2,409	$ 2,927
Interest	**1,729**	1,873	2,085

[a] Includes $2.6 billion from the issuance of senior notes by Zoetis (our former Animal Health subsidiary), net of the $1.0 billion non-cash exchange of Zoetis senior notes for the retirement of Pfizer commercial paper issued in 2012. See *Note 2B. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Divestitures* .

[b] Relates to Zoetis (our former Animal Health subsidiary). See *Note 2B. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Divestitures* .

[c] See *Note 2D. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Equity-Method Investments* .

[d] *See Note 17A5. Commitments and Contingencies: Legal Proceedings—Certain Matters Resolved During 2013.*

See Notes to Consolidated Financial Statements, which are an integral part of these statements.

Note 1. Basis of Presentation and Significant Accounting Policies

A. Basis of Presentation

The consolidated financial statements include our parent company and all subsidiaries, and are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The decision whether or not to consolidate an entity requires consideration of majority voting interests, as well as effective economic or other control over the entity. Typically, we do not seek control by means other than voting interests. For subsidiaries operating outside the United States (U.S.), the financial information is included as of and for the year ended November 30 for each year presented. Substantially all unremitted earnings of international subsidiaries are free of legal and contractual restrictions. All significant transactions among our businesses have been eliminated. Taxes paid on intercompany sales transactions are deferred until recognized upon sale of the asset to a third party.

In the consolidated statements of comprehensive income, we have revised the presentation of other comprehensive income/(loss) shown in prior periods for derivative financial instruments and available-for-sale securities, as certain items had been reported net.

On June 24, 2013, we completed the full disposition of our Animal Health business (Zoetis), and recognized a gain of approximately $10.3 billion , net of tax, in *Gain on disposal of discontinued operations—net of tax* in the consolidated statement of income for the year ended December 31, 2013. The operating results of this business are reported as *Income from discontinued operations—net of tax* in the consolidated statements of income through June 24, 2013, the date of disposal. In addition, in the consolidated balance sheet as of December 31, 2012, the assets and liabilities associated with this business are classified as *Assets of discontinued operations and other assets held for sale* and *Liabilities of discontinued operations* , as appropriate. Prior-period financial information has been restated, as appropriate. For additional information, see *Note 2B. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Divestitures* .

On November 30, 2012, we completed the sale of our Nutrition business to Nestlé and recognized a gain of approximately $4.8 billion , net of tax, in *Gain on disposal of discontinued operations—net of tax* in the consolidated statement of income for the year ended December 31, 2012. The operating results of this business are reported as *Income from discontinued operations—net of tax* in the consolidated statements of income through November 30, 2012, the date of disposal. For additional information, see *Note 2B. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Divestitures* .

On August 1, 2011, we completed the sale of our Capsugel business and recognized a gain of approximately $1.3 billion , net of tax, in G *ain on disposal of discontinued operations—net of tax* in the consolidated statement of income for the year ended December 31, 2011. The operating results of this business are reported as *Income from discontinued operations—net of tax* in the consolidated statements of income through August 1, 2011, the date of disposal. For additional information, see *Note 2B. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Divestitures* .

On January 31, 2011, we acquired King Pharmaceuticals, Inc. (King). Commencing from the acquisition date, our financial statements reflect the assets, liabilities, operating results and cash flows of King, and, in accordance with our domestic and international reporting periods, our consolidated financial statements for the year ended December 31, 2011 reflect approximately 11 months of King's U.S. operations and approximately 10 months of King's international operations. For additional information, see *Note 2A. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Acquisitions* .

B. Adoption of New Accounting Standard

On December 31, 2013, we changed the presentation of certain of our unrecognized tax benefits. For additional information, see *Note 5D. Tax Matters: Tax Contingencies* .

C. Estimates and Assumptions

In preparing the consolidated financial statements, we use certain estimates and assumptions that affect reported amounts and disclosures, including amounts recorded and disclosed in connection with acquisitions. These estimates and underlying assumptions can impact all elements of our financial statements. For example, in the consolidated statements of income, estimates are used when accounting for deductions from revenues (such as rebates, chargebacks, sales returns and sales allowances), determining the cost of inventory that is sold, allocating cost in the form of depreciation and amortization, and estimating restructuring charges and the impact of contingencies. On the consolidated balance sheets, estimates are used in determining the valuation and recoverability of assets, such as accounts receivables, investments, inventories, deferred tax assets, fixed assets and intangible assets (including acquired in-process research & development (IPR&D) assets and goodwill), and estimates are used in determining the reported amounts of liabilities, such as taxes payable, benefit obligations, accruals for contingencies, rebates, chargebacks, sales returns and sales allowances, and restructuring reserves, all of which also impact the consolidated statements of income.

Our estimates are often based on complex judgments, probabilities and assumptions that we believe to be reasonable but that can be inherently uncertain and unpredictable. If our estimates and assumptions are not representative of actual outcomes, our results could be materially impacted.

As future events and their effects cannot be determined with precision, our estimates and assumptions may prove to be incomplete or inaccurate, or unanticipated events and circumstances may occur that might cause us to change those estimates and assumptions. We are subject to risks and uncertainties that may cause actual results to differ from estimated amounts, such as changes in the healthcare environment, competition, litigation, legislation and regulations. We regularly evaluate our estimates and assumptions using historical

experience and expectations about the future. We adjust our estimates and assumptions when facts and circumstances indicate the need for change. Those changes generally will be reflected in our financial statements on a prospective basis unless they are required to be treated retrospectively under relevant accounting standards. It is possible that others, applying reasonable judgment to the same facts and circumstances, could develop and support a range of alternative estimated amounts.

D. Acquisitions

Our consolidated financial statements include the operations of an acquired business after the completion of the acquisition. We account for acquired businesses using the acquisition method of accounting, which requires, among other things, that most assets acquired and liabilities assumed be recognized at their estimated fair values as of the acquisition date and that the fair value of acquired IPR&D be recorded on the balance sheet. Transaction costs are expensed as incurred. Any excess of the consideration transferred over the assigned values of the net assets acquired is recorded as goodwill. When we acquire net assets that do not constitute a business as defined in U.S. GAAP, no goodwill is recognized and acquired IPR&D is expensed.

Contingent consideration in business acquisitions is included as part of the acquisition cost and is recognized at fair value as of the acquisition date. Fair value is generally estimated by using a probability-weighted discounted cash flow approach. Any liability resulting from contingent consideration is remeasured to fair value at each reporting date until the contingency is resolved. These changes in fair value are recognized in earnings in *Other (income)/deductions—net* .

Amounts recorded for acquisitions can result from a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. For information about the risks associated with estimates and assumptions, see *Note 1C. Basis of Presentation and Significant Accounting Policies: Estimates and Assumptions* .

E. Fair Value

We are often required to measure certain assets and liabilities at fair value, either upon initial recognition or for subsequent accounting or reporting. For example, we use fair value extensively in the initial recognition of net assets acquired in a business combination, when measuring certain impairment losses and when accounting for and reporting on certain financial instruments. We estimate fair value using an exit price approach, which requires, among other things, that we determine the price that would be received to sell an asset or paid to transfer a liability in an orderly market. The determination of an exit price is considered from the perspective of market participants, considering the highest and best use of non-financial assets and, for liabilities, assuming that the risk of non-performance will be the same before and after the transfer.

When estimating fair value, depending on the nature and complexity of the asset or liability, we may use one or all of the following approaches:

- Income approach, which is based on the present value of a future stream of net cash flows.
- Market approach, which is based on market prices and other information from market transactions involving identical or comparable assets or liabilities.
- Cost approach, which is based on the cost to acquire or construct comparable assets less an allowance for functional and/or economic obsolescence.

Our fair value methodologies depend on the following types of inputs:

- Quoted prices for identical assets or liabilities in active markets (Level 1 inputs).
- Quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in markets that are not active or are directly or indirectly observable (Level 2 inputs).
- Unobservable inputs that reflect estimates and assumptions (Level 3 inputs).

A single estimate of fair value can result from a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. For information about the risks associated with estimates and assumptions, see *Note 1C. Basis of Presentation and Significant Accounting Policies: Estimates and Assumptions.*

F. Foreign Currency Translation

For most of our international operations, local currencies have been determined to be the functional currencies. We translate functional currency assets and liabilities to their U.S. dollar equivalents at exchange rates in effect as of the balance sheet date and we translate functional currency income and expense amounts to their U.S. dollar equivalents at average exchange rates for the period. The U.S. dollar effects that arise from changing translation rates are recorded in *Other comprehensive income/(loss)* . The effects of converting non-functional currency monetary assets and liabilities into the functional currency are recorded in *Other (income)/deductions—net* . For operations in highly inflationary economies, we translate monetary items at rates in effect as of the balance sheet date, with translation adjustments recorded in *Other (income)/deductions—net* , and we translate non-monetary items at historical rates.

G. Revenues

Revenue Recognition —We record revenues from product sales when the goods are shipped and title passes to the customer. At the time of sale, we also record estimates for a variety of sales deductions, such as sales rebates, discounts and incentives, and product returns. When we cannot reasonably estimate the amount of future product returns and/or other sales deductions, we record revenues when the risk of

product return and/or additional sales deductions has been substantially eliminated. We record sales of certain of our vaccines to the U.S. government as part of the Pediatric Vaccine Stockpile program; these rules require that for fixed commitments made by the U.S. government, we record revenues when risk of ownership for the completed product has been passed to the U.S. government. There are no specific performance obligations associated with products sold under this program.

Deductions from Revenues— As is typical in the biopharmaceutical industry, our gross product sales are subject to a variety of deductions that generally are estimated and recorded in the same period that the revenues are recognized and primarily represent rebates and discounts to government agencies, wholesalers, distributors and managed care organizations with respect to our pharmaceutical products. These deductions represent estimates of the related obligations and, as such, judgment and knowledge of market conditions and practice are required when estimating the impact of these sales deductions on gross sales for a reporting period.

Specifically:

- In the U.S., we record provisions for pharmaceutical Medicaid, Medicare and performance-based contract rebates based upon our experience ratio of rebates paid and actual prescriptions written during prior quarters. We apply the experience ratio to the respective period's sales to determine the rebate accrual and related expense. This experience ratio is evaluated regularly to ensure that the historical trends are as current as practicable. In addition, to account for the impacts of the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act (together, U.S. Healthcare Legislation), we also consider the increase in minimum rebate and extension of Medicaid prescription drug rebates for drugs dispensed to enrollees. We estimate discounts on branded prescription drug sales to Medicare Part D participants in the Medicare "coverage gap," also known as the "doughnut hole," based on historical experience of beneficiary prescriptions and consideration of the utilization that is expected to result from the discount in the coverage gap. We evaluate this estimate regularly to ensure that the historical trends and future expectations are as current as practicable. For performance-based contract rebates, we also consider current contract terms, such as changes in formulary status and discount rates.
- Outside the U.S., the majority of our pharmaceutical rebates, discounts and price reductions (collectively, sales allowances) are contractual or legislatively mandated and our estimates are based on actual invoiced sales within each period, which reduces the risk of variations in the estimation process. In certain European countries, rebates are calculated on the government's total unbudgeted pharmaceutical spending or on specific product sales thresholds, and we apply an estimated allocation factor against our actual invoiced sales to project the expected level of reimbursement. We obtain third-party information that helps us to monitor the adequacy of these accruals.
- Provisions for pharmaceutical chargebacks (primarily reimbursements to wholesalers for honoring contracted prices to third parties) closely approximate actual as we settle these deductions generally within two to five weeks of incurring the liability.
- Provisions for pharmaceutical returns are based on a calculation for each market that incorporates the following, as appropriate: local returns policies and practices; returns as a percentage of sales; an understanding of the reasons for past returns; estimated shelf life by product; an estimate of the amount of time between shipment and return or lag time; and any other factors that could impact the estimate of future returns, such as loss of exclusivity, product recalls or a changing competitive environment. Generally, returned products are destroyed, and customers are refunded the sales price in the form of a credit.
- We record sales incentives as a reduction of revenues at the time the related revenues are recorded or when the incentive is offered, whichever is later. We estimate the cost of our sales incentives based on our historical experience with similar incentives programs.

Our accruals for Medicaid rebates, Medicare rebates, performance-based contract rebates, sales allowances and chargebacks were $3.3 billion as of December 31, 2013 , and $3.6 billion as of December 31, 2012 , and primarily are included in *Other current liabilitie* s in our consolidated balance sheets.

Amounts recorded for sales deductions can result from a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. For information about the risks associated with estimates and assumptions, see *Note 1C. Basis of Presentation and Significant Accounting Policies: Estimates and Assumptions.*

Taxes collected from customers relating to product sales and remitted to governmental authorities are presented on a net basis; that is, they are excluded from *Revenues* .

Collaborative Arrangements— Payments to and from our collaboration partners are presented in our consolidated statements of income based on the nature of the arrangement (including its contractual terms), the nature of the payments and applicable accounting guidance. Under co-promotion agreements, we record the amounts received from our partners as alliance revenues, a component of *Revenues,* when our co-promotion partners are the principal in the transaction and we receive a share of their net sales or profits. Alliance revenues are recorded when our co-promotion partners ship the product and title passes to their customers. The related expenses for selling and marketing these products are included in *Selling, informational and administrative expenses.* In collaborative arrangements where we manufacture a product for our partners, we record revenues when our partners sell the product and title passes to their customers. All royalty payments to collaboration partners are included in *Cost of sales* .

H. Cost of Sales and Inventories

We carry inventories at the lower of cost or market. The cost of finished goods, work in process and raw materials is determined using average actual cost. We regularly review our inventories for impairment and reserves are established when necessary.

I. Selling, Informational and Administrative Expenses

Selling, informational and administrative costs are expensed as incurred. Among other things, these expenses include the internal and external costs of marketing, advertising, shipping and handling, information technology and legal defense.

Advertising expenses totaled approximately $3.0 billion in 2013 , $2.8 billion in 2012 and $3.6 billion in 2011 . Production costs are expensed as incurred and the costs of radio time, television time and space in publications are expensed when the related advertising occurs.

J. Research and Development Expenses

Research and development (R&D) costs are expensed as incurred. These expenses include the costs of our proprietary R&D efforts, as well as costs incurred in connection with certain licensing arrangements. Before a compound receives regulatory approval, we record upfront and milestone payments made by us to third parties under licensing arrangements as expense. Upfront payments are recorded when incurred, and milestone payments are recorded when the specific milestone has been achieved. Once a compound receives regulatory approval, we record any milestone payments in *Identifiable intangible assets, less accumulated amortization* and, unless the asset is determined to have an indefinite life, we amortize the payments on a straight-line basis over the remaining agreement term or the expected product life cycle, whichever is shorter.

Research and development expenses related to upfront and milestone payments for intellectual property rights totaled $203 million in 2013, $371 million in 2012 and $306 million in 2011.

K. Amortization of Intangible Assets, Depreciation and Certain Long-Lived Assets

Long-lived assets include:

- *Goodwill* —Goodwill represents the excess of the consideration transferred for an acquired business over the assigned values of its net assets. Goodwill is not amortized.
- *Identifiable intangible assets, less accumulated amortization* —These acquired assets are recorded at cost. Intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives. Intangible assets with indefinite lives that are associated with marketed products are not amortized until a useful life can be determined. Intangible assets associated with IPR&D projects are not amortized until approval is obtained in a major market, typically either the U.S. or the European Union (EU), or in a series of other countries, subject to certain specified conditions and management judgment. The useful life of an amortizing asset generally is determined by identifying the period in which substantially all of the cash flows are expected to be generated.
- *Property, plant and equipment, less accumulated depreciation* —These assets are recorded at cost and are increased by the cost of any significant improvements after purchase. Property, plant and equipment assets, other than land and construction in progress, are depreciated on a straight-line basis over the estimated useful life of the individual assets. Depreciation begins when the asset is ready for its intended use. For tax purposes, accelerated depreciation methods are used as allowed by tax laws.

Amortization expense related to finite-lived acquired intangible assets that contribute to our ability to sell, manufacture, research, market and distribute products, compounds and intellectual property is included in *Amortization of intangible assets* as these intangible assets benefit multiple business functions. Amortization expense related to intangible assets that are associated with a single function and depreciation of property, plant and equipment are included in *Cost of sales, Selling, informational and administrative expenses* and *Research and development expenses,* as appropriate.

We review all of our long-lived assets for impairment indicators throughout the year and we perform detailed testing whenever impairment indicators are present. In addition, we perform impairment testing for goodwill and indefinite-lived assets at least annually. When necessary, we record charges for impairments.

Specifically:

- For finite-lived intangible assets, such as developed technology rights, and for other long-lived assets, such as property, plant and equipment, whenever impairment indicators are present, we calculate the undiscounted value of the projected cash flows associated with the asset, or asset group, and compare this estimated amount to the carrying amount. If the carrying amount is found to be greater, we record an impairment loss for the excess of book value over fair value. In addition, in all cases of an impairment review, we re-evaluate the remaining useful lives of the assets and modify them, as appropriate.
- For indefinite-lived intangible assets, such as Brands and IPR&D assets, when necessary, we determine the fair value of the asset and record an impairment loss, if any, for the excess of book value over fair value. In addition, in all cases of an impairment review other than for IPR&D assets, we re-evaluate whether continuing to characterize the asset as indefinite-lived is appropriate.
- For goodwill, when necessary, we determine the fair value of each reporting unit and compare that value to its book value. If the carrying amount is found to be greater, we then determine the implied fair value of goodwill by subtracting the fair value of all the identifiable net assets other than goodwill from the fair value of the reporting unit and record an impairment loss, if any, for the excess of the book value of goodwill over the implied fair value.

Impairment reviews can involve a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. For information about the risks associated with estimates and assumptions, see *Note 1C. Basis of Presentation and Significant Accounting Policies: Estimates and Assumptions.*

L. Restructuring Charges and Certain Acquisition-Related Costs

We may incur restructuring charges in connection with acquisitions when we implement plans to restructure and integrate the acquired operations or in connection with our cost-reduction and productivity initiatives. Included in *Restructuring charges and certain acquisition-related costs* are all restructuring charges, as well as certain other costs associated with acquiring and integrating an acquired business. (If the restructuring action results in a change in the estimated useful life of an asset, that incremental impact is classified in *Cost of sales, Selling, informational and administrative expenses* and *Research and development expenses* , as appropriate). Termination costs are generally recorded when the actions are probable and estimable. Transaction costs, such as banking, legal, accounting and other costs incurred in connection with a business acquisition are expensed as incurred .

Amounts recorded for restructuring charges and other associated costs can result from a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. For information about the risks associated with estimates and assumptions, see *Note 1C. Basis of Presentation and Significant Accounting Policies: Estimates and Assumptions.*

M. Cash Equivalents and Statement of Cash Flows

Cash equivalents include items almost as liquid as cash, such as certificates of deposit and time deposits with maturity periods of three months or less when purchased. If items meeting this definition are part of a larger investment pool, we classify them as *Short-term investments* .

Cash flows associated with financial instruments designated as fair value or cash flow hedges may be included in operating, investing or financing activities, depending on the classification of the items being hedged. Cash flows associated with financial instruments designated as net investment hedges are classified according to the nature of the hedge instrument. Cash flows associated with financial instruments that do not qualify for hedge accounting treatment are classified according to their purpose and accounting nature.

N. Investments and Derivative Financial Instruments

Our investments are comprised of the following: trading securities, available-for-sale securities, held-to-maturity securities (where we have the positive intent and ability to hold the investment to maturity) and private equity investments. The classification of an investment can depend on the nature of the investment, our intent and ability to hold the investment and the degree to which we may exercise influence.

- Trading securities are carried at fair value, with changes in fair value reported in *Other (income)/deductions—net.*
- Available-for-sale debt and equity securities are carried at fair value, with changes in unrealized gains and losses reported in *Other comprehensive income/(loss)* until realized.
- Held-to-maturity debt securities are carried at amortized cost.
- Private equity securities are carried at equity-method or cost. For private equity investments where we have significant influence over the financial and operating policies of the investee, we use the equity-method of accounting. Under the equity method, we record our share of the investee's income and expenses, in *Other (income)/deductions—net* . The excess of the cost of the investment over our share of the equity of the investee as of the acquisition date is allocated to the identifiable assets of the investee, with any remaining excess amount allocated to goodwill. Such investments are initially recorded at cost, which typically does not include amounts of contingent consideration.

Realized gains or losses on sales of investments are determined by using the specific identification cost method.

We regularly evaluate all of our financial assets for impairment. For investments in debt and equity securities, when a decline in fair value, if any, is determined to be other-than-temporary, an impairment charge is recorded in the statement of income, and a new cost basis in the investment is established.

Derivative financial instruments are carried at fair value in various balance sheet categories (see *Note 7A. Financial Instruments: Selected Financial Assets and Liabilities*), with changes in fair value reported in current earnings or, for derivative financial instruments in certain qualifying hedging relationships, in *Other comprehensive income/(loss)* (see *Note 7E. Financial Instruments: Derivative Financial Instruments and Hedging Activities*). Virtually all of our valuation measurements for investments and derivative financial instruments are based on the use of quoted prices for similar instruments in active markets, or quoted prices for identical or similar instruments in markets that are not active or are directly or indirectly observable.

A single estimate of fair value and impairment reviews can involve a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. For information about the risks associated with estimates and assumptions, see *Note 1C. Basis of Presentation and Significant Accounting Policies: Estimates and Assumptions.*

O. Deferred Tax Assets and Liabilities and Income Tax Contingencies

Deferred tax assets and liabilities are recognized for the expected future tax consequences of differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates and laws. We provide a valuation allowance when we believe that our deferred tax assets are not recoverable based on an assessment of estimated future taxable income that incorporates ongoing, prudent and feasible tax-planning strategies, that would be implemented, if necessary, to realize the deferred tax assets. All current deferred tax assets and liabilities within the same tax jurisdiction are presented as a net amount and all noncurrent deferred tax assets and liabilities within the same tax jurisdiction are presented as a net amount.

We account for income tax contingencies using a benefit recognition model. If we consider that a tax position is more likely than not to be sustained upon audit, based solely on the technical merits of the position, we recognize the benefit. We measure the benefit by determining the amount that is greater than 50% likely of being realized upon settlement, presuming that the tax position is examined by the appropriate taxing authority that has full knowledge of all relevant information.

Under the benefit recognition model, if our initial assessment fails to result in the recognition of a tax benefit, we regularly monitor our position and subsequently recognize the tax benefit: (i) if there are changes in tax law, analogous case law or there is new information that sufficiently raise the likelihood of prevailing on the technical merits of the position to more-likely-than-not; (ii) if the statute of limitations expires; or (iii) if there is a completion of an audit resulting in a favorable settlement of that tax year with the appropriate agency. We regularly re-evaluate our tax positions based on the results of audits of federal, state and foreign income tax filings, statute of limitations expirations, changes in tax law or receipt of new information that would either increase or decrease the technical merits of a position relative to the more-likely-than-not standard. Liabilities associated with uncertain tax positions are classified as current only when we expect to pay cash within the next 12 months. Interest and penalties, if any, are recorded in *Provision for taxes on income* and are classified on our consolidated balance sheet with the related tax liability.

Amounts recorded for valuation allowances and income tax contingencies can result from a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. For information about the risks associated with estimates and assumptions, see *Note 1C. Basis of Presentation and Significant Accounting Policies: Estimates and Assumptions.*

P. Pension and Postretirement Benefit Plans

The majority of our employees worldwide are covered by defined benefit pension plans, defined contribution plans or both. In the U.S., we have both qualified and supplemental (non-qualified) defined benefit and defined contribution plans, as well as other postretirement benefit plans consisting primarily of healthcare and life insurance for retirees. We recognize the overfunded or underfunded status of each of our defined benefit plans as an asset or liability on our consolidated balance sheet. The obligations are generally measured at the actuarial present value of all benefits attributable to employee service rendered, as provided by the applicable benefit formula. Our pension and other postretirement obligations may include assumptions such as expected employee turnover and participant mortality. For our pension plans, the obligation may also include assumptions as to future compensation levels. For our other postretirement benefit plans, the obligation may include assumptions as to the expected cost of providing the healthcare and life insurance benefits, as well as the extent to which those costs are shared with the employee or others (such as governmental programs). Plan assets are measured at fair value. Net periodic benefit costs are recognized, as required, into *Cost of sales, Selling, informational and administrative expenses* and *Research and development expenses* , as appropriate.

Amounts recorded for pension and postretirement benefit plans can result from a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. For information about the risks associated with estimates and assumptions, see *Note 1C. Basis of Presentation and Significant Accounting Policies: Estimates and Assumptions.*

Q. Legal and Environmental Contingencies

We and certain of our subsidiaries are subject to numerous contingencies arising in the ordinary course of business, such as patent litigation, product liability and other product-related litigation, commercial litigation, environmental claims and proceedings, government investigations and guarantees and indemnifications. We record accruals for these contingencies to the extent that we conclude that a loss is both probable and reasonably estimable. If some amount within a range of loss appears to be a better estimate than any other amount within the range, we accrue that amount. Alternatively, when no amount within a range of loss appears to be a better estimate than any other amount, we accrue the lowest amount in the range. We record anticipated recoveries under existing insurance contracts when recovery is assured.

Amounts recorded for contingencies can result from a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. For information about the risks associated with estimates and assumptions, see *Note 1C. Basis of Presentation and Significant Accounting Policies: Estimates and Assumptions.*

R. Share-Based Payments

Our compensation programs can include share-based payments. Generally, grants under share-based payment programs are accounted for at fair value and these fair values are generally amortized on a straight-line basis over the vesting terms into *Cost of sales, Selling, informational and administrative expenses* and *Research and development expenses* , as appropriate.

Amounts recorded for share-based compensation can result from a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. For information about the risks associated with estimates and assumptions, see *Note 1C. Basis of Presentation and Significant Accounting Policies: Estimates and Assumptions* .

Note 2. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments

A. Acquisitions

NextWave Pharmaceuticals Incorporated

On November 27, 2012, we completed our acquisition of NextWave Pharmaceuticals Incorporated (NextWave), a privately held, specialty pharmaceutical company. As a result of this acquisition, Pfizer now holds exclusive North American rights to Quillivant XR™ (methylphenidate

hydrochloride), the first once-daily liquid medication approved in the U.S. for the treatment of attention deficit hyperactivity disorder. Quillivant XR received approval from the U.S. Food and Drug Administration (FDA) on September 27, 2012, and was launched in the U.S. on January 14, 2013. The total consideration for the acquisition was approximately $442 million , which consisted of upfront payments to NextWave's shareholders of approximately $278 million and contingent consideration with an estimated acquisition-date fair value of approximately $164 million . The contingent consideration consisted of up to $425 million in additional payments that are contingent upon attainment of certain revenue milestones. In 2013, we finalized the allocation of the consideration transferred to the assets acquired and the liabilities assumed in this acquisition. We recorded $519 million in *Identifiable intangible assets* , consisting of $474 million in *Developed technology rights* and $45 million in *In-process research and development* ; $166 million in net deferred tax liabilities; and $89 million in *Goodwill.* In 2013, as a result of lowered commercial forecasts, the fair value of the contingent consideration decreased and we recognized a pre-tax gain of approximately $114 million in *Other (income)/deductions—net* .

Nexium Over-The-Counter Rights

In August 2012, we entered into an agreement with AstraZeneca for the exclusive, global, over-the-counter (OTC) rights for Nexium, a leading prescription drug currently approved to treat the symptoms of gastroesophageal reflux disease. We made an upfront payment of $250 million to AstraZeneca, and AstraZeneca is eligible to receive milestone payments of up to $550 million based on product launches and level of sales, as well as royalty payments based on sales. The upfront payment for this Consumer Healthcare asset acquisition was expensed and included in *Research and development expenses* in our consolidated statement of income for the year ended December 31, 2012.

Alacer Corp.

On February 26, 2012, we completed our acquisition of Alacer Corp., a company that manufactured, marketed and distributed Emergen-C, a line of effervescent, powdered drink mix vitamin supplements. In connection with this Consumer Healthcare acquisition, we recorded $181 million in *Identifiable intangible assets* , consisting primarily of the Emergen-C indefinite-lived brand; $69 million in net deferred tax liabilities; and $192 million in *Goodwill* .

Ferrosan Holding A/S

On December 1, 2011, we completed our acquisition of the consumer healthcare business of Ferrosan Holding A/S (Ferrosan), a Danish company engaged in the sale of science-based consumer healthcare products, including dietary supplements and lifestyle products, primarily in the Nordic region and the emerging markets of Russia and Central and Eastern Europe. This acquisition is reflected in our consolidated financial statements beginning in the first fiscal quarter of 2012. Our acquisition of Ferrosan’s consumer healthcare business increases our presence in dietary supplements with a new set of brands and pipeline products. Also, we believed that the acquisition would allow us to expand the marketing of Ferrosan's brands through Pfizer's global footprint and provide greater distribution and scale for certain Pfizer brands, such as Centrum and Caltrate, in Ferrosan's key markets. In connection with this Consumer Healthcare acquisition, we recorded $362 million in *Identifiable intangible assets,* consisting of indefinite-lived and finite-lived brands; $94 million in net deferred tax liabilities; and $322 million in *Goodwill* .

Excaliard Pharmaceuticals, Inc.

On November 30, 2011, we completed our acquisition of Excaliard Pharmaceuticals, Inc. (Excaliard), a privately owned biopharmaceutical company. Excaliard's lead compound, EXC-001, a Phase 2 compound, is an antisense oligonucleotide designed to interrupt the process of skin fibrosis by inhibiting expression of connective tissue growth factor (CTGF). The total consideration for the acquisition was approximately $174 million , which consisted of an upfront payment to Excaliard's shareholders of approximately $86 million and contingent consideration with an estimated acquisition-date fair value of approximately $88 million . The contingent consideration consists of up to $230 million in additional payments that are contingent upon the attainment of certain regulatory and revenue milestones. Payments under the contingent consideration arrangement were $30 million in 2012 as a regulatory milestone was reached. In connection with this Worldwide Research and Development acquisition, we recorded $257 million in *Identifiable intangible assets—In-process research and development* ; $87 million in net deferred tax liabilities; and $8 million in *Goodwill* .

Icagen, Inc.

On September 20, 2011, we completed our cash tender offer for the outstanding shares of Icagen, Inc. (Icagen), resulting in an approximate 70% ownership of the outstanding shares of Icagen, a biopharmaceutical company focused on discovery, development and commercialization of novel orally-administered small molecule drugs that modulate ion channel targets. On October 27, 2011, we acquired all of the remaining shares of Icagen. In connection with this Worldwide Research and Development acquisition, we recorded $19 million in *Identifiable intangible assets* .

King Pharmaceuticals, Inc.

Description of the Transaction

On January 31, 2011 (the acquisition date), we completed a tender offer for the outstanding shares of common stock of King Pharmaceuticals, Inc. (King), at a purchase price of $14.25 per share in cash and acquired approximately 92.5% of the outstanding shares. On February 28, 2011, we acquired all of the remaining shares of King for $14.25 per share in cash. As a result, the total fair value of consideration transferred for King was approximately $3.6 billion in cash ($3.2 billion , net of cash acquired).

King's principal businesses consisted of a prescription pharmaceutical business focused on delivering new formulations of pain treatments designed to discourage common methods of misuse and abuse; the Meridian auto-injector business for emergency drug delivery; an established products portfolio; and an animal health business.

Recording of Assets Acquired and Liabilities Assumed

The following table provides the assets acquired and liabilities assumed from King:

(MILLIONS OF DOLLARS)	Amounts Recognized as of Acquisition Date [a]
Working capital, excluding inventories	$ 155
Inventories	340
Property, plant and equipment	412
Identifiable intangible assets, excluding in-process research and development	1,806
In-process research and development	303
Net tax accounts	(328)
All other long-term assets and liabilities, net	102
Total identifiable net assets	2,790
Goodwill [b]	765
Net assets acquired/total consideration transferred	$ 3,555

[a] Includes animal health-related assets and liabilities. In 2013, we disposed of our Animal Health business. For additional information, see Notes to Consolidated Financial Statements—*Note 2B. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Divestitures.*

[b] Goodwill recorded as of the acquisition date totaled $720 million for our three biopharmaceutical operating segments and $45 million for our Animal Health operating segment. (Since the acquisition of King, we have revised our operating segments and disposed of our Animal Health business.)

As of the acquisition date, the fair value of accounts receivable approximated the book value acquired. The gross contractual amount receivable was $200 million , virtually all of which was expected to be collected.

Goodwill is calculated as the excess of the consideration transferred over the net assets recognized and represents the future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. Specifically, the goodwill recorded as part of the acquisition of King includes the following:

- the expected synergies and other benefits that we believed would result from combining the operations of King with the operations of Pfizer;
- any intangible assets that did not qualify for separate recognition, as well as future, yet unidentified projects and products; and
- the value of the going-concern element of King's existing businesses (the higher rate of return on the assembled collection of net assets versus if Pfizer had acquired all of the net assets separately).

Goodwill is not amortized and is not deductible for income tax purposes (see *Note 10A. Goodwill and Other Intangible Assets: Goodwill* for additional information).

The assets and liabilities arising from contingencies recognized as of the acquisition date are not significant to Pfizer's consolidated financial statements.

Actual and Pro Forma Impact of Acquisition

Revenues from King are included in Pfizer's consolidated statements of income from the acquisition date, January 31, 2011, through Pfizer's domestic and international year-ends and were $1.3 billion in 2011. We are not able to provide the results of operations attributable to King in 2011 as those operations had been substantially integrated into the larger Pfizer operation shortly after the acquisition.

The following table provides supplemental pro forma information:

(MILLIONS OF DOLLARS, EXCEPT PER SHARE DATA)	Unaudited Pro Forma Consolidated Results [a] Year Ended December 31, 2011
Revenues	$ 61,122
Net income attributable to Pfizer Inc.	10,228
Diluted earnings per share attributable to Pfizer Inc. common shareholders	1.30

[a] The pro forma information for December 31, 2011 assumes that the acquisition of King occurred on January 1, 2010.

The unaudited pro forma consolidated results do not purport to project the future results of operations of the combined company nor do they reflect the expected realization of any cost savings associated with the acquisition. The unaudited pro forma consolidated results reflect the historical financial information of Pfizer and King, adjusted for the following pre-tax amounts:

- Elimination of King's historical intangible asset amortization expense (approximately $6 million in 2011).
- Additional amortization expense (approximately $15 million in 2011) related to the fair value of identifiable intangible assets acquired.
- Additional depreciation expense (approximately $3 million in 2011) related to the fair value adjustment to property, plant and equipment acquired.
- Adjustment related to the fair value adjustments to acquisition-date inventory estimated to have been sold (elimination of $160 million charge in 2011).
- Adjustment for acquisition-related costs directly attributable to the acquisition (elimination of $224 million of charges in 2011, reflecting charges incurred by both King and Pfizer).

B. Divestitures

Animal Health Business—Zoetis Inc.

On June 24, 2013, we completed the full disposition of our Animal Health business. The full disposition was completed through a series of steps, including the formation of Zoetis, an initial public offering (IPO) of an approximate 19.8% interest in Zoetis and an exchange offer for the remaining 80.2% interest.

Formation of Zoetis — On January 28, 2013, our then wholly owned subsidiary, Zoetis, issued $3.65 billion aggregate principal amount of senior notes. Also, on January 28, 2013, we transferred to Zoetis substantially all of the assets and liabilities of our Animal Health business in exchange for all of the Class A and Class B common stock of Zoetis, $1.0 billion of the $3.65 billion of Zoetis senior notes, and an amount of cash equal to substantially all of the cash proceeds received by Zoetis from the remaining $2.65 billion of senior notes issued. The $1.0 billion of Zoetis senior notes received by Pfizer were exchanged by Pfizer for the retirement of Pfizer commercial paper issued in 2012, and the cash proceeds received by Pfizer of approximately $2.6 billion were used for dividends and stock buybacks.

Initial Public Offering (19.8% Interest) — On February 6, 2013, an IPO of the Class A common stock of Zoetis was completed, pursuant to which we sold 99.015 million shares of Class A common stock of Zoetis (all of the Class A common stock, including shares sold pursuant to the underwriters' overallotment option to purchase additional shares, which was exercised in full) in exchange for the retirement of approximately $2.5 billion of Pfizer commercial paper issued in 2013. The Class A common stock sold in the IPO represented approximately 19.8% of the total outstanding Zoetis shares. The excess of the consideration received over the net book value of our divested interest was approximately $2.3 billion and was recorded in *Additional paid-in capital.*

Exchange Offer (80.2% Interest) — On June 24, 2013, we exchanged all of our remaining interest in Zoetis, 400.985 million shares of Class A common stock of Zoetis (after converting all of our Class B common stock into Class A common stock, representing approximately 80.2% of the total outstanding Zoetis shares), for approximately 405.117 million outstanding shares of Pfizer common stock on a tax-free basis pursuant to an exchange offer made to Pfizer shareholders. The $11.4 billion of Pfizer common stock received in the exchange transaction was recorded in *Treasury stock* and was valued using the opening price of Pfizer common stock on June 24, 2013, the date we accepted the Zoetis shares for exchange. The gain on the sale of the remaining interest in Zoetis was approximately $10.3 billion , net of income taxes resulting from certain legal entity reorganizations, and was recorded in *Gain on disposal of discontinued operations—net of tax* in the consolidated statement of income for the year ended December 31, 2013.

In summary, as a result of the above transactions, we received cash and were relieved of debt obligations in the aggregate amount of approximately $6.1 billion and received shares of Pfizer common stock (held in *Treasury stock*) valued at approximately $11.4 billion .

The operating results of the animal health business are reported as *Income from discontinued operations—net of tax* in the consolidated statements of income through June 24, 2013, the date of disposal. In addition, in the consolidated balance sheet as of December 31, 2012, the assets and liabilities associated with this business are classified as *Assets of discontinued operations and other assets held for sale* and *Liabilities of discontinued operations* , as appropriate. Prior-period financial information has been restated, as appropriate.

In connection with the above transactions, we entered into a transitional services agreement (TSA) and manufacturing and supply agreements (MSAs) with Zoetis that are designed to facilitate the orderly transfer of business operations to the standalone Zoetis entity. The TSA relates primarily to administrative services, which are generally to be provided within 24 months. Under the MSAs, we will manufacture and supply certain animal health products to Zoetis for a transitional period of up to 5 years, with an ability to extend, if necessary, upon mutual agreement of both parties. These agreements are not material and none confers upon us the ability to influence the operating and/or financial policies of Zoetis subsequent to June 24, 2013, the full disposition date.

Nutrition Business

On November 30, 2012, we completed the sale of our Nutrition business to Nestlé for $11.85 billion in cash, and recognized a gain of approximately $4.8 billion , net of tax, in *Gain on disposal of discontinued operations—net of tax* . The divested business includes:

- our former Nutrition operating segment and certain prenatal vitamins previously commercialized by the Pfizer Consumer Healthcare operating segment; and

- other associated amounts, such as direct manufacturing costs, enabling support functions and other costs not charged to the business, purchase-accounting impacts, acquisition-related costs, impairment charges, restructuring charges and implementation costs associated with our cost reduction/productivity initiatives, all of which are reported outside our operating segment results.

The operating results of this business are reported as *Income from discontinued operations—net of tax* in the consolidated statements of income through November 30, 2012, the date of disposal.

While the full purchase price of $11.85 billion was received on November 30, 2012, the sale of the business was not completed in certain non-U.S. jurisdictions at that date as regulatory review of the transaction was not yet complete. In these jurisdictions, which represented a relatively small portion of the Nutrition business, we continued to operate the business on an interim basis pending regulatory approval or divestiture to a third party buyer. These interim arrangements, pursuant to which Pfizer operated the business for the net economic benefit of Nestlé and was indemnified by Nestlé against any risk associated with such operations during the interim period, concluded with the sale of these operations in those jurisdictions in 2013. In 2012, as Pfizer operated the business in those jurisdictions for the net economic benefit of Nestlé, we had already received all of the expected proceeds from the sale, and as Nestlé was contractually obligated to complete the transaction (or permit us to divest the delayed businesses to a third party buyer on its behalf) regardless of the outcome of any pending regulatory reviews, we treated these delayed-close businesses as sold for accounting purposes.

In connection with the sale transaction, we also entered into certain transitional agreements designed to ensure and facilitate the orderly transfer of business operations to the buyer. These agreements primarily relate to administrative services, which are generally being provided for a period of 2 to 18 months. We are also manufacturing and supplying certain prenatal vitamin products for a transitional period. These agreements are not material and none confers upon us the ability to influence the operating and/or financial policies of the Nutrition business subsequent to November 30, 2012, the disposition date.

Capsugel Business

On August 1, 2011, we completed the sale of our Capsugel business for approximately $2.4 billion in cash and recognized a gain of approximately $1.3 billion , net of tax, in *Gain on sale of discontinued operations—net of tax* . The operating results of this business are reported as *Income from discontinued operations—net of tax* in the consolidated statement of income for 2011 through August 1, 2011, the date of disposal.

Total Discontinued Operations

The following table provides the components of *Discontinued operations—net of tax* :

	Year Ended December 31, [a]		
(MILLIONS OF DOLLARS)	**2013**	2012	2011
Revenues	**$ 2,201**	$ 6,587	$ 6,897
Pre-tax income from discontinued operations [a]	**408**	1,253	1,310
Provision for taxes on income [b]	**100**	459	425
Income from discontinued operations—net of tax	**308**	794	885
Pre-tax gain on sale of discontinued operations	**10,446**	7,123	1,688
Provision for taxes on income [c]	**92**	2,340	384
Gain on disposal of discontinued operations—net of tax	**10,354**	4,783	1,304
Discontinued operations—net of tax	**$ 10,662**	$ 5,577	$ 2,189

[a] Includes (i) the Animal Health (Zoetis) business through June 24, 2013, the date of disposal, (ii) the Nutrition business through November 30, 2012, the date of disposal and (iii) the Capsugel business through August 1, 2011, the date of disposal.

[b] Includes a deferred tax benefit of $23 million for 2013 and $23 million for 2012 , and a deferred tax expense of $28 million for 2011 , which is net of a deferred tax expense of $42 million in 2012 , and includes a deferred tax expense of $6 million in 2011 related to investments in certain foreign subsidiaries, resulting from our intention not to hold these subsidiaries indefinitely.

[c] For 2013, primarily reflects income tax expense of $122 million resulting from certain legal entity reorganizations. For 2012 and 2011 , includes a deferred tax expense of $1.4 billion for 2012 and $190 million for 2011 , which includes a deferred tax expense of $2.2 billion for 2012 and $190 million for 2011 on certain current-year funds earned outside the U.S. that will not be indefinitely reinvested overseas. For 2012 , also includes a deferred tax benefit reflecting the reversal of net deferred tax liabilities associated with the divested Nutrition assets.

The following table provides the components of *Assets of discontinued operations and other assets held for sale* and *Liabilities of discontinued operations* :

	As of December 31, [a]	
(MILLIONS OF DOLLARS)	**2013**	2012
Cash and cash equivalents	$ —	$ 308
Accounts receivable, less allowance for doubtful accounts	**—**	922
Inventories	**—**	1,137
Other current assets	**—**	242
Property, plant and equipment, less accumulated depreciation	**76**	1,318
Goodwill	**—**	1,011
Identifiable intangible assets, less accumulated amortization	**—**	867
Other noncurrent assets	**—**	139
Assets of discontinued operations and other assets held for sale	**$ 76**	$ 5,944
Current liabilities	**$ 21**	$ 874
Other liabilities	**—**	568
Liabilities of discontinued operations	**$ 21**	$ 1,442

[a] In 2012, virtually all relates to Zoetis (our former Animal Health business).

The net cash flows of our discontinued operations for each of the categories of operating, investing and financing activities are not significant for any period presented, except that investing activities include the cash proceeds, if any, associated with these dispositions.

C. Collaborative Arrangements

In the normal course of business, we enter into collaborative arrangements with respect to in-line medicines, as well as medicines in development that require completion of research and regulatory approval. Collaborative arrangements are contractual agreements with third parties that involve a joint operating activity, typically a research and/or commercialization effort, where both we and our partner are active participants in the activity and are exposed to the significant risks and rewards of the activity. Our rights and obligations under our collaborative arrangements vary. For example, we have agreements to co-promote pharmaceutical products discovered by us or other companies, and we have agreements where we partner to co-develop and/or participate together in commercializing, marketing, promoting, manufacturing and/or distributing a drug product.

The following table provides the amounts and classification of payments (income/(expense)), between us and our collaboration partners:

	Year Ended December 31,		
(MILLIONS OF DOLLARS)	**2013**	2012	2011
Revenues —Revenues [a]	**$ 1,153**	$ 1,640	$ 1,426
Revenue s—Alliance revenues [b]	**2,628**	3,492	3,630
Total revenues from collaborative arrangements	**3,781**	5,132	5,056
Cost of sales [c]	**(333)**	(362)	(420)
Selling, informational and administrative expenses [d]	**(279)**	(290)	(237)
Research and development expenses [e]	**(73)**	(74)	(299)
Other (income)/deductions—net [f]	**103**	(15)	34

[a] Represents sales to our partners of products manufactured by us.

[b] Substantially all relate to amounts earned from our partners under co-promotion agreements. The decline in 2013 reflects declines in Enbrel (as a result of the expiration of our co-promotion agreement on October 31, 2013 in the U.S. and Canada) and Spiriva (as a result of the near-term expiration of the co-promotion collaboration in the U.S. and certain European countries, combined with the expiration of the collaboration in Australia, Canada and certain other European countries).

[c] Primarily relates to royalties earned by our partners and cost of sales associated with inventory purchased from our partners.

[d] Represents net reimbursements to our partners for selling, informational and administrative expenses incurred.

[e] Primarily relates to net reimbursements, as well as upfront payments and pre-approval milestone payments earned by our partners. The upfront and milestone payments were as follows: $67 million in 2013, $44 million in 2012 and $210 million in 2011.

[f] In 2013, includes royalties earned on sales of Enbrel in the U.S. and Canada after October 31, 2013. On that date, our co-promotion agreement for Enbrel in the U.S. and Canada expired, and we became entitled to royalties for a 36-month period.

The amounts disclosed in the above table do not include transactions with third parties other than our collaboration partners, or other costs associated with the products under the collaborative arrangements.

Under our collaboration agreements we paid post-approval milestones to collaboration partners of $175 million in 2013, $29 million in 2012 and $61 million in 2011. These payments were recorded in *Identifiable intangible assets — Developed technology rights.* We also received upfront and milestone payments from our collaboration partners of $128 million in 2013. These amounts are included on our consolidated balance sheets in deferred revenue and will be recognized into

income over a multi-year period.

D. Equity-Method Investments

Investment in Hisun Pfizer Pharmaceuticals Company Limited (Hisun Pfizer)

On September 6, 2012, we and Zhejiang Hisun Pharmaceuticals Co., Ltd., a leading pharmaceutical company in China, formed a new company, Hisun Pfizer, to develop, manufacture, market and sell pharmaceutical products, primarily branded generic products, predominately in China. Hisun Pfizer was established with registered capital of $250 million , of which our portion was $122.5 million . On January 1, 2013, both parties transferred selected employees to Hisun Pfizer and contributed, among other things, certain rights to commercialized products and products in development, intellectual property rights, and facilities, equipment and distribution/customer contracts. Our contributions in 2013 constituted a business, as defined by U.S. GAAP, and included, among other things, the China rights to certain commercialized products and other products not yet commercialized and all associated intellectual property rights. As a result of the contributions from both parties, Hisun Pfizer holds a broad portfolio of branded generics covering cardiovascular disease, infectious disease, oncology, mental health, and other therapeutic areas. We hold a 49% equity interest in Hisun Pfizer.

We also entered into certain transition agreements designed to ensure and facilitate the orderly transfer of the business operations to Hisun Pfizer, primarily the Pfizer Products Transition Period Agreement and a related supply and promotional services agreement. These agreements provide for a profit margin on the manufacturing services provided by Pfizer to Hisun Pfizer and govern the supply, promotion and distribution of Pfizer products until Hisun Pfizer begins its own manufacturing and distribution. While intended to be transitional, these agreements may be extended by mutual agreement of the parties for several years and, possibly, indefinitely. These agreements are not material to Pfizer, and none confers upon us any additional ability to influence the operating and/or financial policies of Hisun Pfizer.

In connection with our contributions in the first quarter of 2013, we recognized a pre-tax gain of approximately $459 million in *Other (income)/deductions—net,* reflecting the transfer of the business to Hisun Pfizer (including an allocation of goodwill from our Emerging Markets reporting unit as part of the carrying amount of the business transferred). Since we hold a 49% interest in Hisun Pfizer, we have an indirect retained interest in the contributed assets; as such, 49% of the gain, or $225 million , represents the portion of the gain associated with that indirect retained interest.

In valuing our investment in Hisun Pfizer (which includes the indirect retained interest in the contributed assets), we used discounted cash flow techniques, utilizing a 11.5% discount rate, reflecting our best estimate of the various risks inherent in the projected cash flows, and a nominal terminal year growth factor. Some of the more significant estimates and assumptions inherent in this approach include: the amount and timing of the projected net cash flows, which include the expected impact of competitive, legal and/or regulatory forces on the products; the long-term growth rate, which seeks to project the sustainable growth rate over the long-term; and the discount rate, which seeks to reflect the various risks inherent in the projected cash flows, including country risk.

We are accounting for our interest in Hisun Pfizer as an equity-method investment, due to the significant influence we have over the operations of Hisun Pfizer through our board representation, minority veto rights and 49% voting interest. Our investment in Hisun Pfizer is reported as a private equity investment in *Long-term investments* , and our share of Hisun Pfizer's net income is recorded in *Other (income)/deductions—net.* As of December 31, 2013, the carrying value of our investment in Hisun Pfizer is approximately $1.4 billion , and the amount of our underlying equity in the net assets of Hisun Pfizer is approximately $770 million . The excess of the carrying value of our investment over our underlying equity in the net assets of Hisun Pfizer has been allocated, within the investment account, to goodwill and other intangible assets. The amount allocated to other intangible assets is being amortized into *Other (income)/deductions—net* over an average estimated useful life of 25 years.

Investment in ViiV Healthcare Limited

In 2009, we and GlaxoSmithKline plc created ViiV Healthcare Limited (ViiV), which is focused solely on research, development and commercialization of human immunodeficiency virus (HIV) medicines.

- On August 12, 2013, the FDA approved Tivicay (dolutegravir), a product for the treatment of HIV-1 infection, developed by ViiV, an equity-method investee. This approval, in accordance with the agreement between GlaxoSmithKline plc and Pfizer, triggered a reduction in our interest in ViiV from 13.5% to 12.6% and an increase in GlaxoSmithKline plc's equity interest in ViiV from 76.5% to 77.4% effective October 1, 2013. As a result, in 2013, we recognized a loss of approximately $32 million in *Other (income)/ deductions — net* .
- On October 31, 2012, ViiV acquired the remaining 50% of Shionogi-ViiV Healthcare LLC, its equity-method investee, from Shionogi & Co., Ltd. (Shionogi) in consideration for a 10% interest in ViiV (newly issued shares) and contingent consideration in the form of future royalties. As a result of this transaction, ViiV recorded a gain associated with the step-up on the 50% interest previously held by ViiV. Also, Pfizer's equity interest in ViiV was reduced from 15% to 13.5% and GlaxoSmithKline plc's equity interest was reduced from 85% to 76.5% . As a result of the above, in 2012 we recognized a gain of $44 million , which was recorded in *Other (income)/deductions — net* .

Investment in Laboratório Teuto Brasileiro

On November 8, 2010, we consummated our partnership to develop and commercialize generic medicines with Laboratório Teuto Brasileiro S.A. (Teuto), a leading generics company in Brazil. As part of the transaction, we acquired a 40% equity stake in Teuto, and entered into a series of commercial agreements. The partnership is enhancing our position in Brazil, a key emerging market, by providing access to Teuto’s portfolio of products. Under the terms of our purchase agreement with Teuto, we made an upfront payment at the closing of approximately $230 million . We have an option to acquire the remaining 60% of Teuto’s shares beginning in 2014, and Teuto’s shareholders have an option to sell their 60% stake to us beginning in 2015. The portion of the total arrangement consideration that was allocated to the net call/put option, based on relative fair values of the 40% equity investment and the net option, is being accounted for at cost less any impairment losses. Our investment in Teuto is accounted for under the equity method due to the significant influence we have over the operations of Teuto through our board representation, minority veto rights and 40% voting interest.

- In 2013, we recorded a loss of $223 million related to the net call/put option and an impairment loss of $32 million related to our equity method investment, both of which were recorded in *Other (income)/deductions — net* .
- In 2012, we made a performance-based milestone payment to Teuto of $91.5 million , which was recorded as an additional investment in Teuto.

Note 3. Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives

We incur significant costs in connection with acquiring, integrating and restructuring businesses and in connection with our global cost-reduction/productivity initiatives. For example:

- In connection with acquisition activity, we typically incur costs associated with executing the transactions, integrating the acquired operations (which may include expenditures for consulting and the integration of systems and processes), and restructuring the combined company (which may include charges related to employees, assets and activities that will not continue in the combined company); and
- In connection with our cost-reduction/productivity initiatives, we typically incur costs and charges associated with site closings and other facility rationalization actions, workforce reductions and the expansion of shared services, including the development of global systems.

All of our businesses and functions may be impacted by these actions, including sales and marketing, manufacturing and research and development, as well as groups such as information technology, shared services and corporate operations. Since the acquisition of Wyeth on October 15, 2009, our cost-reduction initiatives announced on January 26, 2009, but not completed as of December 31, 2009, were incorporated into a comprehensive plan to integrate Wyeth's operations to generate cost savings and to capture synergies across the combined company. In addition, among our cost reduction/productivity initiatives, on February 1, 2011, we announced a new productivity initiative to accelerate our strategies to improve innovation and productivity in R&D.

The following table provides the components of costs associated with acquisitions and cost-reduction/productivity initiatives:

	Year Ended December 31,		
(MILLIONS OF DOLLARS)	**2013**	2012	2011
Restructuring charges [a]:			
Employee terminations	**$ 805**	$ 953	$ 1,741
Asset impairments	**165**	325	255
Exit costs	**68**	150	122
Total restructuring charges	**1,038**	1,428	2,118
Transaction costs [b]	**—**	1	30
Integration costs [c]	**144**	381	693
Restructuring charges and certain acquisition-related costs	**1,182**	1,810	2,841
Additional depreciation—asset restructuring recorded in our consolidated statements of income as follows [d]:			
Cost of sales	**178**	257	550
Selling, informational and administrative expenses	**19**	20	72
Research and development expenses	**94**	296	606
Total additional depreciation—asset restructuring	**291**	573	1,228
Implementation costs recorded in our consolidated statements of income as follows [e]:			
Cost of sales	**53**	31	250
Selling, informational and administrative expenses	**145**	130	25
Research and development expenses	**33**	231	71
Total implementation costs	**231**	392	346
Total costs associated with acquisitions and cost-reduction/productivity initiatives	**$ 1,704**	$ 2,775	$ 4,415

[a] From the beginning of our cost-reduction/productivity initiatives in 2005 through December 31, 2013 , *Employee terminations* represent the expected reduction of the workforce by approximately 65,100 employees, mainly in manufacturing, sales and research, of which approximately 56,500 employees have been terminated as of December 31, 2013 . In 2013 , substantially all employee termination costs represent additional costs with respect to approximately 2,900 employees.

The restructuring charges in 2013 are associated with the following:

- Primary Care operating segment ($255 million), Specialty Care and Oncology operating segment ($138 million), Established Products and Emerging Markets operating segment ($98 million), Consumer Healthcare operating segment ($5 million), research and development operations ($13 million), manufacturing operations ($356 million) and Corporate ($173 million).

The restructuring charges in 2012 are associated with the following:

- Primary Care operating segment ($295 million), Specialty Care and Oncology operating segment ($174 million), Established Products and Emerging Markets operating segment ($125 million), Consumer Healthcare operating segment ($46 million), research and development operations ($6 million income), manufacturing operations ($281 million) and Corporate ($513 million).

The restructuring charges in 2011 are associated with the following:

- Primary Care operating segment ($593 million), Specialty Care and Oncology operating segment ($220 million), Established Products and Emerging Markets operating segment ($110 million), Consumer Healthcare operating segment ($8 million), research and development operations ($490 million), manufacturing operations ($277 million) and Corporate ($420 million).

(b) Transaction costs represent external costs directly related to acquired businesses and primarily include expenditures for banking, legal, accounting and other similar services.

(c) Integration costs represent external, incremental costs directly related to integrating acquired businesses, and primarily include expenditures for consulting and the integration of systems and processes.

(d) Additional depreciation—asset restructuring represents the impact of changes in the estimated useful lives of assets involved in restructuring actions.

(e) Implementation costs represent external, incremental costs directly related to implementing our non-acquisition-related cost-reduction/productivity initiatives.

The following table provides the components of and changes in our restructuring accruals:

(MILLIONS OF DOLLARS)	Employee Termination Costs	Asset Impairment Charges	Exit Costs	Accrual
Balance, January 1, 2012	$ 2,429	$ —	$ 92	$ 2,521
Provision	953	325	150	1,428
Utilization and other [a]	(1,648)	(325)	(90)	(2,063)
Balance, December 31, 2012 [b]	1,734	—	152	1,886
Provision	**805**	**165**	**68**	**1,038**
Utilization and other [a]	**(854)**	**(165)**	**(126)**	**(1,145)**
Balance, December 31, 2013 [c]	**$ 1,685**	**$ —**	**$ 94**	**$ 1,779**

(a) Includes adjustments for foreign currency translation.

(b) Included in *Other current liabilities* ($1.2 billion) and *Other noncurrent liabilities* ($720 million).

(c) Included in *Other current liabilities* ($1.0 billion) and *Other noncurrent liabilities* ($767 million).

Total restructuring charges incurred from the beginning of our cost-reduction/productivity initiatives in 2005 through December 31, 2013 were $16.3 billion .

The asset impairment charges included in restructuring charges for 2013 are based on an estimate of fair value, which was determined to be lower than the carrying value of the assets prior to the impairment charge.

The following table provides additional information about the long-lived assets that were impaired during 2013 in *Restructuring charges and certain acquisition-related costs:*

	Fair Value [a]				Year Ended December 31, 2013
(MILLIONS OF DOLLARS)	Amount	Level 1	Level 2	Level 3	Impairment
Assets held for sale [b]	**$ 116**	**$ —**	**$ 116**	**$ —**	**$ 47**
Assets abandoned/demolished	**—**	**—**	**—**	**—**	**118**
Long-lived assets	**$ 116**	**$ —**	**$ 116**	**$ —**	**$ 165**

(a) The fair value amount is presented as of the date of impairment, as these assets are not measured at fair value on a recurring basis. See also *Note 1E. Basis of Presentation and Significant Accounting Policies: Fair Value* .

(b) Reflects property, plant and equipment and other long-lived held-for-sale assets written down to their fair value, less costs to sell of $4 million (a net of $112 million) in 2013 . Fair value was determined primarily using a market approach, with various inputs, such as recent sales transactions.

Note 4. Other (Income)/Deductions—Net

The following table provides components of *Other (income)/deductions—net* :

	Year Ended December 31,		
(MILLIONS OF DOLLARS)	**2013**	2012	2011
Interest income [a]	**$ (403)**	$ (382)	$ (456)
Interest expense [a]	**1,414**	1,522	1,681
Net interest expense	**1,011**	1,140	1,225
Royalty-related income [b]	**(523)**	(451)	(543)
Patent litigation settlement income [c]	**(1,342)**	—	—
Other legal matters, net [d]	**35**	2,220	784
Gain associated with the transfer of certain product rights to an equity-method investment [e]	**(459)**	—	—
Net gains on asset disposals [f]	**(320)**	(52)	(40)
Certain asset impairments and related charges [g]	**1,101**	890	885
Costs associated with the Zoetis IPO [h]	**18**	125	33
Other, net	**(53)**	150	142
Other (income)/deductions—net	**$ (532)**	$ 4,022	$ 2,486

[a] 2013 v. 2012 — Interest income increased due to higher investment balances. Interest expense decreased due to lower outstanding debt, refinancings at lower rates, and the benefit of the effective conversion of some fixed-rate liabilities to floating-rate liabilities. 2012 v. 2011 — Interest income decreased due to lower average cash balances and lower interest rates earned on investments. Interest expense decreased due to lower debt balances and the effective conversion of some fixed-rate liabilities to floating-rate liabilities. Capitalized interest expense totaled $ 32 million in 2013 , $ 41 million in 2012 and $ 50 million in 2011 .

[b] Royalty-related income increased in 2013 due to royalties earned on sales of Enbrel in the U.S. and Canada after October 31, 2013. On that date, our co-promotion agreement for Enbrel in the U.S. and Canada expired, and we became entitled to royalties for a 36-month period. In 2012, the decrease primarily reflects the expiration of certain royalty agreements.

[c] In 2013, reflects income from a litigation settlement with Teva Pharmaceutical Industries Ltd. (Teva) and Sun Pharmaceutical Industries Ltd. (Sun) for patent-infringement damages resulting from their "at-risk" launches of generic Protonix in the U.S. As of December 31, 2013, the remaining receivables from Teva are included in *Other current assets* ($512 million). For additional information, see *Note 17A5. Commitments and Contingencies: Legal Proceedings—Certain Matters Resolved During 2013.*

[d] In 2012 , primarily includes a $ 491 million charge relating to the resolution of an investigation by the U.S. Department of Justice into Wyeth's historical promotional practices in connection with Rapamune, a $450 million settlement of a lawsuit by Brigham Young University related to Celebrex, and charges related to hormone-replacement therapy litigation and Chantix litigation. In 2011 , primarily includes charges related to hormone-replacement therapy litigation. For additional information, see *Note 17. Commitments and Contingencies.*

[e] In 2013, represents the gain associated with the transfer of certain product rights to Hisun Pfizer, our equity-method investment in China. For additional information, see *Note 2D. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Equity-Method Investments.*

[f] Net gains include realized gains and losses on sales of available-for-sale securities. Gross realized gains were $ 529 million in 2013 , $ 214 million in 2012 and $ 907 million in 2011 . Gross realized losses were $ 310 million in 2013 , $ 535 million in 2012 and $ 603 million in 2011 . Proceeds, primarily from the sale of available-for-sale securities, were $ 15.2 billion in 2013 , $ 19.0 billion in 2012 and $ 10.2 billion in 2011 . Also included are the net gains and losses from derivative financial instruments used to hedge the foreign exchange component of the divested available-for-sale securities in the amounts of $137 million loss in 2013, $351 million gain in 2012 and $264 million loss in 2011. In 2013, also includes a gain of $125 million on the sale of a portion of our in-licensed generic sterile injectibles portfolio.

[g] In 2013, includes intangible asset impairment charges of $803 million , reflecting (i) $394 million of developed technology rights (for use in the development of bone and cartilage) acquired in connection with our acquisition of Wyeth, (ii) $227 million related to IPR&D compounds; (iii) $109 million of indefinite-lived brands, primarily related to our biopharmaceutical indefinite-lived brand; Xanax/Xanax XR; and (iv) $73 million of other finite-lived intangible assets, related to platform technology, that no longer have an alternative future use. The intangible asset impairment charges for 2013 reflect, among other things, updated commercial forecasts and, with regard to IPR&D, also reflect the impact of new scientific findings and delayed launch dates. The intangible asset impairment charges for 2013 are associated with the following: Specialty Care ($394 million); Established Products ($201 million); Worldwide Research and Development ($140 million); Primary Care ($54 million); and Consumer Healthcare ($14 million). In addition, 2013 includes a loss of $223 million related to an option to acquire the remaining interest in Teuto, a 40% -owned generics company in Brazil (an equity-method investment), an impairment charge of approximately $43 million for certain private company investments and an impairment charge of $32 million related to the aforementioned equity-method investment in Brazil, Teuto.

In 2012 , includes intangible asset impairment charges of $835 million , reflecting (i) $393 million of IPR&D assets, primarily related to compounds that targeted autoimmune and inflammatory diseases (full write-off) and, to a lesser extent, compounds related to pain treatment; (ii) $175 million related to our Consumer Healthcare indefinite-lived brand assets, primarily Robitussin, a cough suppressant; (iii) $242 million related to developed technology rights, a charge composed of impairments of various products, none of which individually exceeded $45 million ; and (iv) $25 million of finite-lived brands. The intangible asset impairment charges for 2012 reflect, among other things, the impact of new scientific findings, updated commercial forecasts, changes in pricing, an increased competitive environment and litigation uncertainties regarding intellectual property. The impairment charges in 2012 are associated with the following: Worldwide Research and Development ($303 million); Consumer Healthcare ($200 million); Primary Care ($137 million); Established Products ($83 million); Specialty Care ($56 million) and Emerging Markets ($56 million). In addition, in 2012 , also includes charges of approximately $55 million for certain investments. These investment impairment charges reflect the difficult global economic environment.

In 2011 , includes intangible asset impairment charges of $834 million , the majority of which relates to intangible assets that were acquired as part of our acquisition of Wyeth. These impairment charges reflect (i) $458 million of IPR&D assets, primarily related to two compounds for the treatment of certain autoimmune and inflammatory diseases; (ii) $193 million related to our biopharmaceutical indefinite-lived brand, Xanax/Xanax XR; and (iii) $183 million related to developed technology rights comprising the impairment of five assets. The intangible asset impairment charges for 2011 reflect, among other things, the impact of new scientific findings and an increased competitive environment. The impairment charges in 2011 are associated with the following: Worldwide Research and Development ($394 million); Established Products ($193 million); Specialty Care ($135 million); Primary Care ($56 million) and Oncology ($56 million). In addition, in 2011 , also includes charges of approximately $51 million for certain investments. These investment impairment charges reflect the difficult global economic environment.

[h] Costs incurred in connection with the IPO of an approximate 19.8% ownership interest in Zoetis. Includes expenditures for banking, legal, accounting and similar services. For additional information, see *Note 2B. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Divestitures.*

The asset impairment charges included in *Other (income)/deductions—net* in 2013 primarily relate to identifiable intangible assets and are based on estimates of fair value.

The following table provides additional information about the intangible assets that were impaired during 2013 in *Other (income)/deductions—net* :

	Fair Value [a]				Year Ended December 31, 2013
(MILLIONS OF DOLLARS)	Amount	Level 1	Level 2	Level 3	Impairment
Intangible assets—Developed technology rights [b]	**$ 564**	**$ —**	**$ —**	**$ 564**	**$ 394**
Intangible assets—Indefinite-lived Brands [b]	**1,499**	**—**	**—**	**1,499**	**109**
Intangible assets—IPR&D [b]	**218**	**—**	**—**	**218**	**227**
Intangible assets—Other	**—**	**—**	**—**	**—**	**73**
Total	**$ 2,281**	**$ —**	**$ —**	**$ 2,281**	**$ 803**

[a] The fair value amount is presented as of the date of impairment, as these assets are not measured at fair value on a recurring basis. See also *Note 1E. Basis of Presentation and Significant Accounting Policies: Fair Value* .

[b] Reflects intangible assets written down to their fair value in 2013. Fair value was determined using the income approach, specifically the multi-period excess earnings method, also known as the discounted cash flow method. We started with a forecast of all the expected net cash flows associated with the asset and then we applied an asset-specific discount rate to arrive at a net present value amount. Some of the more significant estimates and assumptions inherent in this approach include: the amount and timing of the projected net cash flows, which includes the expected impact of competitive, legal and/or regulatory forces on the product and the impact of technological risk associated with IPR&D assets; the discount rate, which seeks to reflect the various risks inherent in the projected cash flows; and the tax rate, which seeks to incorporate the geographic diversity of the projected cash flows.

Note 5. Tax Matters

A. Taxes on Income from Continuing Operations

The following table provides the components of *Income from continuing operations before provision for taxes on income* :

	Year Ended December 31,		
(MILLIONS OF DOLLARS)	**2013**	2012	2011
United States	**$ (1,678)**	$ (5,148)	$ (2,655)
International	**17,394**	16,390	14,136
Income from continuing operations before provision for taxes on income [a], [b]	**$ 15,716**	$ 11,242	$ 11,481

[a] 2013 v. 2012 — The decrease in the domestic loss was primarily due to income from a litigation settlement in the second quarter of 2013 with Teva and Sun for patent-infringement damages resulting from their "at-risk" launches of generic Protonix in the U.S., lower charges related to other legal matters, lower restructuring charges and other costs associated with acquisitions and cost-reduction/productivity initiatives, partially offset by lower revenues. The increase in international income is primarily related to the gain associated with the transfer of certain product rights to Pfizer's equity-method investment in China (Hisun Pfizer) in 2013, lower charges related to other legal matters, lower restructuring charges and other costs associated with acquisitions and cost-reduction/productivity Initiatives and lower amortization of intangible assets, partially offset by lower revenues and higher asset impairments and related charges. For additional information about the litigation settlement with Teva and Sun, see *Note 17A5. Commitments and Contingencies: Legal Proceedings—Certain Matters Resolved During 2013.* For additional information about Hisun Pfizer, see *Note 2D. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Equity-Method Investments.*

[b] 2012 v. 2011 — The increase in the domestic loss was primarily due to the reduction in revenues resulting from the loss of exclusivity of Lipitor, Geodon and certain other biopharmaceutical products; certain legal settlements and related charges, primarily associated with Rapamune, Celebrex, hormone-replacement therapy and Chantix; higher costs associated with the separation of Zoetis; and the payment to AstraZeneca to obtain the exclusive global OTC rights to Nexium, partially offset by lower acquisition-related costs. The increase in international income was due to lower amortization of intangible assets and charges resulting from fair value adjustments to inventory sold during the period, lower restructuring charges and other costs associated with acquisitions and cost-reduction/productivity initiatives, partially offset by the reduction in revenues resulting from the loss of exclusivity of Lipitor, Geodon and certain other biopharmaceutical products.

The following table provides the components of *Provision for taxes on income* based on the location of the taxing authorities:

(MILLIONS OF DOLLARS)	Year Ended December 31, 2013	2012	2011
United States			
Current income taxes:			
Federal	**$ 142**	$ (941)	$ 1,162
State and local	**(106)**	(54)	177
Deferred income taxes:			
Federal	**2,124**	869	380
State and local	**(33)**	(339)	(232)
Total U.S. tax provision/(benefit)	**2,127**	(465)	1,487
International			
Current income taxes	**2,544**	2,430	2,046
Deferred income taxes	**(365)**	256	88
Total international tax provision	**2,179**	2,686	2,134
Provision for taxes on income	**$ 4,306**	$ 2,221	$ 3,621

In 2013 , the *Provision for taxes on income* was impacted by the following:

- U.S. tax expense of approximately $2.3 billion as a result of providing U.S. deferred income taxes on certain funds earned outside the U.S. that will not be indefinitely reinvested overseas, virtually all of which were earned in the current year (see *Note 5C. Tax Matters: Deferred Taxes*);
- U.S. tax benefits of approximately $430 million , representing tax and interest, resulting from a multi-year settlement with the U.S. Internal Revenue Service (IRS) with respect to audits of the Wyeth tax returns for the years 2006 through date of acquisition, and international tax benefits of approximately $470 million , representing tax and interest, resulting from the resolution of certain tax positions pertaining to prior years with various foreign tax authorities, and from the expiration of certain statutes of limitations;
- The unfavorable tax rate associated with the $1.3 billion of patent litigation settlement income;
- The non-deductibility of the $292 million of goodwill derecognized and the jurisdictional mix of the other intangible assets divested as part of the transfer of certain product rights to our equity-method investment in China;
- The non-deductibility of the $223 million loss on an option to acquire the remaining interest in Teuto, a 40% -owned generics company in Brazil, since we expect to retain the investment indefinitely, and the non-deductibility of a $32 million impairment charge related to our equity-method investment in Teuto;
- The extension of the U.S. R&D tax credit (resulting in the full-year benefit of the 2012 and 2013 U.S. R&D tax credit being recorded in 2013); and
- The non-deductibility of a $280 million fee payable to the federal government as a result of the U.S. Healthcare Legislation.

In 2012 , the *Provision for taxes on income* was impacted by the following:

- U.S. tax expense of approximately $2.2 billion as a result of providing U.S. deferred income taxes on certain current-year funds earned outside the U.S. that will not be indefinitely reinvested overseas (see *Note 5C. Tax Matters: Deferred Taxes*);
- U.S. tax benefits of approximately $1.1 billion , representing tax and interest, resulting from a multi-year settlement with the IRS with respect to audits of the Pfizer Inc. tax returns for the years 2006 through 2008, and international tax benefits of approximately $310 million , representing tax and interest, resulting from the resolution of certain tax positions pertaining to prior years with various foreign tax authorities, and from the expiration of certain statutes of limitations;
- The non-deductibility of a $336 million fee payable to the federal government as a result of the U.S. Healthcare Legislation;
- The non-deductibility of the $491 million legal charge associated with Rapamune litigation (see also *Note 4. Other (Income)/Deductions — Net*); and
- The expiration of the U.S. R&D tax credit on December 31, 2011.

In 2011 , the *Provision for taxes on income* was impacted by the following:

- U.S. tax expense of approximately $2.1 billion as a result of providing U.S. deferred income taxes on certain current-year funds earned outside the U.S. that will not be indefinitely reinvested overseas (see *Note 5C. Tax Matters: Deferred Taxes*);
- International tax benefits of approximately $267 million , representing tax and interest, resulting from the resolution of certain prior-period tax positions with various foreign tax authorities and from the expiration of certain statutes of limitations, and U.S. tax benefits of approximately $80 million , representing tax and interest, resulting from the settlement of certain audits with the IRS; and
- The non-deductibility of a $248 million fee payable to the federal government as a result of the U.S. Healthcare Legislation.

In all years, federal, state and international net tax liabilities assumed or established as part of a business acquisition are not included in *Provision for taxes on income* (see *Note 2A. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Acquisitions*).

B. Tax Rate Reconciliation

The reconciliation of the U.S. statutory income tax rate to our effective tax rate for *Income from continuing operations* follows:

	Year Ended December 31,		
	2013	2012	2011
U.S. statutory income tax rate	**35.0 %**	35.0 %	35.0 %
Taxation of non-U.S. operations [a], [b], [c]	**(2.5)**	(3.5)	(2.2)
Tax settlements and resolution of certain tax positions [d]	**(5.7)**	(12.8)	(3.0)
U.S. Healthcare Legislation [d]	**0.6**	1.0	0.8
U.S. R&D tax credit and manufacturing deduction [d]	**(0.8)**	(0.3)	(0.9)
Certain legal settlements and charges [d]	**(0.2)**	1.5	—
Sales of biopharmaceutical companies	**—**	—	0.2
All other—net	**1.0**	(1.1)	1.6
Effective tax rate for income from continuing operations	**27.4 %**	19.8 %	31.5 %

[a] For taxation of non-U.S. operations, this rate impact reflects the income tax rates and relative earnings in the locations where we do business outside the U.S., together with the cost of repatriation decisions, as well as changes in uncertain tax positions not included in the reconciling item called "Tax settlements and resolution of certain tax positions". Specifically: (i) the jurisdictional location of earnings is a significant component of our effective tax rate each year as tax rates outside the U.S. are generally lower than the U.S. statutory income tax rate, and the rate impact of this component is influenced by the specific location of non-U.S. earnings and the level of such earnings as compared to our total earnings; (ii) the cost of repatriation decisions, and other U.S. tax implications of our foreign operations, is a significant component of our effective tax rate each year and generally offsets some of the reduction to our effective tax rate each year resulting from the jurisdictional location of earnings; and (iii) the impact of changes in uncertain tax positions not included in the reconciling item called "Tax settlements and resolution of certain tax positions" is a component of our effective tax rate each year that can result in either an increase or decrease to our effective tax rate. The jurisdictional mix of earnings, which includes the impact of the location of earnings as well as repatriation costs, can vary as a result of the repatriation decisions, as a result of operating fluctuations in the normal course of business and as a result of the extent and location of other income and expense items, such as restructuring charges, asset impairments and gains and losses on strategic business decisions. See also *Note 5A. Tax Matters: Taxes on Income from Continuing Operations* for the components of pre-tax income and *Provision for taxes on income,* which is based on the location of the taxing authorities, and for information about settlements and other items impacting *Provision for taxes on income* .

[b] In all periods presented, the reduction in our effective tax rate resulting from the jurisdictional location of earnings is largely due to generally lower tax rates, as well as manufacturing and other incentives associated with our subsidiaries in Puerto Rico and Singapore. We benefit from a Puerto Rican incentive grant that expires in 2029. Under the grant, we are partially exempt from income, property and municipal taxes. In Singapore, we benefit from incentive tax rates effective through 2031 on income from manufacturing and other operations.

[c] The rate impact in 2013 also includes the non-deductibility of the goodwill derecognized and the jurisdictional mix of the other intangible assets divested as part of the transfer of certain product rights to our equity-method investment in China, and the non-deductibility of the loss on an option to acquire the remaining interest in Teuto, a 40%-owned generics company in Brazil, since we expect to retain the investment indefinitely, and the non-deductibility of an impairment charge related to our equity-method investment in Teuto. For additional information, see *Note 2D. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Equity-Method Investments.*

[d] For a discussion about tax settlements and resolution of certain tax positions, the impact of U.S. Healthcare Legislation, the U.S. R&D tax credit and the impact of certain legal settlements and charges, see *Note 5A. Tax Matters: Taxes on Income from Continuing Operations* . The extension of the U.S. R&D tax credit in January 2013 resulted in the full-year benefit of the 2012 and 2013 U.S. R&D tax credit being recorded in 2013.

C. Deferred Taxes

Deferred taxes arise as a result of basis differentials between financial statement accounting and tax amounts.

The components of our deferred tax assets and liabilities, shown before jurisdictional netting, follow:

	2013 Deferred Tax		2012 Deferred Tax	
(MILLIONS OF DOLLARS)	**Assets**	**(Liabilities)**	Assets	(Liabilities)
Prepaid/deferred items	**$ 1,668**	**$ (134)**	$ 1,762	$ (113)
Inventories	**277**	**(216)**	315	(195)
Intangible assets	**1,137**	**(9,647)**	1,602	(12,585)
Property, plant and equipment	**376**	**(1,916)**	480	(1,307)
Employee benefits	**3,154**	**(77)**	4,890	(391)
Restructurings and other charges	**453**	**(396)**	734	(329)
Legal and product liability reserves	**904**	**—**	1,909	—
Net operating loss/credit carryforwards [(a)]	**2,043**	**—**	3,664	—
Unremitted earnings [(b)]	**—**	**(19,399)**	—	(17,077)
State and local tax adjustments	**297**	**—**	385	—
All other	**249**	**(448)**	722	(496)
	10,558	**(32,233)**	16,463	(32,493)
Valuation allowances	**(1,288)**	**—**	(1,033)	—
Total deferred taxes	**$ 9,270**	**$ (32,233)**	$ 15,430	$ (32,493)
Net deferred tax liability [(c), (d)]		**$ (22,963)**		$ (17,063)

[(a)] The amount in 2013 is shown after reduction for unrecognized tax benefits of $2.3 billion , where we have net operating loss carryforwards, similar tax losses, and/or tax credit carryforwards that are available, under the tax law of the applicable jurisdiction, to settle any additional income taxes that would result from the disallowance of a tax position. For additional information, see "Adoption of New Accounting Standard" in *Note 5D. Tax Matters: Tax Contingencies.*

[(b)] The increase in 2013 reflects additional accruals for certain funds earned outside the U.S. that will not be indefinitely reinvested overseas, virtually all of which were earned in the current year. For additional information, see *Note 5A. Tax Matters: Taxes on Income from Continuing Operations.*

[(c)] 2013 v. 2012 — The net deferred tax liability position increased, reflecting an increase in noncurrent deferred tax liabilities related to unremitted earnings, as well as a decrease in deferred tax assets related to net operating loss and credit carryforwards as a result of the adoption of a new accounting standard, a decrease in current deferred tax assets related to product liability reserves due to settlements, and the decrease in noncurrent deferred tax assets related to employee benefits, partially offset by the reduction in noncurrent deferred tax liabilities resulting from the amortization of identifiable intangible assets. For additional information, see *Note 5D. Tax Matters: Tax Contingencies.*

[(d)] In 2013 , included in *Current deferred tax assets and other current tax assets* ($2.1 billion), *Noncurrent deferred tax assets and other noncurrent tax assets* ($569 million), *Other current liabilities* ($52 million) and *Noncurrent deferred tax liabilities* ($25.6 billion). In 2012 , included in *Current deferred tax assets and other current tax assets* ($3.5 billion), *Noncurrent deferred tax assets and other noncurrent tax assets* ($611 million) and *Noncurrent deferred tax liabilities* ($21.2 billion).

We have carryforwards, primarily related to foreign tax credits, net operating and capital losses and charitable contributions, which are available to reduce future U.S. federal and state, as well as international, income taxes payable with either an indefinite life or expiring at various times from 2014 to 2033. Certain of our U.S. net operating losses are subject to limitations under Internal Revenue Code Section 382.

Valuation allowances are provided when we believe that our deferred tax assets are not recoverable based on an assessment of estimated future taxable income that incorporates ongoing, prudent and feasible tax planning strategies, that would be implemented, if necessary, to realize the deferred tax assets.

As of December 31, 2013 , we have not made a U.S. tax provision on approximately $69.0 billion of unremitted earnings of our international subsidiaries. As these earnings are intended to be indefinitely reinvested overseas, the determination of a hypothetical unrecognized deferred tax liability as of December 31, 2013 , is not practicable.

D. Tax Contingencies

We are subject to income tax in many jurisdictions, and a certain degree of estimation is required in recording the assets and liabilities related to income taxes. All of our tax positions are subject to audit by the local taxing authorities in each tax jurisdiction. These tax audits can involve complex issues, interpretations and judgments and the resolution of matters may span multiple years, particularly if subject to negotiation or litigation. Our assessments are based on estimates and assumptions that have been deemed reasonable by management, but our estimates of unrecognized tax benefits and potential tax benefits may not be representative of actual outcomes, and variation from such estimates could materially affect our financial statements in the period of settlement or when the statutes of limitations expire, as we treat these events as discrete items in the period of resolution.

For a description of our accounting policies associated with accounting for income tax contingencies, see *Note 1O. Basis of Presentation and Significant Accounting Policies: Deferred Tax Assets and Liabilities and Income Tax Contingencies.* For a description of the risks associated with estimates and assumptions, see *Note 1C. Basis of Presentation and Significant Accounting Policies: Estimates and Assumptions.*

Adoption of New Accounting Standard

On December 31, 2013, we changed the presentation of certain unrecognized tax benefits, where we have net operating loss carryforwards, similar tax losses, and/or tax credit carryforwards that are available, under the tax law of the applicable jurisdiction, to settle any additional income taxes that would result from the disallowance of the tax position. Those unrecognized tax benefits are now presented as a reduction of the deferred tax assets for such net operating loss/tax credit carryforwards. The impact of the change in presentation is that certain amounts previously reported in *Other taxes payable,* approximately $2.3 billion as of December 31, 2013, have been reclassified; virtually all are now reported in *Noncurrent deferred tax liabilities.* The adoption impacted *Noncurrent deferred tax liabilities* as our noncurrent deferred tax assets for the net operating loss carryforwards, similar tax losses and/or tax credit carryforwards have been netted against the noncurrent deferred tax liabilities of the same tax jurisdiction.

Uncertain Tax Positions

As tax law is complex and often subject to varied interpretations, it is uncertain whether some of our tax positions will be sustained upon audit. As of December 31, 2013 and 2012 , we had approximately $4.4 billion and $5.0 billion , respectively, in net unrecognized tax benefits, excluding associated interest.

- Tax assets associated with uncertain tax positions primarily represent our estimate of the potential tax benefits in one tax jurisdiction that could result from the payment of income taxes in another tax jurisdiction. These potential benefits generally result from cooperative efforts among taxing authorities, as required by tax treaties to minimize double taxation, commonly referred to as the competent authority process and from foreign tax credits that would be generated upon settlement of an uncertain tax position. The recoverability of these assets, which we believe to be more likely than not, is dependent upon the actual payment of taxes in one tax jurisdiction and, in some cases, the successful petition for recovery in another tax jurisdiction. As of December 31, 2013 and 2012, we had approximately $1.7 billion and $1.3 billion , respectively, in assets associated with uncertain tax positions. In 2013, these amounts were included in *Noncurrent deferred tax assets and other noncurrent tax assets* ($926 million) and *Noncurrent deferred tax liabilities* ($766 million). In 2012, these amounts were included in *Noncurrent deferred tax assets and other noncurrent tax assets* ($887 million) and *Noncurrent deferred tax liabilities* ($446 million).
- Tax liabilities associated with uncertain tax positions represent unrecognized tax benefits, which arise when the estimated benefit recorded in our financial statements differs from the amounts taken or expected to be taken in a tax return because of the uncertainties described above. These unrecognized tax benefits relate primarily to issues common among multinational corporations. Substantially all of these unrecognized tax benefits, if recognized, would impact our effective income tax rate.

The reconciliation of the beginning and ending amounts of gross unrecognized tax benefits follows:

(MILLIONS OF DOLLARS)	**2013**	2012	2011
Balance, beginning	**$ (6,315)**	$ (7,309)	$ (6,759)
Acquisitions [a]	**—**	—	(72)
Divestitures [b]	**29**	85	—
Increases based on tax positions taken during a prior period [c]	**(205)**	(139)	(502)
Decreases based on tax positions taken during a prior period [c], [d]	**876**	1,442	271
Decreases based on settlements for a prior period [e]	**571**	647	575
Increases based on tax positions taken during the current period [c]	**(1,178)**	(1,125)	(855)
Impact of foreign exchange	**38**	78	(89)
Other, net [c], [f]	**97**	6	122
Balance, ending [g]	**$ (6,087)**	$ (6,315)	$ (7,309)

[a] The amount in 2011 primarily relates to the acquisition of King. See also *Note 2A. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Acquisitions.*

[b] Primarily relates to the sales of our Nutrition and Animal Health (Zoetis) businesses. See also *Note 2B. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Divestitures.*

[c] Primarily included in *Provision for taxes on income.*

[d] Primarily related to effectively settling certain issues with the U.S. and foreign tax authorities. See also *Note 5A. Tax Matters: Taxes on Income from Continuing Operations.*

[e] Primarily related to cash payments.

[f] Includes decreases as a result of a lapse of applicable statutes of limitations.

[g] In 2013, included in *Income taxes payable* ($51 million), *Current deferred tax assets and other current tax assets* ($63 million), *Noncurrent deferred tax assets and other noncurrent tax assets* ($241 million), *Noncurrent deferred tax liabilities* ($2.3 billion) and *Other taxes payable* ($3.4 billion). In 2012, included in *Income taxes payable* ($36 million), *Current deferred tax assets and other current tax assets* ($30 million), *Noncurrent deferred tax assets and other noncurrent tax assets* ($169 million), *Noncurrent deferred tax liabilities* ($231 million) and *Other taxes payable* ($5.8 billion).

- Interest related to our unrecognized tax benefits is recorded in accordance with the laws of each jurisdiction and is recorded in *Provision for taxes on income* in our consolidated statements of income. In 2013 , we recorded net interest income of $16 million primarily as a result of settling certain issues with the U.S. and various foreign tax authorities; in 2012 , we recorded net interest income of $120 million primarily as a result of settling certain issues with the U.S. and various foreign tax authorities; and in 2011 , we recorded net interest expense of $203 million . Gross accrued interest totaled $621 million as of December 31, 2013 (reflecting a decrease of approximately $120 million as a result of cash payments) and $766 million as of December 31, 2012 (reflecting a decrease of approximately $63 million as a result of cash payments). In 2013 , these amounts were included in *Income taxes payable* ($14 million) and *Current deferred tax assets and other current tax assets* ($12 million) and *Other taxes payable* ($595 million). In 2012 , these amounts were included in *Current deferred tax assets and*

other current tax assets ($14 million) and *Other taxes payable* ($752 million). Accrued penalties are not significant. See also *Note 5A. Tax Matters: Taxes on Income from Continuing Operations.*

Status of Tax Audits and Potential Impact on Accruals for Uncertain Tax Positions

The United States is one of our major tax jurisdictions, and we are regularly audited by the IRS:

- With respect to Pfizer Inc., tax years 2009-2010 are currently under audit. Tax years 2011-2013 are open, but not under audit. All other tax years are closed.
- With respect to Wyeth, the audit for tax years 2006 through the Wyeth acquisition date (October 15, 2009) has been effectively settled in 2013. All other tax years are closed.
- With respect to King, the audit for tax years 2009 and 2010 has been effectively settled in 2013. The tax year January 1, 2011 through the date of acquisition (January 31, 2011) is open, but not under audit. All other tax years are closed. The open tax year for King is not material to Pfizer Inc.

In addition to the open audit years in the U.S., we have open audit years in other major tax jurisdictions, such as Canada (2001-2013), Japan (2013), Europe (2007-2013, primarily reflecting Ireland, the United Kingdom, France, Italy, Spain and Germany), Latin America (1998-2013, primarily reflecting Brazil and Mexico) and Puerto Rico (2008-2013).

Any settlements or statutes of limitations expirations could result in a significant decrease in our uncertain tax positions. We estimate that it is reasonably possible that within the next twelve months, our gross unrecognized tax benefits, exclusive of interest, could decrease by as much as $300 million , as a result of settlements with taxing authorities or the expiration of the statutes of limitations. Our assessments are based on estimates and assumptions that have been deemed reasonable by management, but our estimates of unrecognized tax benefits and potential tax benefits may not be representative of actual outcomes, and variation from such estimates could materially affect our financial statements in the period of settlement or when the statutes of limitations expire, as we treat these events as discrete items in the period of resolution. Finalizing audits with the relevant taxing authorities can include formal administrative and legal proceedings, and, as a result, it is difficult to estimate the timing and range of possible changes related to our uncertain tax positions, and such changes could be significant.

E. Taxes on Items of Other Comprehensive Income/(Loss)

The following table provides the components of the tax provision/(benefit) on *Other comprehensive income/(loss)* :

	Year Ended December 31,		
(MILLIONS OF DOLLARS)	**2013**	2012	2011
Foreign currency translation adjustments [(a)]	**$ 111**	$ 110	$ (61)
Unrealized holding gains/(losses) on derivative financial instruments	**217**	251	(220)
Reclassification adjustments for realized (gains)/losses	**(63)**	(144)	135
	154	107	(85)
Unrealized holding gains/(losses) on available-for-sale securities	**57**	15	(4)
Reclassification adjustments for realized (gains)/losses	**(57)**	47	(38)
	—	62	(42)
Benefit plans: actuarial gains/(losses), net	**1,422**	(721)	(993)
Reclassification adjustments related to amortization	**205**	171	99
Reclassification adjustments related to settlements, net	**2**	105	118
Foreign currency translation adjustments and other	**2**	15	29
	1,631	(430)	(747)
Benefit plans: prior service credits and other	**56**	7	41
Reclassification adjustments related to amortization	**(23)**	(27)	(27)
Reclassification adjustments related to curtailments, net	**(1)**	(51)	(35)
Other	**—**	(3)	(3)
	32	(74)	(24)
Tax provision/(benefit) on other comprehensive income/(loss)	**$ 1,928**	$ (225)	$ (959)

[(a)] Taxes are not provided for foreign currency translation adjustments relating to investments in international subsidiaries that will be held indefinitely.

Note 6. Accumulated Other Comprehensive Loss, Excluding Noncontrolling Interests

The following table provides the changes, net of tax, in *Accumulated other comprehensive income/(loss)* :

	Net Unrealized Gain/(Losses)			Benefit Plans		
(MILLIONS OF DOLLARS)	Foreign Currency Translation Adjustments	Derivative Financial Instruments	Available-For-Sale Securities	Actuarial Gains/ (Losses)	Prior Service (Costs)/ Credits and Other	Accumulated Other Comprehensive Income/(Loss)
Balance, January 1, 2011	$ 169	$ (79)	$ 28	$ (3,947)	$ 389	$ (3,440)
Other comprehensive income/(loss) [a]	775	(104)	(160)	(1,173)	(27)	(689)
Balance, December 31, 2011	944	(183)	(132)	(5,120)	362	(4,129)
Other comprehensive income/(loss) [a]	(1,121)	22	368	(990)	(103)	(1,824)
Balance, December 31, 2012	(177)	(161)	236	(6,110)	259	(5,953)
Other comprehensive income/(loss) [a]	**(440)**	**240**	**(86)**	**2,887**	**54**	**2,655**
Sale of 19.8% of subsidiary through an IPO [b]	**27**	**—**	**—**	**—**	**—**	**27**
Balance, December 31, 2013	**$ (590)**	**$ 79**	**$ 150**	**$ (3,223)**	**$ 313**	**$ (3,271)**

[a] Amounts do not include foreign currency translation adjustments attributable to noncontrolling interests of $62 million loss in 2013 , $7 million loss in 2012 and $45 million loss in 2011 .
[b] Relates to Zoetis (our former Animal Health subsidiary). See *Note 2B. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Divestitures* .

As of December 31, 2013, we estimate that we will reclassify into 2014 income the following pre-tax amounts currently held in *Accumulated other comprehensive loss* : $48.0 million of unrealized holding losses on derivative financial instruments (expected to be offset by gains resulting from reclassification adjustments related to available-for-sale securities); $195 million of actuarial losses related to benefit plan obligations and plan assets and other benefit plan items; and $74 million of prior service credits, primarily related to benefit plan amendments.

Note 7. Financial Instruments

A. Selected Financial Assets and Liabilities

The following table provides additional information about certain of our financial assets and liabilities:

(MILLIONS OF DOLLARS)	As of December 31, 2013	2012
Selected financial assets measured at fair value on a recurring basis [a]		
Trading securities [b]	**$ 126**	$ 142
Available-for-sale debt securities [c]	**34,899**	32,584
Available-for-sale money market funds [d]	**945**	1,727
Available-for-sale equity securities, excluding money market funds [c]	**356**	263
Derivative financial instruments in receivable positions [e]:		
Interest rate swaps	**468**	1,036
Foreign currency swaps	**871**	194
Foreign currency forward-exchange contracts	**172**	152
	37,837	36,098
Other selected financial assets		
Held-to-maturity debt securities, carried at amortized cost [c], [f]	**9,139**	1,459
Private equity securities, carried at equity method or at cost [f], [g]	**2,270**	1,239
	11,409	2,698
Total selected financial assets	**$ 49,246**	$ 38,796
Financial liabilities measured at fair value on a recurring basis [a]		
Derivative financial instruments in a liability position [h]:		
Interest rate swaps	**$ 301**	$ 33
Foreign currency swaps	**110**	428
Foreign currency forward-exchange contracts	**219**	243
	630	704
Other financial liabilities [i]		
Short-term borrowings, carried at historical proceeds, as adjusted [f]	**6,027**	6,424
Long-term debt, carried at historical proceeds, as adjusted [j], [k]	**30,462**	31,036
	36,489	37,460
Total selected financial liabilities	**$ 37,119**	$ 38,164

[a] We use a market approach in valuing financial instruments on a recurring basis. For additional information, see *Note 1E. Basis of Presentation and Significant Accounting Policies: Fair Value* . All of our financial assets and liabilities measured at fair value on a recurring basis use Level 2 inputs in the calculation of fair value, except less than 1% that use Level 1 or Level 3 inputs.

[b] Trading securities are held in trust for legacy business acquisition severance benefits.

[c] Gross unrealized gains and losses are not significant.

[d] Includes $408 million as of December 31, 2012 of money market funds held in trust in connection with the asbestos litigation involving Quigley Company, Inc., (Quigley), then a wholly owned subsidiary. In the fourth quarter of 2013, the amended reorganization plan for Quigley became effective. For information about the disposition of the money market fund investment in connection with the amended reorganization plan for Quigley becoming effective, see *Note 17A5. Commitments and Contingencies: Certain Matters Resolved in 2013.*

[e] Designated as hedging instruments, except for certain contracts used as offsets; namely, interest rate swaps with fair values of $38 million , foreign currency swaps with fair values of $30 million and foreign currency forward-exchange contracts with fair values of $66 million as of December 31, 2013 ; and, foreign currency forward-exchange contracts with fair values of $102 million as of December 31, 2012 .

[f] The differences between the estimated fair values and carrying values of held-to-maturity debt securities, private equity securities at cost and short-term borrowings not measured at fair value on a recurring basis were not significant as of December 31, 2013 or December 31, 2012 . The fair value measurements of our held-to-maturity debt securities and our short-term borrowings are based on Level 2 inputs, using a market approach. The fair value measurements of our private equity securities at cost are based on Level 3 inputs.

[g] Our private equity securities represent investments in the life sciences sector. The increase in 2013 primarily reflects an increased investment in our equity-method investment in China. For additional information, see *Note 2D. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Equity-Method Investments.*

[h] Designated as hedging instruments, except for certain foreign currency contracts used as offsets; namely, foreign currency swaps with fair values of $76 million and foreign currency forward-exchange contracts with fair values of $77 million as of December 31, 2013 ; and foreign currency forward-exchange contracts with fair values of $141 million and foreign currency swaps with fair values of $129 million as of December 31, 2012 .

[i] Some carrying amounts may include adjustments for discount or premium amortization or for the effect of hedging the interest rate fair value risk associated with certain financial liabilities by interest rate swaps.

[j] Includes foreign currency debt with fair values of $651 million as of December 31, 2013 and $809 million as of December 31, 2012 , which are used as hedging instruments.

[k] The fair value of our long-term debt (not including the current portion of long-term debt) is $35.1 billion as of December 31, 2013 and $37.5 billion as of December 31, 2012 . The fair value measurements for our long-term debt are based on Level 2 inputs, using a market approach. Generally, the difference

between the fair value of our long-term debt and the amount reported on the consolidated balance sheet is due to a decline in relative market interest rates since the debt issuance.

A single estimate of fair value can result from a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. For a description of our general accounting policies associated with developing fair value estimates, see *Note 1E. Basis of Presentation and Significant Accounting Policies: Fair Value* . For a description of the risks associated with estimates and assumptions, see *Note 1C. Basis of Presentation and Significant Accounting Policies: Estimates and Assumptions* .

The following methods and assumptions were used to estimate the fair value of our financial assets and liabilities:

- Trading equity securities—quoted market prices.
- Trading debt securities—observable market interest rates.
- Available-for-sale debt securities—third-party matrix-pricing model that uses significant inputs derived from or corroborated by observable market data and credit-adjusted interest rate yield curves.
- Available-for-sale money market funds—observable Net Asset Value prices.
- Available-for-sale equity securities, excluding money market funds—third-party pricing services that principally use a composite of observable prices.
- Derivative financial instruments (assets and liabilities)—third-party matrix-pricing model that uses significant inputs derived from or corroborated by observable market data. Where applicable, these models discount future cash flow amounts using market-based observable inputs, including interest rate yield curves, and forward and spot prices for currencies. The credit risk impact to our derivative financial instruments was not significant.
- Held-to-maturity debt securities—third-party matrix-pricing model that uses significant inputs derived from or corroborated by observable market data and credit-adjusted interest rate yield curves.
- Private equity securities, excluding equity-method investments—application of the implied volatility associated with an observable biotech index to the carrying amount of our portfolio.
- Short-term borrowings and long-term debt—third-party matrix-pricing model that uses significant inputs derived from or corroborated by observable market data and our own credit rating.

We periodically review the methodologies, inputs and outputs of third-party pricing services for reasonableness. Our procedures can include, for example, referencing other third-party pricing models, monitoring key observable inputs (like LIBOR interest rates) and selectively performing test-comparisons of values with actual sales of financial instruments.

The following table provides the classification of these selected financial assets and liabilities in our consolidated balance sheets:

	As of December 31,	
(MILLIONS OF DOLLARS)	**2013**	2012
Assets		
Cash and cash equivalents	**$ 1,104**	$ 947
Short-term investments	**30,225**	22,318
Long-term investments	**16,406**	14,149
Other current assets [(a)]	**286**	296
Other noncurrent assets [(b)]	**1,225**	1,086
	$ 49,246	$ 38,796
Liabilities		
Short-term borrowings, including current portion of long-term debt	**$ 6,027**	$ 6,424
Other current liabilities [(c)]	**303**	330
Long-term debt	**30,462**	31,036
Other noncurrent liabilities [(d)]	**327**	374
	$ 37,119	$ 38,164

[(a)] As of December 31, 2013 , derivative instruments at fair value include interest rate swaps ($90 million), foreign currency swaps ($24 million) and foreign currency forward-exchange contracts ($172 million) and, as of December 31, 2012 , include foreign currency swaps ($144 million) and foreign currency forward-exchange contracts ($152 million).

[(b)] As of December 31, 2013 , derivative instruments at fair value include interest rate swaps ($378 million) and foreign currency swaps ($847 million) and, as of December 31, 2012 , include interest rate swaps ($1.0 billion) and foreign currency swaps ($50 million).

[(c)] At December 31, 2013 , derivative instruments at fair value include foreign currency swaps ($84 million) and foreign currency forward-exchange contracts ($219 million) and, as of December 31, 2012 , include foreign currency swaps ($87 million) and foreign currency forward-exchange contracts ($243 million).

[(d)] At December 31, 2013 , derivative instruments at fair value include interest rate swaps ($301 million) and foreign currency swaps ($26 million) and, as of December 31, 2012 , include interest rate swaps ($33 million) and foreign currency swaps ($341 million).

In addition, as of December 31, 2012, we had long-term receivables where the determination of fair value employs discounted future cash flows, using current interest rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining

maturities. As of December 31, 2012, the differences between the estimated fair values and carrying values of these receivables were not significant.

There were no significant impairments of financial assets recognized in any period presented.

B. Investments in Debt Securities

The following table provides the contractual maturities of the available-for-sale and held-to-maturity debt securities:

	Years				December 31, 2013
(MILLIONS OF DOLLARS)	Within 1	Over 1 to 5	Over 5 to 10	Over 10	Total
Available-for-sale debt securities					
Western European, Scandinavian and other government debt [a]	$ 10,253	$ 2,380	$ —	$ —	$ 12,633
Corporate debt [b]	3,997	4,822	1,236	302	10,357
Reverse repurchase agreements [c]	3,519	—	—	—	3,519
Federal Home Loan Mortgage Corporation and Federal National Mortgage Association asset-backed securities	—	2,593	10	303	2,906
Western European, Scandinavian and other government agency debt [a]	1,686	453	—	—	2,139
Supranational debt [a]	1,006	1,009	—	—	2,015
Government National Mortgage Association and other U.S. government guaranteed asset-backed securities	705	159	—	41	905
U.S. government debt	185	222	18	—	425
Held-to-maturity debt securities					
Western European, Scandinavian and other government debt [a]	5,909	—	—	—	5,909
Western European, Scandinavian and other government agency debt, certificates of deposit and other [a]	3,113	117	—	—	3,230
Total debt securities	$ 30,373	$ 11,755	$ 1,264	$ 646	$ 44,038

[a] All issued by above-investment-grade governments, government agencies or supranational entities, as applicable.

[b] Largely issued by above-investment-grade institutions in the financial services sector.

[c] Involving U.S. securities.

C. Short-Term Borrowings

Short-term borrowings include amounts for commercial paper of $3.0 billion and $2.7 billion as of December 31, 2013 and December 31, 2012 , respectively. The weighted-average effective interest rate on short-term borrowings outstanding was 1.7% as of December 31, 2013 and 1.6% as of December 31, 2012 .

D. Long-Term Debt

On June 3, 2013, we completed a public offering of $4.0 billion aggregate principal amount of senior unsecured notes. In addition, we repaid at maturity our 3.625% senior unsecured notes that were due June 2013, which had a balance of $2.4 billion at December 31, 2012, and in December 2013, we redeemed the aggregate principal amount of $1.8 billion of our 5.50% senior unsecured notes that were due in February 2014.

The following table provides the components of our senior unsecured long-term debt:

		As of December 31,	
(MILLIONS OF DOLLARS)	Maturity Date	**2013**	2012
6.20% [a]	March 2019	**$ 3,234**	$ 3,327
5.35% [a]	March 2015	**3,037**	3,065
4.75% euro [b]	June 2016	**2,752**	2,638
5.75% euro [b]	June 2021	**2,748**	2,634
7.20% [a]	March 2039	**2,603**	2,903
6.50% U.K . pound [b]	June 2038	**2,459**	2,407
5.95%	April 2037	**2,085**	2,086
4.55% euro	May 2017	**1,390**	1,384
5.50%	February 2016	**1,033**	1,048
5.50% [c]	February 2014	**—**	1,832
4.75% euro [d]	December 2014	**—**	1,284
Notes and other debt with a weighted-average interest rate of 5.47% [e]	2021–2043	**4,810**	3,403
Notes and other debt with a weighted-average interest rate of 4.70% [f]	2016–2018	**3,683**	2,254
Foreign currency notes and other foreign currency debt with a weighted-average interest rate of 3.02% [g]	2015-2016	**628**	771
Long-term debt		**$ 30,462**	$ 31,036
Current portion of long-term debt (not included above)		**$ 2,060**	$ 2,449

[a] Instrument is callable by us at any time at the greater of 100% of the principal amount or the sum of the present values of the remaining scheduled payments of principal and interest discounted at the U.S. Treasury rate plus 0.50% plus, in each case, accrued and unpaid interest.

[b] Instrument is callable by us at any time at the greater of 100% of the principal amount or the sum of the present values of the remaining scheduled payments of principal and interest discounted at a comparable government bond rate plus 0.20% plus, in each case, accrued and unpaid interest.

[c] At December 31, 2013, the note was called.

[d] At December 31, 2013, the note has been reclassified to *Current portion of long-term debt.*

[e] Contains debt issuances with a weighted-average maturity of approximately 24 years .

[f] Contains debt issuances with a weighted-average maturity of approximately 4 years .

[g] Contains debt issuances with a weighted-average maturity of approximately 2 years .

The following table provides the maturity schedule of our *Long-term debt* outstanding as of December 31, 2013:

(MILLIONS OF DOLLARS)	2015	2016	2017	2018	After 2018	Total
Maturities	$ 3,040	$ 4,412	$ 2,660	$ 2,413	$ 17,937	$ 30,462

E. Derivative Financial Instruments and Hedging Activities

Foreign Exchange Risk

A significant portion of our revenues, earnings and net investments in foreign affiliates is exposed to changes in foreign exchange rates. We seek to manage our foreign exchange risk, in part, through operational means, including managing same-currency revenues in relation to same-currency costs and same-currency assets in relation to same-currency liabilities. Depending on market conditions, foreign exchange risk also is managed through the use of derivative financial instruments and foreign currency debt. These financial instruments serve to protect net income and net investments against the impact of the translation into U.S. dollars of certain foreign exchange-denominated transactions.

As of December 31, 2013 , the aggregate notional amount of foreign exchange derivative financial instruments hedging or offsetting foreign currency exposures is $40.0 billion . The derivative financial instruments primarily hedge or offset exposures in the euro, Japanese yen, U.K. pound and Swiss franc. The maximum length of time over which we are hedging future foreign exchange cash flow relates to our $2.5 billion U.K. pound debt maturing in 2038.

All derivative contracts used to manage foreign currency risk are measured at fair value and are reported as assets or liabilities on the consolidated balance sheet. Changes in fair value are reported in earnings or in *Other comprehensive income/(loss)* , depending on the nature and purpose of the financial instrument (offset or hedge relationship) and the effectiveness of the hedge relationships, as follows:

- We record in *Other comprehensive income/(loss)* the effective portion of the gains or losses on foreign currency forward-exchange contracts and foreign currency swaps that are designated as cash flow hedges and reclassify those amounts, as appropriate, into earnings in the same period or periods during which the hedged transaction affects earnings.
- We recognize the gains and losses on forward-exchange contracts and foreign currency swaps that are used to offset the same foreign currency assets or liabilities immediately into earnings along with the earnings impact of the items they generally offset. These contracts essentially take the opposite currency position of that reflected in the month-end balance sheet to counterbalance the effect of any currency movement.
- We recognize the gain and loss impact on foreign currency swaps designated as hedges of our net investments in earnings in three ways: over time—for the periodic net swap payments; immediately—to the extent of any change in the difference between the foreign exchange spot rate and forward rate; and upon sale or substantial liquidation of our net investments—to the extent of change in the foreign exchange spot rates.
- We record in *Other comprehensive income/(loss)* the foreign exchange gains and losses related to foreign exchange-denominated debt designated as a hedge of our net investments in foreign subsidiaries and reclassify those amounts into earnings upon the sale or substantial liquidation of our net investments.

Any ineffectiveness is recognized immediately into earnings. There was no significant ineffectiveness for any period presented.

Interest Rate Risk

Our interest-bearing investments and borrowings are subject to interest rate risk. We strive to invest and borrow primarily on a floating-rate basis; however, in light of current market conditions, we currently borrow primarily on a long-term, fixed-rate basis. From time to time, depending on market conditions, we will change the profile of our outstanding debt by entering into derivative financial instruments like interest rate swaps.

We entered into derivative financial instruments to hedge or offset the fixed interest rates on the hedged item, matching the amount and timing of the hedged item. As of December 31, 2013 , the aggregate notional amount of interest rate derivative financial instruments is $18.3 billion . The derivative financial instruments primarily hedge U.S. dollar and euro fixed-rate debt.

All derivative contracts used to manage interest rate risk are measured at fair value and reported as assets or liabilities on the consolidated balance sheet. Changes in fair value are reported in earnings, as follows:

- We recognize the gains and losses on interest rate swaps that are designated as fair value hedges in earnings upon the recognition of the change in fair value of the hedged risk. We recognize the offsetting earnings impact of fixed-rate debt attributable to the hedged risk also in earnings.

Any ineffectiveness is recognized immediately into earnings. There was no significant ineffectiveness for any period presented.

The following table provides information about the gains/(losses) incurred to hedge or offset operational foreign exchange or interest rate risk:

(MILLIONS OF DOLLARS)	Amount of Gains/(Losses) Recognized in OID [a], [b], [c]		Amount of Gains/(Losses) Recognized in OCI (Effective Portion) [a], [d]		Amount of Gains/(Losses) Reclassified from OCI into OID (Effective Portion) [a], [d]	
	Dec 31, 2013	Dec 31, 2012	**Dec 31, 2013**	Dec 31, 2012	**Dec 31, 2013**	Dec 31, 2012
Derivative Financial Instruments in Cash Flow Hedge Relationships:						
Foreign currency swaps	**$ —**	$ —	**$ 554**	$ 703	**$ 220**	$ 257
Foreign currency forward-exchange contracts	**—**	—	**(66)**	42	**(126)**	359
Derivative Financial Instruments in Net Investment Hedge Relationships:						
Foreign currency swaps	**(3)**	(4)	**156**	200	**—**	—
Foreign currency forward-exchange contracts	**(3)**	—	**(1)**		**—**	—
Derivative Financial Instruments Not Designated as Hedges:						
Foreign currency forward-exchange contracts	**56**	(61)	**—**	—	**—**	—
Foreign currency swaps	**(18)**	(7)	**—**	—	**—**	—
Non-Derivative Financial Instruments in Net Investment Hedge Relationships:						
Foreign currency long-term debt	**—**	—	**133**	88	**—**	—
All other net	**(1)**	7	**—**	—	**—**	—
	$ 31	$ (65)	**$ 776**	$ 1,033	**$ 94**	$ 616

[a] OID = Other (income)/deductions—net, included in *Other (income)/deductions—net* in the consolidated statements of income . OCI = Other comprehensive income/(loss), included in the consolidated statements of comprehensive income .

[b] Also includes gains and losses attributable to derivative instruments designated and qualifying as fair value hedges as well as the offsetting gains and losses attributable to the hedged items in such hedging relationships.

[c] There was no significant ineffectiveness for any period presented.

[d] Amounts presented represent the effective portion of the gain or loss. For derivative financial instruments in cash flow hedge relationships, the effective portion is included in *Other comprehensive income/(loss)—Unrealized holding gains/(losses) on derivative financial instruments* . For derivative financial instruments in net investment hedge relationships and for foreign currency debt designated as hedging instruments, the effective portion is included in *Other comprehensive income/(loss)—Foreign currency translation adjustments.*

For information about the fair value of our derivative financial instruments, and the impact on our consolidated balance sheets, see *Note 7A. Financial Instruments: Selected Financial Assets and Liabilities* above . Certain of our derivative instruments are covered by associated credit-support agreements that have credit-risk-related contingent features designed to reduce our counterparties' exposure to our risk of defaulting on amounts owed. As of December 31, 2013 , the aggregate fair value of these derivative instruments that are in a net liability position is $128 million , for which we have posted collateral of $99 million in the normal course of business. These features include the requirement to pay additional collateral in the event of a downgrade in our debt ratings. If there had been a downgrade to below an A rating by S&P or the equivalent rating by Moody's Investors Service, on December 31, 2013 , we would have been required to post an additional $32 million of collateral to our counterparties. The collateral advanced receivables are reported in *Cash and cash equivalents.*

F. Credit Risk

On an ongoing basis, we review the creditworthiness of counterparties to our foreign exchange and interest rate agreements and do not expect to incur a significant loss from failure of any counterparties to perform under the agreements. There are no significant concentrations of credit risk related to our financial instruments with any individual counterparty. As of December 31, 2013 , we had $2.9 billion due from a well-diversified, highly rated group (S&P ratings of mostly A+ or better) of bank counterparties around the world. For details about our investments, see *Note 7B. Financial Instruments: Investments in Debt Securities* .

In general, there is no requirement for collateral from customers. However, derivative financial instruments are executed under master netting agreements with financial institutions and these agreements contain provisions that provide for the ability for collateral payments, depending on levels of exposure, our credit rating and the credit rating of the counterparty. For information about our financial instruments (excluding the impact of collateral), see *Note 7A. Financial Instruments: Selected Financial Assets and Liabilities* and *Note 7B. Financial Instruments: Investments in Debt Securities* above. For information about the collateral posted on our derivative instruments, see *Note 7E. Financial Instruments: Derivative Financial Instruments and Hedging Activities* above. As of December 31, 2013 , we received cash collateral of $959 million from various counterparties. The collateral primarily supports the approximate fair value of our derivative contracts. With respect to the collateral received, which is included in *Cash and cash equivalents,* the obligations are reported in *Short-term borrowings, including current portion of long-term debt.*

Note 8. Inventories

The following table provides the components of *Inventories* :

(MILLIONS OF DOLLARS)	As of December 31, 2013	2012
Finished goods	**$ 2,216**	$ 2,254
Work-in-process	**3,445**	3,374
Raw materials and supplies	**505**	448
Inventories	**$ 6,166**	$ 6,076
Noncurrent inventories not included above [a]	**$ 463**	$ 612

[a] Included in *Other noncurrent assets* . There are no recoverability issues associated with these amounts.

Note 9. Property, Plant and Equipment

The following table provides the components of *Property, plant and equipment* :

(MILLIONS OF DOLLARS)	Useful Lives (Years)	As of December 31, 2013	2012
Land	—	**$ 557**	$ 566
Buildings	33-50	**10,055**	10,643
Machinery and equipment	8-20	**10,050**	9,939
Furniture, fixtures and other	3-12 1/2	**3,914**	3,860
Construction in progress	—	**1,102**	957
		25,678	25,965
Less: Accumulated depreciation		**13,281**	12,752
Property, plant and equipment [a]		**$ 12,397**	$ 13,213

[a] The decrease in total property, plant and equipment is primarily due to depreciation, disposals, impairments and the impact of foreign exchange, partially offset by capital additions.

Note 10. Goodwill and Other Intangible Assets

A. Goodwill

The following table provides the components of and changes in the carrying amount of *Goodwill* :

(MILLIONS OF DOLLARS)	Primary Care	Specialty Care and Oncology	Established Products and Emerging Markets	Consumer Healthcare	Total
Balance, January 1, 2012	$ 6,229	$ 17,097	$ 18,746	$ 2,497	$ 44,569
Additions [a]	—	—	91	514	605
Other [b]	(77)	(212)	(234)	(990)	(1,513)
Balance, December 31, 2012	6,152	16,885	18,603	2,021	43,661
Derecognition [c]	**—**	**—**	**(292)**	**—**	**(292)**
Other [b]	**(122)**	**(341)**	**(378)**	**(9)**	**(850)**
Balance, December 31, 2013	**$ 6,030**	**$ 16,544**	**$ 17,933**	**$ 2,012**	**$ 42,519**

[a] Related to our acquisitions of Ferrosan, Alacer and NextWave (see *Note 2A. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Acquisitions)* .

[b] Primarily reflects the impact of foreign exchange.

[c] Reflects the goodwill derecognized as part of the transfer of certain product rights, which constituted a business, to our equity-method investment in China. For additional information, see *Note 2D. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Equity-Method Investments.*

B. Other Intangible Assets

Balance Sheet Information

The following table provides the components of *Identifiable intangible assets* :

(MILLIONS OF DOLLARS)	December 31, 2013 Gross Carrying Amount	December 31, 2013 Accumulated Amortization	December 31, 2013 Identifiable Intangible Assets, less Accumulated Amortization	December 31, 2012 Gross Carrying Amount	December 31, 2012 Accumulated Amortization	December 31, 2012 Identifiable Intangible Assets, less Accumulated Amortization
Finite-lived intangible assets						
Developed technology rights	**$ 72,038**	**$ (41,541)**	**$ 30,497**	$ 72,349	$ (36,895)	$ 35,454
Brands	**1,743**	**(773)**	**970**	1,657	(693)	964
License agreements and other	**896**	**(805)**	**91**	914	(642)	272
	74,677	**(43,119)**	**31,558**	74,920	(38,230)	36,690
Indefinite-lived intangible assets						
Brands	**7,381**	**—**	**7,381**	7,786	—	7,786
In-process research and development	**443**	**—**	**443**	669	—	669
Other	**3**	**—**	**3**	1	—	1
	7,827	**—**	**7,827**	8,456	—	8,456
Identifiable intangible assets [(a)]	**$ 82,504**	**$ (43,119)**	**$ 39,385**	$ 83,376	$ (38,230)	$ 45,146

[(a)] The decrease is primarily related to amortization, asset impairment charges and the transfer of certain product rights to our equity-method investment in China. For additional information about the asset impairment charges, see *Note 4. Other (income)/deductions—net.* For additional information about the transfer of certain product rights, see *Note 2D. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Equity-Method Investments.*

As of December 31, 2013 , our identifiable intangible assets are associated with the following, as a percentage of total identifiable intangible assets, less accumulated amortization:

- Developed technology rights: Specialty Care (68%); Established Products (19%); Primary Care (12%); and Oncology (1%);
- Brands, finite-lived: Consumer Healthcare (75%); and Established Products (25%);
- Brands, indefinite-lived: Consumer Healthcare (69%); and Established Products (31%); and
- IPR&D: Worldwide Research and Development (43%); Specialty Care (43%); Established Products (7%); and Primary Care (7%).

There are no percentages for our Emerging Markets business unit as it is a geographic-area unit, not a product-based unit. The carrying value of the assets associated with our Emerging Markets business unit is included within the assets associated with the other four biopharmaceutical business units.

For information about intangible asset impairments, see *Note 4. Other (Income)/Deductions—Net.*

Developed Technology Rights

Developed technology rights represent the amortized cost associated with developed technology, which has been acquired from third parties and which can include the right to develop, use, market, sell and/or offer for sale the product, compounds and intellectual property that we have acquired with respect to products, compounds and/or processes that have been completed. We possess a well-diversified portfolio of hundreds of developed technology rights across therapeutic categories, primarily representing the commercialized products included in our five biopharmaceutical business units. The more significant components of developed technology rights are the following (in order of significance): Prevnar 13/Prevenar 13 Infant and Enbrel and, to a lesser extent, Premarin, Prevnar 13/Prevenar 13 Adult, Effexor, Pristiq, Tygacil, Refacto AF and Benefix. Also included in this category are the post-approval milestone payments made under our alliance agreements for certain biopharmaceutical products.

Brands

Brands represent the amortized or unamortized cost associated with tradenames and know-how, as the products themselves do not receive patent protection. Most of these assets are associated with our Consumer Healthcare business unit. The more significant components of indefinite-lived brands are the following (in order of significance): Advil, Xanax/Xanax XR, Centrum and, to a lesser extent, Caltrate. The more significant components of finite-lived brands are the following (in order of significance): Depo-Provera, Idoform Bifiform, and Advil Cold and Sinus.

In-Process Research and Development

IPR&D assets represent research and development assets that have not yet received regulatory approval in a major market. The more significant components of IPR&D are a treatment for skin fibrosis and programs for the treatment of staph aureus infections and epilepsy, as well as a vaccine for the prevention of meningitidis serogroup B in adolescents and young adults.

IPR&D assets are required to be classified as indefinite-lived assets until the successful completion or the abandonment of the associated research and development effort. Accordingly, during the development period after the date of acquisition, these assets will not be amortized until approval is obtained in a major market, typically either the U.S. or the EU, or in a series of other countries, subject to certain specified conditions and management judgment. At that time, we will determine the useful life of the asset, reclassify the asset out of in-process research and development and begin amortization. If the associated research and development effort is abandoned, the related IPR&D assets will likely be written-off, and we will record an impairment charge.

In 2012, two IPR&D assets with a combined book value of approximately $160 million were reclassified to developed technology rights as a result of being approved in a major market.

For information about impairments of IPR&D assets, see *Note 4. Other (Income)/Deductions—Net.*

For IPR&D assets, the risk of failure is significant and there can be no certainty that these assets ultimately will yield a successful product. The nature of the biopharmaceutical business is high-risk and, as such, we expect that many of these IPR&D assets will become impaired and be written off at some time in the future.

Amortization

The weighted-average life of both our total finite-lived intangible assets and the largest component, developed technology rights, is approximately 10 years. Total amortization expense for finite-lived intangible assets was $4.8 billion in 2013 , $5.3 billion in 2012 and $5.7 billion in 2011 .

The following table provides the annual amortization expense expected for the years 2014 through 2018:

(MILLIONS OF DOLLARS)	2014	2015	2016	2017	2018
Amortization expense	$ 4,099	$ 3,699	$ 3,451	$ 3,334	$ 3,219

Note 11. Pension and Postretirement Benefit Plans and Defined Contribution Plans

The majority of our employees worldwide are covered by defined benefit pension plans, defined contribution plans or both. In the U.S., we have both qualified and supplemental (non-qualified) defined contribution and defined benefit plans. A qualified plan meets the requirements of certain sections of the Internal Revenue Code, and, generally, contributions to qualified plans are tax deductible. A qualified plan typically provides benefits to a broad group of employees with restrictions on discriminating in favor of highly compensated employees with regard to coverage, benefits and contributions. A supplemental (non-qualified) plan provides additional benefits to certain employees. In addition, we provide medical and life insurance benefits to certain retirees and their eligible dependents through our postretirement plans.

On May 8, 2012, we announced to employees that as of January 1, 2018, Pfizer will transition its U.S. and Puerto Rico employees from its defined benefit plans to enhanced defined contribution plans. As a result of this decision to freeze the U.S. and Puerto Rico defined benefit plans, a curtailment was triggered and we performed a re-measurement of the pension obligations and plan assets in the second quarter of 2012 , which had an immaterial impact to the funded status of the plans. For the year ended December 31, 2012 , we recorded, among other impacts, a curtailment gain of approximately $59 million in the consolidated statement of income.

A. Components of Net Periodic Benefit Costs and Changes in Other Comprehensive Loss

The following table provides the annual cost (including costs reported as part of discontinued operations) and changes in *Other comprehensive income/(loss)* for our benefit plans:

	Year Ended December 31,											
	Pension Plans											
	U.S. Qualified [a]			U.S. Supplemental (Non-Qualified) [b]			International [c]			Postretirement Plans [d]		
(MILLIONS OF DOLLARS)	**2013**	2012	2011	**2013**	2012	2011	**2013**	2012	2011	**2013**	2012	2011
Service cost	**$ 301**	$ 357	$ 351	**$ 26**	$ 35	$ 36	**$ 216**	$ 215	$ 243	**$ 61**	$ 68	$ 68
Interest cost	**666**	697	734	**67**	62	72	**378**	406	443	**166**	182	195
Expected return on plan assets	**(999)**	(983)	(871)	**—**	—	—	**(407)**	(424)	(437)	**(55)**	(46)	(35)
Amortization of:												
Actuarial losses	**355**	306	145	**51**	41	36	**129**	93	86	**46**	33	17
Prior service credits	**(7)**	(10)	(8)	**(2)**	(3)	(3)	**(5)**	(7)	(5)	**(44)**	(49)	(53)
Curtailments	**—**	(62)	(4)	**—**	(9)	(1)	**(20)**	(16)	(14)	**(11)**	(65)	(68)
Settlements	**113**	145	99	**40**	33	24	**22**	7	14	**—**	—	—
Special termination benefits	**—**	8	23	**—**	30	26	**4**	5	5	**—**	6	3
Net periodic benefit costs reported in *Income*	**429**	458	469	**182**	189	190	**317**	279	335	**163**	129	127
(Income)/cost reported in *Other comprehensive income/(loss)*	**(3,044)**	461	1,879	**(255)**	110	36	**(569)**	759	(365)	**(736)**	267	421
(Income)/cost recognized in *Comprehensive income*	**$ (2,615)**	$ 919	$ 2,348	**$ (73)**	$ 299	$ 226	**$ (252)**	$ 1,038	$ (30)	**$ (573)**	$ 396	$ 548

[a] 2013 v. 2012 — The decrease in net periodic benefit cost for our U.S. qualified plans was primarily driven by (i) lower service cost resulting from cost reduction initiatives, (ii) lower settlements and (iii) higher expected return on plan assets resulting from an increased plan asset base partially offset by the curtailment gain in the second quarter of 2012 resulting from the decision to freeze the defined benefit plans in the U.S. and Puerto Rico. Also, the decrease in the discount rate resulted in lower interest costs, as well as an increase in the amounts amortized for actuarial losses. 2012 v. 2011 — The decrease in net periodic benefit cost for our U.S. qualified plans was primarily driven by (i) higher expected return on plan assets (resulting from contributions made to the plan in 2011 that increased the plan asset base), (ii) lower interest costs, (iii) a decrease in special termination benefits, and (iv) higher curtailments resulting from the decision to freeze the defined benefit plans in the U.S. and Puerto Rico largely offset by higher settlements and an increase in the amounts amortized for actuarial losses (resulting from a decrease in the discount rate and lower than expected actual returns in 2011).

[b] 2013 v. 2012 — The decrease in net periodic benefit cost for our U.S. supplemental (non-qualified) pension plans was primarily driven by special termination benefits in 2012, partially offset by an increase in the amounts amortized for actuarial losses resulting from a decrease in the discount rate, and the curtailment gain in the second quarter of 2012 resulting from the decision to freeze the defined benefit plans in the U.S. and Puerto Rico. 2012 v. 2011 — The net periodic benefit cost for our U.S. supplemental (non-qualified) pension plans was largely unchanged as the curtailment gain resulting from the decision to freeze the defined benefit plans in the U.S. and Puerto Rico was more than offset by higher settlement activity.

[c] 2013 v. 2012 — The increase in net periodic benefit costs for our international pension plans was primarily driven by (i) an increase in the amounts amortized for actuarial losses resulting from changes in assumptions, (ii) lower expected return on plan assets driven by lower expected rate of return in certain significant plans, (iii) higher settlements and (iv) 2012 curtailment gains, partially offset by lower interest costs resulting from the decrease in discount rates. 2012 v. 2011 — The decrease in net periodic benefit costs for our international pension plans was primarily driven by restructuring activities in the U.K. and Ireland in 2011. Also, the decrease in discount rates resulted in lower interest costs, as well as an increase in the amounts amortized for actuarial losses.

[d] 2013 v. 2012 — The increase in net periodic benefit cost for our postretirement plans was primarily driven by 2012 curtailment gains, partially offset by higher expected return on plan assets and 2012 special termination benefits. Also, the decrease in the discount rate resulted in lower interest costs, as well as an increase in the amounts amortized for actuarial losses. 2012 v. 2011 — The net periodic benefit cost for our postretirement plans was largely unchanged, as an increase in amounts amortized for actuarial plan losses was partially offset by higher expected return on plan assets.

The following table provides the amounts in *Accumulated other comprehensive loss* expected to be amortized into 2014 net periodic benefit costs:

	Pension Plans			
(MILLIONS OF DOLLARS)	U.S. Qualified	U.S. Supplemental (Non-Qualified)	International	Postretirement Plans
Actuarial losses	$ (62)	$ (30)	$ (98)	$ (5)
Prior service credits and other	7	2	7	58
Total	$ (55)	$ (28)	$ (91)	$ 53

B. Actuarial Assumptions

The following table provides the weighted-average actuarial assumptions of our benefit plans:

(PERCENTAGES)	**2013**	2012	2011
Weighted-average assumptions used to determine benefit obligations			
Discount rate:			
U.S. qualified pension plans	**5.2%**	4.3%	5.1%
U.S. non-qualified pension plans	**4.8%**	3.9%	5.0%
International pension plans	**3.9%**	3.8%	4.7%
Postretirement plans	**5.1%**	4.1%	4.8%
Rate of compensation increase:			
U.S. qualified pension plans	**2.8%**	2.8%	3.5%
U.S. non-qualified pension plans	**2.8%**	2.8%	3.5%
International pension plans	**2.9%**	3.1%	3.3%
Weighted-average assumptions used to determine net periodic benefit cost			
Discount rate:			
U.S. qualified pension plans	**4.3%**	5.1%	5.9%
U.S. non-qualified pension plans	**3.9%**	5.0%	5.8%
International pension plans	**3.8%**	4.7%	4.8%
Postretirement plans	**4.1%**	4.8%	5.6%
Expected return on plan assets:			
U.S. qualified pension plans	**8.5%**	8.5%	8.5%
International pension plans	**5.6%**	5.9%	6.0%
Postretirement plans	**8.5%**	8.5%	8.5%
Rate of compensation increase:			
U.S. qualified pension plans	**2.8%**	3.5%	4.0%
U.S. non-qualified pension plans	**2.8%**	3.5%	4.0%
International pension plans	**3.1%**	3.3%	3.5%

The assumptions above are used to develop the benefit obligations at fiscal year-end and to develop the net periodic benefit cost for the subsequent fiscal year. Therefore, the assumptions used to determine net periodic benefit cost for each year are established at the end of each previous year, while the assumptions used to determine benefit obligations are established at each year-end.

The net periodic benefit cost and the benefit obligations are based on actuarial assumptions that are reviewed on an annual basis. We revise these assumptions based on an annual evaluation of long-term trends, as well as market conditions that may have an impact on the cost of providing retirement benefits.

The discount rate for our U.S. defined benefit plans is determined annually and evaluated and modified to reflect at year-end the prevailing market rate of a portfolio of high-quality corporate bond investments rated AA/Aa or better that would provide the future cash flows needed to settle benefit obligations as they come due. For our international plans, the discount rates are set by benchmarking against investment grade corporate bonds rated AA/Aa or better, including, when there is sufficient data, a yield curve approach. These rate determinations are made consistent with local requirements. Overall, the yield curves used to determine the discount rates at year-end 2013 exhibited higher interest rates as compared to the prior year.

The expected rates of return on plan assets for our U.S. qualified, international and postretirement plans represent our long-term assessment of return expectations, which we may change based on shifts in economic and financial market conditions. The 2013 expected rates of return for these plans reflect our long-term outlook for a globally diversified portfolio, which is influenced by a combination of return expectations for individual asset classes, actual historical experience and our diversified investment strategy. The historical returns are one of the inputs used to provide context for the development of our expectations for future returns. Using this information, we develop ranges of returns for each asset class and a weighted-average expected return for our targeted portfolio, which includes the impact of portfolio diversification and active portfolio management.

The following table provides the healthcare cost trend rate assumptions for our U.S. postretirement benefit plans:

	2013	2012
Healthcare cost trend rate assumed for next year	**7.3%**	7.5%
Rate to which the cost trend rate is assumed to decline	**4.5%**	4.5%
Year that the rate reaches the ultimate trend rate	**2027**	2027

The following table provides the effects as of December 31, 2013 of a one-percentage-point increase or decrease in the healthcare cost trend rate assumed for postretirement benefits:

(MILLIONS OF DOLLARS)	Increase	Decrease
Effect on total service and interest cost components	**$ 15**	**$ (14)**
Effect on postretirement benefit obligation	**248**	**(222)**

Actuarial and other assumptions for pension and postretirement plans can result from a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. For a description of the risks associated with estimates and assumptions, see *Note 1C. Basis of Presentation and Significant Accounting Policies: Estimates and Assumptions* .

C. Obligations and Funded Status

The following table provides an analysis of the changes in our benefit obligations, plan assets and funded status of our benefit plans (including those reported as part of discontinued operations):

	Year Ended December 31,							
	Pension Plans							
	U.S. Qualified [a]		U.S. Supplemental (Non-Qualified) [b]		International [c]		Postretirement Plans [d]	
(MILLIONS OF DOLLARS)	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Change in benefit obligation [e]								
Benefit obligation, beginning	**$ 16,268**	$ 14,835	**$ 1,549**	$ 1,431	**$10,227**	$ 8,891	**$ 4,165**	$ 3,900
Service cost	**301**	357	**26**	35	**216**	215	**61**	68
Interest cost	**666**	697	**67**	62	**378**	406	**166**	182
Employee contributions	**—**	—	**—**	—	**10**	9	**69**	58
Plan amendments	**—**	—	**—**	—	**1**	(1)	**(152)**	(24)
Changes in actuarial assumptions and other	**(2,257)**	1,926	**(165)**	252	**229**	1,232	**(540)**	259
Foreign exchange impact	**—**	—	**—**	—	**(66)**	(80)	**(9)**	1
Acquisitions/divestitures, net	**—**	(1)	**37**	1	**(63)**	71	**—**	—
Curtailments	**(8)**	(605)	**(1)**	(80)	**(64)**	(101)	**(8)**	(11)
Settlements	**(444)**	(485)	**(105)**	(121)	**(156)**	(33)	**—**	—
Special termination benefits	**—**	8	**—**	30	**4**	5	**—**	6
Benefits paid	**(550)**	(464)	**(67)**	(61)	**(400)**	(387)	**(314)**	(274)
Benefit obligation, ending [e]	**13,976**	16,268	**1,341**	1,549	**10,316**	10,227	**3,438**	4,165
Change in plan assets								
Fair value of plan assets, beginning	**12,540**	12,005	**—**	—	**7,589**	6,953	**644**	422
Actual gain on plan assets	**1,318**	1,464	**—**	—	**976**	668	**98**	85
Company contributions	**5**	20	**172**	182	**380**	383	**244**	353
Employee contributions	**—**	—	**—**	—	**10**	9	**69**	58
Foreign exchange impact	**—**	—	**—**	—	**(95)**	(35)	**—**	—
Acquisitions/divestitures, net	**—**	—	**—**	—	**(54)**	31	**—**	—
Settlements	**(444)**	(485)	**(105)**	(121)	**(156)**	(33)	**—**	—
Benefits paid	**(550)**	(464)	**(67)**	(61)	**(400)**	(387)	**(314)**	(274)
Fair value of plan assets, ending	**12,869**	12,540	**—**	—	**8,250**	7,589	**741**	644
Funded status—Plan assets less than benefit obligation	**$ (1,107)**	$ (3,728)	**$ (1,341)**	$ (1,549)	**$ (2,066)**	$ (2,638)	**$ (2,697)**	$ (3,521)

[a] The favorable change in the funded status of our U.S. qualified plans is primarily due to the plan gains resulting from the increase in the discount rate and an increase in plan assets. The curtailments in 2012 resulting from the decision to freeze the defined benefit plans in the U.S. and Puerto Rico had a favorable impact on the 2012 funded status.

[b] Our U.S. supplemental (non-qualified) plans are generally not funded and these obligations, which are substantially greater than the annual cash outlay for these liabilities, will be paid from cash generated from operations.

[c] The favorable change in the funded status of our international plans is primarily due to an increase in plan assets partially offset by plan losses resulting from changes in actuarial assumptions. Outside the U.S., in general, we fund our defined benefit plans to the extent that tax or other incentives exist or the law requires.

[d] The favorable change in the funded status of our postretirement plans is primarily due to the plan gains resulting from the increase in the discount rate and the impact of a decision to move participants to Medicare Advantage effective January 1, 2015.

[e] For the U.S. and international pension plans, the benefit obligation is the projected benefit obligation. For the postretirement plans, the benefit obligation is the accumulated postretirement benefit obligation (ABO). The ABO for all of our U.S. qualified pension plans was $13.7 billion in 2013 and $15.9 billion in 2012 . The

ABO for our U.S. supplemental (non-qualified) pension plans was $1.3 billion in 2013 and $1.5 billion 2012 . The ABO for our international pension plans was $9.7 billion in 2013 and $9.4 billion in 2012 .

The following table provides information as to how the funded status is recognized in our consolidated balance sheets:

	As of December 31,							
	Pension Plans							
	U.S. Qualified		U.S. Supplemental (Non-Qualified)		International		Postretirement Plans	
(MILLIONS OF DOLLARS)	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Noncurrent assets [a]	**$ —**	$ —	**$ —**	$ —	**$ 318**	$ 124	**$ —**	$ —
Current liabilities [b]	**—**	—	**(151)**	(162)	**(46)**	(95)	**(29)**	(30)
Noncurrent liabilities [c]	**(1,107)**	(3,728)	**(1,190)**	(1,387)	**(2,338)**	(2,667)	**(2,668)**	(3,491)
Funded status	**$ (1,107)**	$ (3,728)	**$ (1,341)**	$ (1,549)	**$ (2,066)**	$ (2,638)	**$ (2,697)**	$ (3,521)

[a] Included primarily in *Other noncurrent assets* .

[b] Included in *Accrued compensation and related items* and *Liabilities of discontinued operations* , as appropriate.

[c] Included in *Pension benefit obligations, net* and *Postretirement benefit obligations* , *net,* as appropriate.

The following table provides the pre-tax components of cumulative amounts recognized in *Accumulated other comprehensive loss* :

	As of December 31,							
	Pension Plans							
	U.S. Qualified		U.S. Supplemental (Non-Qualified)		International		Postretirement Plans	
(MILLIONS OF DOLLARS)	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Actuarial losses [a]	**$ (1,974)**	$ (5,027)	**$ (406)**	$ (664)	**$ (2,213)**	$ (2,780)	**$ (292)**	$ (932)
Prior service (costs)/credits and other	**42**	51	**11**	14	**(18)**	(20)	**470**	374
Total	**$ (1,932)**	$ (4,976)	**$ (395)**	$ (650)	**$ (2,231)**	$ (2,800)	**$ 178**	$ (558)

[a] The accumulated actuarial losses primarily represent the impact of changes in discount rates and other assumptions that result in cumulative changes in our projected benefit obligations as well as the cumulative difference between the expected return and actual return on plan assets. These accumulated actuarial losses are recognized in *Accumulated other comprehensive loss* and are amortized into net periodic benefit costs primarily over the average remaining service period for active participants, using the corridor approach. The average amortization periods utilized are 9.6 years for our U.S. qualified plans, 9.5 years for our U.S. supplemental (non-qualified) plans, 18.2 years for our international plans and 10.8 years for our postretirement plans.

The following table provides information related to the funded status of selected benefit plans (including those reported as part of *Liabilities of discontinued operations*):

	As of December 31,					
	Pension Plans					
	U.S. Qualified		U.S. Supplemental (Non-Qualified)		International	
(MILLIONS OF DOLLARS)	**2013**	2012	**2013**	2012	**2013**	2012
Pension plans with an accumulated benefit obligation in excess of plan assets:						
Fair value of plan assets	**$ 12,869**	$ 12,540	**$ —**	$ —	**$ 1,309**	$ 2,776
Accumulated benefit obligation	**13,704**	15,870	**1,294**	1,465	**3,348**	5,056
Pension plans with a projected benefit obligation in excess of plan assets:						
Fair value of plan assets	**12,869**	12,540	**—**	—	**2,499**	6,432
Projected benefit obligation	**13,976**	16,268	**1,341**	1,549	**4,883**	9,194

All of our U.S. plans and many of our international plans were underfunded as of December 31, 2013.

D. Plan Assets

The following table provides the components of plan assets (including those reported as part of *Liabilities of discontinued operations*):

(MILLIONS OF DOLLARS)	As of December 31, 2013	Fair Value [a] Level 1	Fair Value [a] Level 2	Fair Value [a] Level 3	As of December 31, 2012	Fair Value [a] Level 1	Fair Value [a] Level 2	Fair Value [a] Level 3
U.S. qualified pension plans								
Cash and cash equivalents	**$ 360**	**$ —**	**$ 360**	**$ —**	$ 368	$ —	$ 368	$ —
Equity securities:								
Global equity securities	**4,335**	**4,328**	**7**	**—**	3,536	3,519	17	—
Equity commingled funds	**2,294**	**—**	**2,294**	**—**	2,215	—	2,215	—
Debt securities:								
Fixed income commingled funds	**675**	**—**	**675**	**—**	943	—	943	—
Government bonds	**971**	**—**	**971**	**—**	1,093	—	1,093	—
Corporate debt securities	**2,306**	**—**	**2,306**	**—**	2,414	—	2,411	3
Other investments:								
Private equity funds	**822**	**—**	**—**	**822**	866	—	—	866
Insurance contracts	**281**	—	**281**	**—**	348	—	348	—
Other	**825**	**—**	**—**	**825**	757	—	—	757
Total	**12,869**	**4,328**	**6,894**	**1,647**	12,540	3,519	7,395	1,626
International pension plans								
Cash and cash equivalents	**229**	**—**	**229**	**—**	299	—	299	—
Equity securities:								
Global equity securities	**1,833**	**1,832**	**1**	**—**	1,723	1,638	85	—
Equity commingled funds	**2,446**	**—**	**2,446**	**—**	2,194	—	2,194	—
Debt securities:								
Fixed income commingled funds	**967**	**—**	**967**	**—**	825	—	825	—
Government bonds	**812**	**—**	**812**	**—**	914	—	914	—
Corporate debt securities	**615**	**—**	**615**	**—**	613	—	613	—
Other investments:								
Private equity funds	**54**	**—**	**10**	**44**	110	—	14	96
Insurance contracts	**421**	**—**	**121**	**300**	465	—	117	348
Other	**873**	**—**	**353**	**520**	446	—	57	389
Total	**8,250**	**1,832**	**5,554**	**864**	7,589	1,638	5,118	833
U.S. postretirement plans [b]								
Cash and cash equivalents	**29**	**—**	**29**	**—**	28	—	28	—
Equity securities:								
Global equity securities	**105**	**105**	**—**	**—**	79	79	—	—
Equity commingled funds	**56**	**—**	**56**	**—**	50	—	50	—
Debt securities:								
Fixed income commingled funds	**16**	**—**	**16**	**—**	20	—	20	—
Government bonds	**24**	**—**	**24**	**—**	25	—	25	—
Corporate debt securities	**56**	**—**	**56**	**—**	55	—	55	—
Other investments:								
Insurance contracts	**415**	**—**	**415**	**—**	350	—	350	—
Other	**40**	**—**	**40**	**—**	37	—	37	—
Total	**$ 741**	**$ 105**	**$ 636**	**$ —**	$ 644	$ 79	$ 565	$ —

[a] Fair values are determined based on valuation inputs categorized as Level 1, 2 or 3 (see *Note 1E. Basis of Presentation and Significant Accounting Policies: Fair Value*).

[b] Reflects postretirement plan assets, which support a portion of our U.S. retiree medical plans.

The following table provides an analysis of the changes in our more significant investments valued using significant unobservable inputs (including those reported as part of *Liabilities of discontinued operations*):

	Year Ended December 31,							
	U.S. Qualified Pension Plans				International Pension Plans			
	Private Equity Funds		Other		Insurance Contracts		Other	
(MILLIONS OF DOLLARS)	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Fair value, beginning	**$ 866**	$ 920	**$ 757**	$ 656	**$ 348**	$ 366	**$ 389**	$ 348
Actual return on plan assets:								
Assets held, ending	**75**	4	**29**	61	**15**	8	**8**	(14)
Assets sold during the period	**—**	—	**(6)**	—	**—**	—	**—**	5
Purchases, sales and settlements, net	**(119)**	(58)	**45**	40	**(41)**	(5)	**63**	50
Transfer into/(out of) Level 3	**—**	—	**—**	—	**(16)**	(5)	**58**	—
Exchange rate changes	**—**	—	**—**	—	**(6)**	(16)	**2**	—
Fair value, ending	**$ 822**	$ 866	**$ 825**	$ 757	**$ 300**	$ 348	**$ 520**	$ 389

A single estimate of fair value can result from a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. For a description of our general accounting policies associated with developing fair value estimates, see *Note 1E. Basis of Presentation and Significant Accounting Policies: Fair Value.* For a description of the risks associated with estimates and assumptions, see *Note 1C. Basis of Presentation and Significant Accounting Policies: Estimates and Assumptions.*

Specifically, the following methods and assumptions were used to estimate the fair value of our pension and postretirement plans' assets:

- Cash and cash equivalents, Equity commingled funds, Fixed-income commingled funds—observable prices.
- Global equity securities—quoted market prices.
- Government bonds, Corporate debt securities—observable market prices.
- Other investments—principally unobservable inputs that are significant to the estimation of fair value. These unobservable inputs could include, for example, the investment managers' assumptions about earnings multiples and future cash flows.

We review the methodologies, inputs and outputs of third-party pricing services for reasonableness.

The following table provides the long-term target asset allocations ranges and the percentage of the fair value of plan assets for benefit plans:

	As of December 31,		
	Target Allocation Percentage	Percentage of Plan Assets	
(PERCENTAGES)	**2013**	**2013**	2012
U.S. qualified pension plans			
Cash and cash equivalents	**0-10**	**2.8%**	2.9%
Equity securities	**35-55**	**51.5%**	45.9%
Debt securities	**30-55**	**30.7%**	35.5%
Real estate and other investments	**5-18**	**15.0%**	15.7%
Total	**100%**	**100%**	100%
International pension plans			
Cash and cash equivalents	**0-10**	**2.8%**	3.9%
Equity securities	**35-55**	**51.9%**	51.6%
Debt securities	**30-55**	**29.0%**	31.0%
Real estate and other investments	**5-18**	**16.3%**	13.5%
Total	**100%**	**100%**	100.0%
U.S. postretirement plans			
Cash and cash equivalents	**0-5**	**4.0%**	4.4%
Equity securities	**10-35**	**21.7%**	20.1%
Debt securities	**5-30**	**13.0%**	15.5%
Real estate, insurance contracts and other investments	**55-70**	**61.3%**	60.0%
Total	**100%**	**100%**	100%

The plans assets are managed with the objectives of minimizing pension expense and cash contributions over the long term. We utilize long-term asset allocation ranges in the management of our plans' invested assets. Our long-term return expectations are developed based on a

diversified, global investment strategy that takes into account historical experience, as well as the impact of portfolio diversification, active portfolio management, and our view of current and future economic and financial market conditions. As market conditions and other factors change, we may adjust our targets accordingly and our asset allocations may vary from the target allocations.

Our long-term asset allocation ranges reflect our asset class return expectations and tolerance for investment risk within the context of the respective plans' long-term benefit obligations. These ranges are supported by analysis that incorporates historical and expected returns by asset class, as well as volatilities and correlations across asset classes and our liability profile. This analysis, referred to as an asset-liability analysis, also provides an estimate of expected returns on plan assets, as well as a forecast of potential future asset and liability balances.

The investment managers of certain separately managed accounts may be permitted to use derivative securities as described in each respective investment management agreement.

Investment performance is reviewed on a monthly basis in total, as well as by asset class and individual manager, relative to one or more benchmarks. Investment performance and detailed statistical analysis of both investment performance and portfolio holdings are conducted, a large portion of which is presented to senior management on a quarterly basis. Periodic formal meetings are held with each investment manager to review the investments.

E. Cash Flows

It is our practice to fund amounts for our qualified pension plans that are at least sufficient to meet the minimum requirements set forth in applicable employee benefit laws and local tax laws.

The following table provides the expected future cash flow information related to our benefit plans:

		Pension Plans			
(MILLIONS OF DOLLARS)		U.S. Qualified	U.S. Supplemental (Non-Qualified)	International	Postretirement Plans
Expected employer contributions:					
	2014	$ 6	$ 150	$ 305	$ 246
Expected benefit payments:					
	2014	$ 828	$ 150	$ 390	$ 286
	2015	792	123	398	285
	2016	803	107	410	293
	2017	868	110	418	303
	2018	958	124	429	311
2019–2023		4,579	490	2,314	1,661

The table reflects the total U.S. and international plan benefits projected to be paid from the plans or from our general assets under the current actuarial assumptions used for the calculation of the benefit obligation and, therefore, actual benefit payments may differ from projected benefit payments.

F. Defined Contribution Plans

We have savings and investment plans in several countries, including the U.S., U.K., Italy, Japan and Canada. For the majority of U.S. plans, employees may contribute a portion of their salaries and bonuses to the plans, and we match, largely in company stock or company stock units, a portion of the employee contributions. In the U.S., the matching contributions in company stock are sourced through open market purchases. Employees are permitted to subsequently diversify all or any portion of their company matching contribution. We recorded charges related to our plans of $266 million in 2013 , $297 million in 2012 and $288 million in 2011 .

Note 12. Equity

A. Common Stock

We purchase our common stock through privately negotiated transactions or in open market purchases as circumstances and prices warrant. Purchased shares under each of the share-purchase plans, which are authorized by our Board of Directors, are available for general corporate purposes. On December 12, 2011, we announced that the Board of Directors had authorized a $10 billion share-purchase plan, which was exhausted in the first quarter of 2013. On November 1, 2012, we announced that the Board of Directors had authorized an additional $10 billion share-purchase plan, which became effective on November 30, 2012 and was exhausted in October 2013. On June 27, 2013, we announced that the Board of Directors had authorized an additional $10 billion share-purchase plan, and share purchases commenced thereunder in October 2013.

In 2013,

- We purchased approximately 563 million shares of our common stock for approximately $16.3 billion under our publicly announced share-purchase plans. In 2012, we purchased approximately 349 million shares of our common stock for approximately $8.2 billion under our publicly announced share-purchase plans. In 2011, we purchased approximately 459 million shares of our common stock for approximately $9.0 billion under our publicly announced share-purchase plans. After giving effect to share purchases through year-end 2013, our remaining share-purchase authorization is approximately $5.5 billion at December 31, 2013 .
- We exchanged all of our remaining interest in Zoetis for approximately 405.117 million shares of our common stock, valued at $11.4 billion . The common stock received in the exchange transaction was recorded in *Treasury stock* . For additional information, see *Note 2B. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Divestitures* .

B. Preferred Stock

The Series A convertible perpetual preferred stock is held by an Employee Stock Ownership Plan (Preferred ESOP) Trust and provides dividends at the rate of 6.25% , which are accumulated and paid quarterly. The per-share stated value is $40,300 and the preferred stock ranks senior to our common stock as to dividends and liquidation rights. Each share is convertible, at the holder's option, into 2,574.87 shares of our common stock with equal voting rights. The conversion option is indexed to our common stock and requires share settlement, and, therefore, is reported at the fair value at the date of issuance. We may redeem the preferred stock at any time or upon termination of the Preferred ESOP, at our option, in cash, in shares of common stock, or a combination of both at a price of $40,300 per share.

C. Employee Stock Ownership Plans

We have two employee stock ownership plans (collectively, the ESOPs), the Preferred ESOP and another that holds common stock of the Company (Common ESOP).

Allocated shares held by the Common ESOP are considered outstanding for the earnings per share (EPS) calculations and the eventual conversion of allocated preferred shares held by the Preferred ESOP is assumed in the diluted EPS calculation. As of December 31, 2013 , the Preferred ESOP held preferred shares with a stated value of approximately $33 million , convertible into approximately 2 million shares of our common stock. As of December 31, 2013 , the Common ESOP held approximately 3 million shares of our common stock. As of December 31, 2013 , all preferred and common shares held by the ESOPs have been allocated to the Pharmacia U.S. and certain Puerto Rico savings plan participants.

Note 13. Share-Based Payments

Our compensation programs can include share-based payments, in the form of Restricted Stock Units (RSUs), stock options, Portfolio Performance Shares (PPSs), Total Shareholder Return Units (TSRUs) and Performance Share Awards (PSAs).

The Company's shareholders approved the amendment and restatement of the 2004 Stock Plan at the Annual Meeting of Shareholders held on April 23, 2009. The primary purpose of the amendment was to increase the number of shares of common stock available for grants by 425 million shares. In addition, the amendment provided other changes, including that the number of stock options, Stock Appreciation Rights (SARs) (known as TSRUs) or other performance-based awards that may be granted to any one individual during any 36 -month period is limited to 8 million shares, and that RSUs, PPSs, PSAs and restricted stock grants count as 2 shares, while stock options and TSRUs count as 1 share, toward the maximums for the incremental 425 million shares. As of December 31, 2013 , 156 million shares were available for award. The 2004 Stock Plan, as amended, (2004 Stock Plan) is the only Pfizer plan under which equity-based compensation may currently be awarded to executives and other employees.

Although not required to do so, we have used authorized and unissued shares and, to a lesser extent, treasury stock to satisfy our obligations under these programs.

A. Impact on Net Income

The following table provides the components of share-based compensation expense and the associated tax benefit (including those reported as part of discontinued operations):

	Year Ended December 31,		
(MILLIONS OF DOLLARS)	**2013**	2012	2011
Restricted Stock Units	**$ 249**	$ 235	$ 228
Stock Options	**140**	157	166
Portfolio Performance Shares	**56**	14	—
Total Shareholder Return Units	**37**	35	17
Performance Share Awards	**34**	35	3
Directors' compensation	**7**	5	5
Share-based payment expense	**523**	481	419
Tax benefit for share-based compensation expense	**(173)**	(149)	(139)
Share-based payment expense, net of tax	**$ 350**	$ 332	$ 280

Amounts capitalized as part of inventory cost and the impact of modifications under our cost-reduction and productivity initiatives to share-based awards were not significant for any period presented. Generally, the modifications resulted in an acceleration of vesting, either in accordance with plan terms or at management's discretion.

B. Restricted Stock Units (RSUs)

RSUs are awarded to select employees and, when vested, entitle the holder to receive a specified number of shares of Pfizer common stock, including shares resulting from dividend equivalents paid on such RSUs. For RSUs granted during the periods presented, in virtually all instances, the units vest after three years of continuous service from the grant date.

We measure the value of RSU grants as of the grant date using the closing price of Pfizer common stock. The values determined through this fair value methodology generally are amortized on a straight-line basis over the vesting term into *Cost of sales, Selling, informational and administrative expenses* , and *Research and development expenses* , as appropriate.

The following table summarizes all RSU activity during 2013:

	Shares (Thousands)	Weighted-Average Grant Date Fair Value Per Share
Nonvested, December 31, 2012	37,860	$ 19.34
Granted	**10,253**	**27.39**
Vested	**(13,943)**	**18.16**
Reinvested dividend equivalents	**1,139**	**29.14**
Forfeited	**(2,558)**	**21.98**
Nonvested, December 31, 2013	**32,751**	**$ 22.50**

The following table provides data related to all RSU activity:

	Year Ended December 31,		
(MILLIONS OF DOLLARS)	**2013**	2012	2011
Total fair value of shares vested	**$ 379**	$ 348	$ 256
Total compensation cost related to nonvested RSU awards not yet recognized, pre-tax	**$ 239**	$ 258	$ 264
Weighted-average period over which RSU cost is expected to be recognized (years)	**1.8**	1.8	1.8

C. Stock Options

Stock options are awarded to select employees and, when vested, entitle the holder to purchase a specified number of shares of Pfizer common stock at a price per share equal to the closing market price of Pfizer common stock on the date of grant.

All eligible employees may receive stock option grants. No stock options were awarded to senior and other key management in any period presented; however, stock options were awarded to certain other employees. In virtually all instances, stock options granted since 2005 vest after three years of continuous service from the grant date and have a contractual term of 10 years . In most cases, stock options must be held for at least 1 year from the grant date before any vesting may occur. In the event of a sale or restructuring, options held by employees are immediately vested and are exercisable for a period from three months to their remaining term, depending on various conditions.

We measure the value of stock option grants as of the grant date using, for virtually all grants, the Black-Scholes-Merton option-pricing model. The values determined through this fair value methodology generally are amortized on a straight-line basis over the vesting term into *Cost of sales, Selling, informational and administrative expenses* , and *Research and development expenses* , as appropriate.

The following table provides the weighted-average assumptions used in the valuation of stock options:

	Year Ended December 31,		
	2013	2012	2011
Expected dividend yield [(a)]	**3.45%**	4.10%	4.14%
Risk-free interest rate [(b)]	**1.16%**	1.28%	2.59%
Expected stock price volatility [(c)]	**19.68%**	23.78%	25.55%
Expected term [(d)] (years)	**6.50**	6.50	6.25

[(a)] Determined using a constant dividend yield during the expected term of the option.

[(b)] Determined using the interpolated yield on U.S. Treasury zero-coupon issues.

[(c)] Determined using implied volatility, after consideration of historical volatility.

[d] Determined using historical exercise and post-vesting termination patterns.

The following table summarizes all stock option activity during 2013:

	Shares (Thousands)	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value [a] (Millions)
Outstanding, December 31, 2012	382,955	$ 24.00		
Granted	**45,013**	**27.37**		
Exercised	**(80,132)**	**21.86**		
Forfeited	**(5,904)**	**21.93**		
Expired	**(42,279)**	**29.62**		
Outstanding, December 31, 2013 [b]	**299,653**	**$ 24.33**	**5.3**	**$ 2,166**
Vested and expected to vest [c], December 31, 2013	**293,371**	**24.32**	**5.2**	**2,129**
Exercisable, December 31, 2013	**163,061**	**$ 26.06**	**2.9**	**$ 1,023**

[a] Market price of underlying Pfizer common stock less exercise price.

[b] Includes approximately 42 million stock options which expired on February 25, 2014 at a grant price of $37.15 , which were granted under the 2001 Stock Plan. These options will not be added back into the amount available for grants under the 2004 Stock Plan. However, expired or forfeited share-based payments under the 2004 Stock Plan will be added back to the amount available for grants.

[c] The number of options expected to vest takes into account an estimate of expected forfeitures.

The following table summarizes data related to all stock option activity:

	Year Ended December 31,		
(MILLIONS OF DOLLARS, EXCEPT PER STOCK OPTION AMOUNTS)	**2013**	2012	2011
Weighted-average grant date fair value per stock option	**$ 3.13**	$ 2.79	$ 3.15
Aggregate intrinsic value on exercise	**$ 578**	$ 263	$ 32
Cash received upon exercise	**$ 1,750**	$ 568	$ 153
Tax benefits realized related to exercise	**$ 160**	$ 81	$ 10
Total compensation cost related to nonvested stock options not yet recognized, pre-tax	**$ 120**	$ 148	$ 177
Weighted-average period over which stock option compensation cost is expected to be recognized (years)	**1.7**	1.7	1.8

D. Portfolio Performance Shares (PPSs)

Beginning in 2012, we have awarded PPSs to select employees which, when vested, entitle the holder to receive, at the end of the performance period, a number of shares within a possible range of shares of Pfizer common stock, including shares resulting from dividend equivalents paid on such shares. For PPSs granted during the period presented, the awards vest after three years of continuous service from the grant date and the number of shares paid, if any, depends on the achievement of predetermined goals related to Pfizer ' s long-term product portfolio during a five-year performance period from the year of the grant date. The target number of shares is determined by reference to competitive survey data. The number of shares that are earned over the performance period ranges from 0% to 200% of the initial award.

We measure the value of PPS grants as of the grant date using the intrinsic value method, for which we use the closing price of Pfizer common stock. The values are amortized on a straight-line basis over the probable vesting term into *Cost of sales, Selling, informational and administrative expenses* and *Research and development expenses,* as appropriate, and adjusted each reporting period, as necessary, to reflect changes in the price of Pfizer's common stock, changes in the number of shares that are probable of being earned and changes in management's assessment of the probability that the specified performance criteria will be achieved and/or changes in management's
assessment of the probable vesting term.

The following table summarizes all PPS activity during 2013, with the shares representing the maximum award that could be achieved:

	Shares (Thousands)	Weighted-Average Intrinsic Value Per Share
Nonvested, December 31, 2012	3,742	$ 25.08
Granted	**8,138**	**27.37**
Vested [a]	**(13)**	**28.75**
Forfeited	**(543)**	**28.91**
Nonvested, December 31, 2013 [a]	**11,324**	**$ 30.63**

[a] Vested and non-vested shares outstanding, but not paid as of December 31, 2013 are 11,324 .

The following table provides data related to all PPS activity:

(MILLIONS OF DOLLARS)	Year Ended December 31, 2013	2012
Total fair value of shares vested	**$ —**	$ —
Total compensation cost related to nonvested PPS awards not yet recognized, pre-tax	**$ 107**	$ 33
Weighted-average period over which PPS cost is expected to be recognized (years)	**2.0**	2.2

E. Total Shareholder Return Units (TSRUs)

TSRUs are awarded to senior and other key management. TSRUs entitle the holders to receive a number of shares of our common stock with a value equal to the difference between the defined settlement price and the grant price, plus the dividends accumulated during the five -year or seven -year term, if and to the extent the total value is positive. The settlement price is the average closing price of Pfizer common stock during the 20 trading days ending on the fifth or seventh anniversary of the grant as applicable; the grant price is the closing price of Pfizer common stock on the date of the grant.

The TSRUs are automatically settled on the fifth or seventh anniversary of the grant but vest on the third anniversary of the grant, after which time there is no longer a risk of forfeiture. The target number of shares is determined by reference to the fair value of share-based awards to similar employees in the industry peer group.

We measure the value of TSRU grants as of the grant date using a Monte Carlo simulation model. The values determined through this fair value methodology generally are amortized on a straight-line basis over the vesting term into *Cost of sales, Selling, informational and administrative expenses* , and *Research and development expenses* , as appropriate.

The following table provides the weighted average assumptions used in the valuation of TSRUs:

	Year Ended December 31, 2013	2012	2011
Expected dividend yield [(a)]	**3.45%**	4.10%	4.15%
Risk-free interest rate [(b)]	**1.03%**	1.15%	2.51%
Expected stock price volatility [(c)]	**19.68%**	23.80%	25.55%
Contractual term (years)	**5.98**	5.97	5.95

[(a)] Determined using a constant dividend yield during the expected term of the TSRU.

[(b)] Determined using the interpolated yield on U.S. Treasury zero-coupon issues.

[(c)] Determined using implied volatility, after consideration of historical volatility.

The following table summarizes all TSRU activity during 2013:

	Shares (Thousands)	Weighted-Average Grant Date Fair Value Per Share	Weighted-Average Grant Price Per Share
Nonvested, December 31, 2012	20,876	$ 4.55	$ 19.64
Granted	**7,979**	**5.14**	**27.37**
Vested [(a)]	**(3,819)**	**4.31**	**18.13**
Forfeited	**(841)**	**4.80**	**23.46**
Nonvested, December 31, 2013 [(a)]	**24,195**	**$ 4.77**	**$ 22.30**

[(a)] Vested and non-vested shares outstanding, but not paid as of December 31, 2013 are 34,499 with a weighted-average grant price of $20.54 . The weighted-average contractual term to settlement is 3.2 years .

The following table provides data related to all TSRU activity:

(MILLIONS OF DOLLARS, EXCEPT PER TSRU AMOUNTS)	Year Ended December 31, 2013	2012	2011
Weighted-average grant date fair value per TSRU	**$ 5.14**	$ 4.48	$ 4.75
Total compensation cost related to nonvested TSRU grants not yet recognized, pre-tax	**$ 31**	$ 31	$ 32
Weighted-average period over which TSRU cost is expected to be recognized (years)	**1.6**	1.7	1.7

F. Performance Share Awards (PSAs)

PSAs are awarded to senior and other key management. PSAs vest after three years of continuous service from the grant date. The number of shares paid, if any, including shares resulting from dividend equivalents, depends upon the achievement of predetermined goals related to Pfizer ' s total share return as compared to an industry peer group, for the three-year performance period from the year of the grant date. The target number of shares is determined by reference to the value of share-based awards to similar employees in the industry peer group. The number of shares that are earned over the performance period ranges from 0% to 200% of the initial award.

We measure the value of PSA grants as of the grant date using the intrinsic value method, for which we use the closing price of Pfizer common stock. The values are amortized on a straight-line basis over the probable vesting term into *Cost of sales, Selling, informational and administrative expenses* , and *Research and development expenses* , as appropriate, and adjusted each reporting period, as necessary, to reflect changes in the price of Pfizer's common stock, changes in the number of shares that are probable of being earned and changes in management's assessment of the probability that the specified performance criteria will be achieved.

The following table summarizes all PSA activity during 2013, with the shares granted representing the maximum award that could be achieved:

	Shares (Thousands)	Weighted-Average Intrinsic Value Per Share
Nonvested, December 31, 2012	5,749	$ 25.08
Granted	**1,377**	**27.37**
Vested	**(1,463)**	**27.37**
Forfeited	**(624)**	**28.21**
Nonvested, December 31, 2013	**5,039**	**$ 30.63**

The following table provides data related to all PSA activity:

	Year Ended December 31,		
(MILLIONS OF DOLLARS)	**2013**	2012	2011
Total fair value of shares vested	$ 40	$ 13	$ 4
Total compensation cost related to nonvested PSA grants not yet recognized, pre-tax	$ 25	$ 27	$ 25
Weighted-average period over which PSA cost is expected to be recognized (years)	1.7	1.7	1.9

Note 14. Earnings Per Common Share Attributable to Common Shareholders

The following table provides the detailed calculation of *Earnings per common share (EPS):*

(IN MILLIONS)	Year Ended December 31, 2013	2012	2011
EPS Numerator—Basic			
Income from continuing operations	**$ 11,410**	$ 9,021	$ 7,860
Less: Net income attributable to noncontrolling interests	**30**	28	40
Income from continuing operations attributable to Pfizer Inc.	**11,380**	8,993	7,820
Less: Preferred stock dividends—net of tax	**2**	2	2
Income from continuing operations attributable to Pfizer Inc. common shareholders	**11,378**	8,991	7,818
Discontinued operations—net of tax	**10,662**	5,577	2,189
Less: Discontinued operations—net of tax, attributable to noncontrolling interests	**39**	—	—
Discontinued operations—net of tax, attributable to Pfizer Inc. common shareholders	**10,623**	5,577	2,189
Net income attributable to Pfizer Inc. common shareholders	**$ 22,001**	$ 14,568	$ 10,007
EPS Numerator—Diluted			
Income from continuing operations attributable to Pfizer Inc. common shareholders and assumed conversions	**$ 11,380**	$ 8,993	$ 7,820
Discontinued operations—net of tax, attributable to Pfizer Inc. common shareholders and assumed conversions	**10,623**	5,577	2,189
Net income attributable to Pfizer Inc. common shareholders and assumed conversions	**$ 22,003**	$ 14,570	$ 10,009
EPS Denominator			
Weighted-average number of common shares outstanding—Basic	**6,813**	7,442	7,817
Common-share equivalents: stock options, stock issuable under employee compensation plans and convertible preferred stock	**82**	66	53
Weighted-average number of common shares outstanding—Diluted	**6,895**	7,508	7,870
Stock options that had exercise prices greater than the average market price of our common stock issuable under employee compensation plans [(a)]	**43**	177	272

[(a)] These common stock equivalents were outstanding for the years ended December 31, 2013 , 2012 and 2011 , but were not included in the computation of diluted EPS for those periods because their inclusion would have had an anti-dilutive effect.

Note 15. Lease Commitments

We lease properties and equipment for use in our operations. In addition to rent, the leases may require us to pay directly for taxes, insurance, maintenance and other operating expenses or to pay higher rent when operating expenses increase. Rental expense, net of sublease income, was $233 million in 2013 , $301 million in 2012 and $378 million in 2011 .

The future minimum rental commitments under non-cancelable operating leases follow:

(MILLIONS OF DOLLARS)	2014	2015	2016	2017	2018	After 2018
Lease commitments	$ 204	$ 168	$ 130	$ 98	$ 80	$ 771

Note 16. Insurance

Our insurance coverage reflects market conditions (including cost and availability) existing at the time it is written, and our decision to obtain insurance coverage or to self-insure varies accordingly. Depending upon the cost and availability of insurance and the nature of the risk involved, the amount of self-insurance may be significant. The cost and availability of coverage have resulted in self-insuring certain exposures, including product liability. If we incur substantial liabilities that are not covered by insurance or substantially exceed insurance coverage and that are in excess of existing accruals, there could be a material adverse effect on our cash flows or results of operations in the period in which the amounts are paid and/or accrued (see *Note 17. Commitments and Contingencies*).

Note 17. Commitments and Contingencies

We and certain of our subsidiaries are subject to numerous contingencies arising in the ordinary course of business. For a discussion of our tax contingencies, see Notes to Consolidated Financial Statements— *Note 5D. Tax Matters: Tax Contingencies* .

A. Legal Proceedings

Our non-tax contingencies include, among others, the following:

- Patent litigation, which typically involves challenges to the coverage and/or validity of our patents on various products, processes or dosage forms. We are the plaintiff in the vast majority of these actions. An adverse outcome in actions in which we are the plaintiff could result in a loss of patent protection for the drug at issue, a significant loss of revenues from that drug and impairments of any associated assets.
- Product liability and other product-related litigation, which can include personal injury, consumer, off-label promotion, securities-law, antitrust and breach of contract claims, among others, often involves highly complex issues relating to medical causation, label warnings and reliance on those warnings, scientific evidence and findings, actual, provable injury and other matters.
- Commercial and other matters, which can include merger-related and product-pricing claims and environmental claims and proceedings, can involve complexities that will vary from matter to matter.
- Government investigations, which often are related to the extensive regulation of pharmaceutical companies by national, state and local government agencies in the U.S. and in other countries.

Certain of these contingencies could result in losses, including damages, fines and/or civil penalties, and/or criminal charges, which could be substantial.

We believe that our claims and defenses in these matters are substantial, but litigation is inherently unpredictable and excessive verdicts do occur. We do not believe that any of these matters will have a material adverse effect on our financial position. However, we could incur judgments, enter into settlements or revise our expectations regarding the outcome of certain matters, and such developments could have a material adverse effect on our results of operations in the period in which the amounts are accrued and/or our cash flows in the period in which the amounts are paid.

We have accrued for losses that are both probable and reasonably estimable. Substantially all of our contingencies are subject to significant uncertainties and, therefore, determining the likelihood of a loss and/or the measurement of any loss can be complex. Consequently, we are unable to estimate the range of reasonably possible loss in excess of amounts accrued. Our assessments are based on estimates and assumptions that have been deemed reasonable by management, but the assessment process relies heavily on estimates and assumptions that may prove to be incomplete or inaccurate, and unanticipated events and circumstances may occur that might cause us to change those estimates and assumptions.

Amounts recorded for legal and environmental contingencies can result from a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions.

The principal pending matters to which we are a party are discussed below. In determining whether a pending matter is a principal matter, we consider both quantitative and qualitative factors in order to assess materiality, such as, among other things, the amount of damages and the nature of any other relief sought in the proceeding, if such damages and other relief are specified; our view of the merits of the claims and of the strength of our defenses; whether the action purports to be a class action and our view of the likelihood that a class will be certified by the court; the jurisdiction in which the proceeding is pending; any experience that we or, to our knowledge, other companies have had in similar proceedings; whether disclosure of the action would be important to a reader of our financial statements, including whether disclosure might change a reader's judgment about our financial statements in light of all of the information about the Company that is available to the reader; the potential impact of the proceeding on our reputation; and the extent of public interest in the matter. In addition, with respect to patent matters, we consider, among other things, the financial significance of the product protected by the patent. As a result of considering qualitative factors in our determination of principal matters, there are some matters discussed below with respect to which management believes that the likelihood of possible loss in excess of amounts accrued is remote.

A1. Legal Proceedings––Patent Litigation

Like other pharmaceutical companies, we are involved in numerous suits relating to our patents, including but not limited to those discussed below. Most of the suits involve claims by generic drug manufacturers that patents covering our products, processes or dosage forms are invalid and/or do not cover the product of the generic manufacturer. Also, counterclaims, as well as various independent actions, have been filed claiming that our assertions of, or attempts to enforce, our patent rights with respect to certain products constitute unfair competition and/or violations of antitrust laws. In addition to the challenges to the U.S. patents on a number of our products that are discussed below, we note that the patent rights to certain of our products are being challenged in various other countries.

Viagra (sildenafil)
We and Teva Pharmaceuticals USA, Inc. (Teva USA) entered into an agreement to settle our patent-infringement action against Teva USA with respect to the Viagra use patent, which expires in 2020 (including the 6 -month pediatric exclusivity period resulting from the Company's conduct of clinical studies to evaluate Revatio in the treatment of pediatric patients with pulmonary arterial hypertension; Viagra and Revatio have the same active ingredient, sildenafil). The settlement became effective upon the satisfaction of certain conditions, including court approval, in December 2013. As a result of the settlement, Teva USA will be allowed to launch a generic version of Viagra in the U.S. in December 2017, or earlier under certain circumstances. Teva USA will pay a royalty to us for a license to produce its generic version of Viagra.

In October 2010 , we filed a patent-infringement action with respect to Viagra in the U.S. District Court for the Southern District of New York against Apotex Inc. and Apotex Corp., Mylan Pharmaceuticals Inc. and Mylan Inc., Actavis, Inc. and Amneal Pharmaceuticals LLC. These generic manufacturers have filed abbreviated new drug applications with the FDA seeking approval to market their generic versions of Viagra. They assert the invalidity and non-infringement of the Viagra use patent.

In May and June 2011, respectively, Watson Laboratories Inc. (Watson) and Hetero Labs Limited (Hetero) notified us that they had filed abbreviated new drug applications with the FDA seeking approval to market their generic versions of Viagra. Each asserts the invalidity and non-infringement of the Viagra use patent. In June and July 2011, respectively, we filed actions against Watson and Hetero in the U.S. District Court for the Southern District of New York asserting the validity and infringement of the use patent.

Sutent (sunitinib malate)
In May 2010, Mylan Pharmaceuticals Inc. notified us that it had filed an abbreviated new drug application with the FDA seeking approval to market a generic version of Sutent and challenging on various grounds the Sutent basic patent, which expires in 2021 , and two other patents, which expire in 2020 and 2021 . In June 2010, we filed suit against Mylan Pharmaceuticals Inc. in the U.S. District Court for the District of Delaware asserting the infringement of those three patents.

Lyrica (pregabalin)
Beginning in March 2009, several generic manufacturers notified us that they had filed abbreviated new drug applications with the FDA seeking approval to market generic versions of Lyrica capsules and, in the case of one generic manufacturer, Lyrica oral solution. Each of the generic manufacturers is challenging one or more of three patents for Lyrica: the basic patent, which expires in 2018 , and two other patents, one of which expired in October 2013 and the other of which expires in 2018 . Each of the generic manufacturers asserts the invalidity and/or the non-infringement of the patents subject to challenge. Beginning in April 2009, we filed actions against these generic manufacturers in the U.S. District Court for the District of Delaware asserting the infringement and validity of our patents for Lyrica. All of these cases were consolidated in the District of Delaware. In July 2012, the court held that all three patents are valid and infringed. In August 2012, the generic manufacturers appealed the decision to the U.S. Court of Appeals for the Federal Circuit. In February 2014, the Federal Circuit affirmed the decision of the District Court with respect to the validity and enforcement of one claim of the basic patent and determined, on the ground of mootness, that it did not have to render a decision on any other issues raised on appeal, including with respect to the other patent that expires in 2018. As a result, the generic manufacturers cannot obtain FDA approval for their generic versions of Lyrica or market those products in the U.S. prior to the expiration of the basic patent in 2018, subject to the possible filing by any of the generic manufacturers of a motion requesting a rehearing by the Federal Circuit or a petition for certiorari requesting a review by the U.S. Supreme Court.

Apotex Inc. notified us, in May and June 2011, respectively, that it had filed abbreviated new drug applications with the FDA seeking approval to market generic versions of Lyrica oral solution and Lyrica capsules. Apotex Inc. asserts the invalidity and non-infringement of the basic patent, as well as the seizure patent that expired in October 2013. In July 2011, we filed an action against Apotex Inc. in the U.S. District Court for the District of Delaware asserting the validity and infringement of the challenged patents in connection with both of the abbreviated new drug applications.

In November 2010, Novel Laboratories, Inc. (Novel) notified us that it had filed an abbreviated new drug application with the FDA seeking approval to market a generic version of Lyrica oral solution and asserting the invalidity and/or non-infringement of our three patents for Lyrica referred to above in the first paragraph of this section. In January 2011, we filed an action against Novel in the U.S. District Court for the District of Delaware asserting the validity and infringement of all three patents.

In October 2011, Alembic Pharmaceuticals Limited (Alembic) notified us that it had filed an abbreviated new drug application with the FDA seeking approval to market a generic version of Lyrica capsules and asserting the invalidity of the basic patent. In addition, in December 2012, Wockhardt Limited (Wockhardt) notified us that it had filed an abbreviated new drug application with the FDA seeking approval to market a generic version of Lyrica oral solution and asserting the invalidity and non-infringement of the basic patent. In December 2011 and January 2013, we filed actions against Alembic and Wockhardt, respectively, in the U.S. District Court for the District of Delaware asserting the validity and infringement of the basic patent.

Each of Novel, Alembic and Wockhardt has agreed to a stay of the respective actions described above and to be bound by any final judgment of infringement and validity of the patents at issue in the consolidated action discussed above in the first paragraph of this section.

EpiPen
King Pharmaceuticals, Inc. (King), which we acquired in 2011 and is a wholly owned subsidiary, brought a patent-infringement action against Sandoz, Inc., a division of Novartis AG (Sandoz), in the U.S. District Court for the District of New Jersey in July 2010 as the result of its abbreviated new drug application with the FDA seeking approval to market an epinephrine injectable product. Sandoz is challenging patents, which expire in 2025, covering the next-generation autoinjector for use with epinephrine that is sold under the EpiPen brand name.

Embeda (morphine sulfate/naltrexone hydrochloride extended-release capsules)
In August 2011, Watson Laboratories Inc. - Florida (Watson Florida) notified us that it had filed an abbreviated new drug application with the FDA seeking approval to market a generic version of Embeda extended-release capsules. Watson Florida asserts the invalidity and non-infringement of three formulation patents that expire in 2027 . In October 2011, we filed an action against Watson Florida in the U.S. District Court for the District of Delaware asserting the infringement of, and defending against the allegations of the invalidity of, the three formulation patents.

Torisel (temsirolimus)
In December 2011, we brought a patent-infringement action in the U.S. District Court for the District of Delaware against Sandoz as a result of its abbreviated new drug application with the FDA seeking approval to market a generic version of Torisel before the expiration of the basic patent in 2014 . In May 2012, we brought an action in the same court against Sandoz for infringement of a formulation patent that expires in 2026 . In September 2012, our actions against Sandoz were consolidated in the District of Delaware. In December 2013, this action was settled on terms that are not material to Pfizer.

Pristiq (desvenlafaxine)
Beginning in May 2012, several generic manufacturers notified us that they had filed abbreviated new drug applications with the FDA seeking approval to market generic versions of Pristiq. Each of the generic manufacturers asserts the invalidity, unenforceability and/or non-infringement of two patents for Pristiq that expire in 2022 and in 2027. Beginning in June 2012, we filed actions against these generic manufacturers in the U.S. District Court for the District of Delaware asserting the validity, enforceability and infringement of those patents. All of these actions have been consolidated in the District of Delaware.

Zyvox (linezolid)
In February 2013, Apotex Inc. and Apotex Corp. notified us that they had filed an abbreviated new drug application with the FDA seeking approval to market a generic version of Zyvox. They asserted invalidity of the basic Zyvox patent, which (including the six -month pediatric exclusivity period) expires in 2015. In March 2013, we filed an action against Apotex Inc. and Apotex Corp. in the U.S. District Court for the Northern District of Illinois for infringement of the basic patent. In December 2013, this action was settled on terms that are not material to Pfizer.

Celebrex (celecoxib)
In March 2013, the U.S. Patent and Trademark Office granted us a reissue patent covering methods of treating osteoarthritis and other approved conditions with celecoxib, the active ingredient in Celebrex. The reissue patent, including the six -month pediatric exclusivity period, expires in December 2015. On the date that the reissue patent was granted, we filed suit in the U.S. District Court for the Eastern District of Virginia, asserting the infringement of the reissue patent, against Teva USA, Mylan Pharmaceuticals Inc., Watson, Lupin Pharmaceuticals USA, Inc., Apotex Corp. and Apotex Inc. Each of those generic companies had previously filed an abbreviated new drug application with the FDA seeking approval to market a generic version of celecoxib beginning in May 2014, upon the expiration of the basic patent (including the six-month pediatric exclusivity period) for celecoxib.

Toviaz (fesoterodine)
We have an exclusive, worldwide license to market Toviaz from UCB Pharma GmbH, which owns the patents relating to Toviaz.

Beginning in May 2013, several generic manufacturers notified us that they had filed abbreviated new drug applications with the FDA seeking approval to market generic versions of Toviaz and asserting the invalidity, unenforceability and/or non-infringement of all of our patents for Toviaz that are listed in the Orange Book. Beginning in June 2013, we filed actions against all of those generic manufacturers in the U.S. District Court for the District of Delaware asserting the infringement of five of our patents for Toviaz: three composition-of-matter patents and a method-of-use patent that expire in 2019, and a patent covering salts of fesoterodine that expires in 2022.

Tygacil (tigecycline)
In September 2013, Apotex Inc. notified us that it had filed an abbreviated new drug application with the FDA seeking approval to market a generic version of Tygacil. Apotex Inc. asserts the non-infringement of a polymorph patent for Tygacil that expires in 2030, but has not challenged the basic patent, which expires in 2016. In September 2013, we filed suit against Apotex Inc. in the U.S. District Court for the District of Delaware asserting the infringement of the polymorph patent.

Lipitor (atorvastatin)
In an action initially brought against us by a generic company, the Beijing High Court upheld the validity of our patent in China covering the crystalline form of atorvastatin in Lipitor. The crystalline patent expires in July 2016 and is the only patent covering Lipitor in China. In January 2014, the China Supreme People's Court (SPC) notified us that it will conduct a retrial regarding certain issues related to the validity of the crystalline patent. If there were an adverse decision by the SPC, we would expect additional generic competition for Lipitor in China, and the price for Lipitor in China may be subject to a government-imposed price reduction larger than might otherwise occur.

A2. Legal Proceedings––Product Litigation

Like other pharmaceutical companies, we are defendants in numerous cases, including but not limited to those discussed below, related to our pharmaceutical and other products. Plaintiffs in these cases seek damages and other relief on various grounds for alleged personal injury and economic loss.

Asbestos
Between 1967 and 1982, Warner-Lambert owned American Optical Corporation, which manufactured and sold respiratory protective devices and asbestos safety clothing. In connection with the sale of American Optical in 1982, Warner-Lambert agreed to indemnify the purchaser for certain liabilities, including certain asbestos-related and other claims. As of December 31, 2013 , approximately 66,000 claims naming American Optical and numerous other defendants were pending in various federal and state courts seeking damages for alleged personal injury from exposure to asbestos and other allegedly hazardous materials. Warner-Lambert is actively engaged in the defense of, and will continue to explore various means to resolve, these claims.

Warner-Lambert and American Optical brought suit in state court in New Jersey against the insurance carriers that provided coverage for the asbestos and other allegedly hazardous materials claims related to American Optical. A majority of the carriers subsequently agreed to pay for a portion of the costs of defending and resolving those claims. The litigation continued against the carriers who disputed coverage or how

costs should be allocated to their policies, and the court held that Warner-Lambert and American Optical are entitled to payment from each of those carriers of a proportionate share of the costs associated with those claims. In the fourth quarter of 2013: (i) Warner-Lambert and American Optical entered into settlement agreements with all of those remaining carriers pursuant to which the carriers agreed to pay a portion of the past costs and to provide coverage for a portion of the future costs of defending and resolving the aforementioned claims against American Optical; and (ii) Warner-Lambert's and American Optical's action against the insurance carriers was dismissed.

Numerous lawsuits are pending against Pfizer in various federal and state courts seeking damages for alleged personal injury from exposure to products containing asbestos and other allegedly hazardous materials sold by Gibsonburg Lime Products Company (Gibsonburg). Gibsonburg was acquired by Pfizer in the 1960s and sold products containing small amounts of asbestos until the early 1970s.

There also are a small number of lawsuits pending in various federal and state courts seeking damages for alleged exposure to asbestos in facilities owned or formerly owned by Pfizer or its subsidiaries.

Celebrex and Bextra
Beginning in late 2004, several purported class actions were filed in federal and state courts alleging that Pfizer and certain current and former officers of Pfizer violated federal securities laws by misrepresenting the safety of Celebrex and Bextra. In June 2005, the federal actions were transferred for consolidated pre-trial proceedings to a Multi-District Litigation (In re Pfizer Inc. Securities, Derivative and "ERISA" Litigation MDL-1688) in the U.S. District Court for the Southern District of New York. In March 2012, the court in the Multi-District Litigation certified a class consisting of all persons who purchased or acquired Pfizer stock between October 31, 2000 and October 19, 2005.

Various Drugs: Off-Label Promotion Action
In May 2010, a purported class action was filed in the U.S. District Court for the Southern District of New York against Pfizer and several of our current and former officers. The complaint alleges that the defendants violated federal securities laws by making or causing Pfizer to make false statements, and by failing to disclose or causing Pfizer to fail to disclose material information, concerning the alleged off-label promotion of certain pharmaceutical products, alleged payments to physicians to promote the sale of those products and government investigations related thereto. Plaintiffs seek damages in an unspecified amount. In March 2012, the court certified a class consisting of all persons who purchased Pfizer common stock in the U.S. or on U.S. stock exchanges between January 19, 2006 and January 23, 2009 and were damaged as a result of the decline in the price of Pfizer common stock allegedly attributable to the claimed violations.

Various Drugs: Foreign Corrupt Practices Act Compliance
In February 2013, a shareholder derivative action was filed in the Supreme Court of the State of New York, County of New York, against certain current and former officers and directors of Pfizer. Pfizer is named as a nominal defendant. The complaint alleges that the individual defendants breached their fiduciary duties to the Company as the result of, among other things, inadequate oversight of compliance by Pfizer subsidiaries in various countries outside the U.S. with the U.S. Foreign Corrupt Practices Act. The plaintiff seeks damages in unspecified amounts and other unspecified relief on behalf of Pfizer.

Effexor

- *Personal Injury Actions*

A number of individual lawsuits and multi-plaintiff lawsuits have been filed against us and/or our subsidiaries in various federal and state courts alleging personal injury as a result of the purported ingestion of Effexor. Among other types of actions, the Effexor personal injury litigation includes actions alleging a variety of birth defects as a result of the purported ingestion of Effexor by women during pregnancy. Plaintiffs in these birth-defect actions seek compensatory and punitive damages. In August 2013, the federal birth-defect cases were transferred for consolidated pre-trial proceedings to a Multi-District Litigation (In re Effexor (Venlafaxine Hydrochloride) Products Liability Litigation MDL-2458) in the U.S. District Court for the Eastern District of Pennsylvania.

- *Antitrust Actions*

Beginning in May 2011, actions, including purported class actions, were filed in various federal courts against Wyeth and, in certain of the actions, affiliates of Wyeth and certain other defendants relating to Effexor XR, which is the extended-release formulation of Effexor. The plaintiffs in each of the class actions seek to represent a class consisting of all persons in the U.S. and its territories who directly purchased, indirectly purchased or reimbursed patients for the purchase of Effexor XR or generic Effexor XR from any of the defendants from June 14, 2008 until the time the defendants' allegedly unlawful conduct ceased. The plaintiffs in all of the actions allege delay in the launch of generic Effexor XR in the U.S. and its territories, in violation of federal antitrust laws and, in certain of the actions, the antitrust, consumer protection and various other laws of certain states, as the result of Wyeth fraudulently obtaining and improperly listing certain patents for Effexor XR, enforcing certain patents for Effexor XR, and entering into a litigation settlement agreement with a generic manufacturer with respect to Effexor XR. Each of the plaintiffs seeks treble damages (for itself in the individual actions or on behalf of the putative class in the purported class actions) for alleged price overcharges for Effexor XR or generic Effexor XR in the U.S. and its territories since June 14, 2008. All of these actions have been consolidated in the U.S. District Court for the District of New Jersey.

Zoloft
A number of individual lawsuits and multi-plaintiff lawsuits have been filed against us and/or our subsidiaries in various federal and state courts alleging personal injury as a result of the purported ingestion of Zoloft. Among other types of actions, the Zoloft personal injury litigation includes actions alleging a variety of birth defects as a result of the purported ingestion of Zoloft by women during pregnancy. Plaintiffs in these birth-defect actions seek compensatory and punitive damages and the disgorgement of profits resulting from the sale of Zoloft. In April 2012, the federal birth-defect cases were transferred for consolidated pre-trial proceedings to a Multi-District Litigation (In re Zoloft Products Liability Litigation MDL-2342) in the U.S. District Court for the Eastern District of Pennsylvania.

Neurontin

- *Off-Label Promotion Actions*

A number of lawsuits, including purported class actions, have been filed against us in various federal and state courts alleging claims arising from the promotion and sale of Neurontin. The plaintiffs in the purported class actions seek to represent nationwide and certain statewide classes consisting of persons, including individuals, health insurers, employee benefit plans and other third-party payers, who purchased or reimbursed patients for the purchase of Neurontin that allegedly was used for indications other than those included in the product labeling approved by the FDA. In 2004, many of the suits pending in federal courts, including individual actions as well as purported class actions, were transferred for consolidated pre-trial proceedings to a Multi-District Litigation (In re Neurontin Marketing, Sales Practices and Product Liability Litigation MDL-1629) in the U.S. District Court for the District of Massachusetts.

In the Multi-District Litigation, the District Court (i) denied the plaintiffs' motion for certification of a nationwide class of all individual consumers and third-party payers who allegedly purchased or reimbursed patients for the purchase of Neurontin for off-label uses from 1994 through 2004, and (ii) dismissed an individual action by a third-party payer, Aetna, as well as actions by certain proposed class representatives for third-party payers and for individual consumers. In April 2013, the U.S. Court of Appeals for the First Circuit reversed the decisions of the District Court dismissing the individual action by Aetna as well as the action by the third-party payer proposed class representatives. The First Circuit remanded those actions to the District Court for further consideration, including reconsideration of class certification in the third-party payer action. In addition, a number of individual actions by other third-party payers remain pending in the Multi-District Litigation and in other courts.

In January 2011, the U.S. District Court for the District of Massachusetts entered an order trebling a jury verdict against us in an individual action by a third-party payer, the Kaiser Foundation Health Plan Inc., seeking damages for the alleged off-label promotion of Neurontin in violation of the federal Racketeer Influenced and Corrupt Organizations (RICO) Act. The verdict was for approximately $47.4 million , which was subject to automatic trebling to $142.1 million under the RICO Act. In November 2010, the court had entered a separate verdict against us in the amount of $65.4 million , together with prejudgment interest, under California's Unfair Trade Practices law relating to the same alleged conduct, which amount is included within and is not additional to the $142.1 million trebled amount of the jury verdict. In April 2013, the U.S. Court of Appeals for the First Circuit affirmed the District Court's decisions.

In December 2013, the U.S. Supreme Court denied our petition for certiorari seeking review of the First Circuit's decisions, described above, reversing the dismissals of the individual action by Aetna and the third-party payer purported class action and affirming the verdict against us in the individual action by Kaiser. As a result, the verdict against us in the individual action by Kaiser is final, and the third-party payer purported class action remains pending in the District Court. In December 2013, we settled the individual action by Aetna for an amount that is not material to Pfizer.

Plaintiffs are seeking certification of statewide classes of Neurontin purchasers in actions pending in California and Illinois that allege off-label promotion of Neurontin. State courts in New York, Pennsylvania, Missouri and New Mexico have declined to certify statewide classes of Neurontin purchasers.

- *Personal Injury Actions*

A number of individual lawsuits have been filed against us in various federal and state courts alleging suicide, attempted suicide and other personal injuries as a result of the purported ingestion of Neurontin. Certain of the federal actions have been transferred for consolidated pre-trial proceedings to the same Multi-District Litigation referred to in the first paragraph of the "Neurontin—Off-Label Promotion Actions" section above.

- *Antitrust Action*

In January 2011, in a Multi-District Litigation (In re Neurontin Antitrust Litigation MDL-1479) that consolidates four actions, the U.S. District Court for the District of New Jersey certified a nationwide class consisting of wholesalers and other entities who purchased Neurontin directly from Pfizer and Warner-Lambert during the period from December 11, 2002 to August 31, 2008 and who also purchased generic gabapentin after it became available. The complaints allege that Pfizer and Warner-Lambert engaged in anticompetitive conduct in violation of the Sherman Act that included, among other things, submitting patents for listing in the Orange Book and prosecuting and enforcing certain patents relating to Neurontin, as well as engaging in off-label marketing of Neurontin. Plaintiffs seek compensatory damages on behalf of the class, which may be subject to trebling.

Lipitor

- *Whistleblower Action*

In 2004, a former employee filed a "whistleblower" action against us in the U.S. District Court for the Eastern District of New York. The complaint remained under seal until September 2007, at which time the U.S. Attorney for the Eastern District of New York declined to intervene in the case. We were served with the complaint in December 2007. Plaintiff alleges off-label promotion of Lipitor in violation of the Federal Civil False Claims Act and the false claims acts of certain states, and he seeks treble damages and civil penalties on behalf of the federal government and the specified states as the result of their purchase, or reimbursement of patients for the purchase, of Lipitor allegedly for such off-label uses. Plaintiff also seeks compensation as a whistleblower under those federal and state statutes. In addition, plaintiff alleges that he was wrongfully terminated, in violation of the anti-retaliation provisions of applicable federal and New York law, and he seeks damages and the reinstatement of his employment. In 2009, the District Court dismissed without prejudice the off-label promotion claims and, in 2010, plaintiff filed an amended complaint containing off-label promotion allegations that are substantially similar to the allegations in the original complaint. In November 2012, the District Court dismissed the amended complaint. In December 2012, the plaintiff appealed the District Court's decision to the U.S. Court of Appeals for the Second Circuit.

- *Antitrust Actions*

Beginning in November 2011, purported class actions relating to Lipitor were filed in various federal courts against Pfizer, certain affiliates of Pfizer, and, in most of the actions, Ranbaxy, among others. The plaintiffs in these various actions seek to represent nationwide, multi-state or statewide classes consisting of persons or entities who directly purchased, indirectly purchased or reimbursed patients for the purchase of Lipitor (or, in certain of the actions, generic Lipitor) from any of the defendants from March 2010 until the cessation of the defendants' allegedly unlawful conduct (the Class Period). The plaintiffs allege delay in the launch of generic Lipitor, in violation of federal antitrust laws and/or state antitrust, consumer protection and various other laws, resulting from (i) the 2008 agreement pursuant to which Pfizer and Ranbaxy settled certain patent litigation involving Lipitor, and Pfizer granted Ranbaxy a license to sell a generic version of Lipitor in various markets beginning on varying dates, and (ii) in certain of the actions, the procurement and/or enforcement of certain patents for Lipitor. Each of the actions seeks, among other things, treble damages on behalf of the putative class for alleged price overcharges for Lipitor (or, in certain of the actions, generic Lipitor) during the Class Period. In addition, individual actions have been filed against Pfizer, Ranbaxy and certain of their affiliates, among others, that assert claims and seek relief for the plaintiffs that are substantially similar to the claims asserted and the relief sought in the purported class actions described above. These various actions have been consolidated for pre-trial proceedings in a Multi-District Litigation (In re Lipitor Antitrust Litigation MDL-2332) in the U.S. District Court for the District of New Jersey.

In November 2012, the defendants moved to dismiss all of the foregoing actions. In September 2013, the court dismissed the claims by direct purchasers that relate to the procurement and/or enforcement of certain patents for Lipitor. In addition, the court limited the timeframe for which direct purchasers may pursue their remaining damage claims to the period from June 2011 to November 2011. In October 2013, all of the direct and indirect purchaser plaintiffs, except for certain individual plaintiffs, filed amended complaints. In November 2013, the defendants filed motions to dismiss the amended complaints.

Also, in January 2013, the State of West Virginia filed an action in West Virginia state court against Pfizer and Ranbaxy, among others, that asserts claims and seeks relief on behalf of the State of West Virginia and residents of that state that are substantially similar to the claims asserted and the relief sought in the purported class actions described above.

- *Personal Injury Actions*

A number of individual and multi-plaintiff lawsuits have been filed against us in various federal and state courts alleging that the plaintiffs developed type 2 diabetes as the result of the purported ingestion of Lipitor. Plaintiffs seek compensatory and punitive damages. In February 2014, the federal actions were transferred for consolidated pre-trial proceedings to a Multi-District Litigation (In re Lipitor (Atorvastatin Calcium) Marketing, Sales Practices and Products Liability Litigation (No. II) MDL-2502) in the U.S. District Court for the District of South Carolina.

Chantix/Champix
Beginning in December 2008, purported class actions were filed against us in the Ontario Superior Court of Justice (Toronto Region), the Superior Court of Quebec (District of Montreal), the Court of Queen's Bench of Alberta, Judicial District of Calgary, and the Superior Court of British Columbia (Vancouver Registry) on behalf of all individuals and third-party payers in Canada who have purchased and ingested Champix or reimbursed patients for the purchase of Champix. Each of these actions asserts claims under Canadian product liability law, including with respect to the safety and efficacy of Champix, and, on behalf of the putative class, seeks monetary relief, including punitive damages. In June 2012, the Ontario Superior Court of Justice certified the Ontario proceeding as a class action, defining the class as consisting of the following: (i) all persons in Canada who ingested Champix during the period from April 2, 2007 to May 31, 2010 and who experienced at least one of a number of specified neuropsychiatric adverse events; (ii) all persons who are entitled to assert claims in respect of Champix pursuant to Canadian legislation as the result of their relationship with a class member; and (iii) all health insurers who are entitled to assert claims in respect of Champix pursuant to Canadian legislation. The Ontario Superior Court of Justice certified the class against Pfizer Canada Inc. only and ruled that the action against Pfizer Inc. should be stayed until after the trial of the issues that are common to the class members. The actions in Quebec, Alberta and British Columbia have been stayed in favor of the Ontario action, which is proceeding on a national basis.

Bapineuzumab
In June 2010, a purported class action was filed in the U.S. District Court for the District of New Jersey against Pfizer, as successor to Wyeth, and several former officers of Wyeth. The complaint alleges that Wyeth and the individual defendants violated federal securities laws by making or causing Wyeth to make false and misleading statements, and by failing to disclose or causing Wyeth to fail to disclose material information, concerning the results of a clinical trial involving bapineuzumab, a product in development for the treatment of Alzheimer's disease. The plaintiff seeks to represent a class consisting of all persons who purchased Wyeth securities from May 21, 2007 through July 2008 and seeks damages in an unspecified amount on behalf of the putative class. In February 2012, the court granted the defendants' motion to dismiss the complaint. In December 2012, the court granted the plaintiff's motion to file an amended complaint. In April 2013, the court granted the defendants' motion to dismiss the amended complaint. In May 2013, the plaintiff appealed the District Court's decision to the U.S. Court of Appeals for the Third Circuit.

Various Drugs: Co-Pay Programs
In July 2012, a purported class action was filed against Pfizer in the U.S. District Court for the Southern District of Illinois. In December 2013, the plaintiffs filed an amended complaint. The plaintiffs seek to represent a class consisting of all entities in the U.S. and its territories that have reimbursed patients for the purchase of certain Pfizer drugs for which co-pay programs exist or have existed. The plaintiffs allege that these programs violate the federal Racketeer Influenced and Corrupt Organization (RICO) Act by providing an incentive for patients to use certain Pfizer drugs rather than less-expensive competitor products, thereby increasing the payers' reimbursement costs. The plaintiffs also allege that these programs constitute tortuous interference with contract. The plaintiffs seek treble damages on behalf of the putative class for their excess reimbursement costs allegedly attributable to the co-pay programs, as well as an injunction prohibiting us from offering such programs. Similar purported class actions have been filed against several other pharmaceutical companies.

A3. Legal Proceedings––Commercial and Other Matters

Average Wholesale Price Litigation
Pfizer, certain of its subsidiaries and other pharmaceutical manufacturers were sued in various state courts by a number of states alleging that the defendants provided average wholesale price (AWP) information for certain of their products that was higher than the actual average prices at which those products were sold. The AWP is used to determine reimbursement levels under Medicare Part B and Medicaid and in many private-sector insurance policies and medical plans. All but two of those actions have been resolved through settlement, dismissal or final judgment. The plaintiff states in the two remaining actions claim that the alleged spread between the AWPs at which purchasers were reimbursed and the actual sale prices was promoted by the defendants as an incentive to purchase certain of their products. In addition to suing on their own behalf, the two states seek to recover on behalf of individuals, private-sector insurance companies and medical plans in their states. These actions allege, among other things, fraud, unfair competition, unfair trade practices and the violation of consumer protection statutes, and seek monetary and other relief, including civil penalties and treble damages.

Monsanto-Related Matters
In 1997, Monsanto Company (Former Monsanto) contributed certain chemical manufacturing operations and facilities to a newly formed corporation, Solutia Inc. (Solutia), and spun off the shares of Solutia. In 2000, Former Monsanto merged with Pharmacia & Upjohn Company to form Pharmacia Corporation (Pharmacia). Pharmacia then transferred its agricultural operations to a newly created subsidiary, named Monsanto Company (New Monsanto), which it spun off in a two-stage process that was completed in 2002. Pharmacia was acquired by Pfizer in 2003 and is now a wholly owned subsidiary of Pfizer.

In connection with its spin-off that was completed in 2002, New Monsanto assumed, and agreed to indemnify Pharmacia for, any liabilities related to Pharmacia's former agricultural business. New Monsanto is defending and indemnifying Pharmacia in connection with various claims and litigation arising out of, or related to, the agricultural business.

In connection with its spin-off in 1997, Solutia assumed, and agreed to indemnify Pharmacia for, liabilities related to Former Monsanto's chemical businesses. As the result of its reorganization under Chapter 11 of the U.S. Bankruptcy Code, Solutia's indemnification obligations related to Former Monsanto's chemical businesses are limited to sites that Solutia has owned or operated. In addition, in connection with its spinoff that was completed in 2002, New Monsanto assumed, and agreed to indemnify Pharmacia for, any liabilities primarily related to Former Monsanto's chemical businesses, including, but not limited to, any such liabilities that Solutia assumed. Solutia's and New Monsanto's assumption of and agreement to indemnify Pharmacia for these liabilities apply to pending actions and any future actions related to Former Monsanto's chemical businesses in which Pharmacia is named as a defendant, including, without limitation, actions asserting environmental claims, including alleged exposure to polychlorinated biphenyls. Solutia and New Monsanto are defending and indemnifying Pharmacia in connection with various claims and litigation arising out of, or related to, Former Monsanto's chemical businesses.

Trade Secrets Action in California
In 2004, Ischemia Research and Education Foundation (IREF) and its chief executive officer brought an action in California Superior Court, Santa Clara County, against a former IREF employee and Pfizer. Plaintiffs allege that defendants conspired to misappropriate certain information from IREF's allegedly proprietary database in order to assist Pfizer in designing and executing a clinical study of a Pfizer drug. In 2008, the jury returned a verdict for compensatory damages of approximately $38.7 million . In March 2009, the court awarded prejudgment interest, but declined to award punitive damages. In July 2009, the court granted our motion for a new trial and vacated the jury verdict. In February 2013, the trial court's decision was affirmed by the California Court of Appeal, Sixth Appellate District. In May 2013, the action was remanded for further proceedings to the California Superior Court, Santa Clara County.

Environmental Matters
In 2009, we submitted to the U.S. Environmental Protection Agency (EPA) a corrective measures study report with regard to Pharmacia Corporation's discontinued industrial chemical facility in North Haven, Connecticut and a revised site-wide feasibility study with regard to Wyeth Holdings Corporation's discontinued industrial chemical facility in Bound Brook, New Jersey. In September 2010, our corrective measures study report with regard to the North Haven facility was approved by the EPA, and we commenced construction of the site remedy in late 2011 under an Updated Administrative Order on Consent with the EPA. In July 2011, Wyeth Holdings Corporation finalized an Administrative Settlement Agreement and Order on Consent for Removal Action with the EPA with regard to the Bound Brook facility. In May 2012, we completed construction of an interim remedy to address the discharge of impacted groundwater from that facility to the Raritan River. In September 2012, the EPA issued a final remediation plan for the Bound Brook facility's main plant area, which is generally in accordance with one of the remedies evaluated in our revised site-wide feasibility study. In March 2013, Wyeth Holdings Corporation entered into an Administrative Settlement Agreement and Order on Consent with the EPA to allow us to undertake detailed engineering design of the remedy for the main plant area and to perform a focused feasibility study for two adjacent lagoons. The estimated costs of the site remedy for the North Haven facility and the site remediation for the Bound Brook facility are covered by accruals previously taken by us.

We are a party to a number of other proceedings brought under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (CERCLA or Superfund), and other state, local or foreign laws in which the primary relief sought is the cost of past and/or future remediation.

In October 2011, we voluntarily disclosed to the EPA potential non-compliance with certain provisions of the federal Clean Air Act at our Barceloneta, Puerto Rico manufacturing facility. We do not expect that any injunctive relief or penalties that may result from our voluntary disclosure will be material to Pfizer. Separately, in October 2012, the EPA issued an administrative complaint and penalty demand of $216,000 to resolve alleged non-compliance with similar provisions of the federal Clean Air Act that the EPA identified as part of its March 2010 inspection of the Barceloneta facility. We are in discussions with the EPA seeking to resolve these matters.

A4. Legal Proceedings––Government Investigations

Like other pharmaceutical companies, we are subject to extensive regulation by national, state and local government agencies in the U.S. and in the other countries in which we operate. As a result, we have interactions with government agencies on an ongoing basis. It is possible that criminal charges and substantial fines and/or civil penalties could result from government investigations. Among the investigations by government agencies is the matter discussed below.

In 2009, the U.S. Department of Justice (DOJ) filed a civil complaint in intervention in two qui tam actions that had been filed under seal in the U.S. District Court for the District of Massachusetts. The complaint alleges that Wyeth's practices relating to the pricing for Protonix for Medicaid rebate purposes between 2001 and 2006, prior to Wyeth's acquisition by Pfizer, violated the Federal Civil False Claims Act and federal common law. The two qui tam actions have been unsealed and the complaints include substantially similar allegations. In addition, in 2009, several states and the District of Columbia filed a complaint under the same docket number asserting violations of various state laws based on allegations substantially similar to those set forth in the civil complaint filed by the DOJ. We are exploring with the DOJ various ways to resolve this matter.

A5. Legal Proceedings––Certain Matters Resolved During 2013

During 2013, certain matters, including those discussed below, were resolved or substantially resolved or were the subject of definitive settlement agreements or settlement agreements-in-principle.

Protonix (pantoprazole sodium)
Wyeth has a license to market Protonix in the U.S. from Nycomed GmbH (Nycomed), which owns the patents relating to Protonix. Nycomed was acquired by Takeda Pharmaceutical Company Limited (Takeda) in 2011. The basic patent (including the six -month pediatric exclusivity period) for Protonix expired in January 2011.

In June 2013, Pfizer announced a settlement of Pfizer's and Takeda's patent-infringement action against Teva Pharmaceutical Industries Ltd. (Teva Pharmaceutical Industries) and Sun Pharmaceutical Industries Ltd. (Sun) in the U.S. District Court for the District of New Jersey that provides for the payment of a total of $2.15 billion by the two generic companies. In that action, Pfizer and Takeda sought compensation for damages resulting from Teva Pharmaceutical Industries' and Sun's "at-risk" launches of Protonix in the U.S. prior to the expiration of the basic patent. Pursuant to the settlement agreement: (i) Teva Pharmaceutical Industries paid Pfizer and Takeda a total of $800 million in 2013 and agreed to pay Pfizer and Takeda an additional $800 million by October 2014, and (ii) Sun paid Pfizer and Takeda a total of $550 million in 2013. Pfizer is entitled to 64% and Takeda is entitled to 36% of the settlement proceeds.

Separately, Wyeth and Nycomed were defendants in purported class actions in the U.S. District Court for the District of New Jersey that alleged violation of antitrust laws in connection with the procurement and enforcement of the patents for Protonix. These actions had been stayed pending resolution of the underlying patent litigation discussed above. In July 2013, after the settlement and dismissal of the underlying patent litigation, these purported class actions were dismissed with the consent of the parties.

Asbestos –– Quigley
Quigley Company, Inc. (Quigley or, subsequent to the effectiveness of the amended reorganization plan on November 4, 2013, Reorganized Quigley), a wholly owned subsidiary, was acquired by Pfizer in 1968 and sold products containing small amounts of asbestos until the early 1970s. In September 2004, Pfizer and Quigley took steps that were intended to resolve all pending and future claims against Pfizer and Quigley in which the claimants allege personal injury from exposure to Quigley products containing asbestos, silica or mixed dust. We recorded a charge of $369 million pre-tax ($229 million after-tax) in the third quarter of 2004 in connection with these matters.

In September 2004, Quigley filed a petition in the U.S. Bankruptcy Court for the Southern District of New York seeking reorganization under Chapter 11 of the U.S. Bankruptcy Code. In March 2005, Quigley filed a reorganization plan in the Bankruptcy Court. In connection with that filing, Pfizer entered into settlement agreements with lawyers representing more than 80% of the individuals with claims related to Quigley products against Quigley and Pfizer. The agreements provide for a total of $430 million in payments, of which $215 million became due in December 2005 and has been and is being paid to claimants upon receipt by Pfizer of certain required documentation from each of the claimants. The reorganization plan provided for the establishment of a trust (the Asbestos Personal Injury Trust) for the evaluation and, as appropriate, payment of all unsettled pending claims, as well as any future claims alleging injury from exposure to Quigley products.

In September 2010, the Bankruptcy Court declined to confirm the amended reorganization plan. As a result, Pfizer recorded additional charges for this matter of approximately $1.3 billion pre-tax (approximately $800 million after-tax) in 2010.

In March 2011, Pfizer entered into a settlement agreement with a committee (the Ad Hoc Committee) representing approximately 40,000 claimants in the Quigley bankruptcy proceeding (the Ad Hoc Committee claimants). Pursuant to the settlement agreement and consistent with the charges previously recorded with respect to Quigley, Pfizer, among other things, paid an aggregate of $800 million to the Ad Hoc Committee for the benefit of the Ad Hoc Committee claimants.

In July 2013, the Bankruptcy Court entered an order confirming the amended reorganization plan, and the District Court entered an order issuing an injunction directing pending and future claims alleging asbestos-related personal injury from exposure to Quigley products to the Asbestos Personal Injury Trust, with certain exceptions. The District Court's judgment on its order became final and non-appealable on October 17, 2013. The amended reorganization plan became effective on November 4, 2013, at which time, consistent with the charges previously recorded with respect to Quigley, we contributed an additional amount of cash (approximately $277 million), a money market investment valued at approximately $447 million and non-cash items (including an insurance receivable, insurance policies valued at face value, a business operation and the value of certain debt forgiveness) to Reorganized Quigley and the Asbestos Personal Injury Trust with a total value of approximately $1.08 billion ; the value of the non-cash items was finalized and approved by the Bankruptcy Court.

Hormone-Replacement Therapy
Pfizer and certain wholly owned subsidiaries and limited liability companies, including Wyeth and King, along with several other pharmaceutical manufacturers, were named as defendants in approximately 10,000 actions in various federal and state courts alleging personal injury or economic loss related to the use or purchase of certain estrogen and progestin medications prescribed for women to treat the symptoms of menopause. Although new actions are occasionally filed, the number of new actions was not significant in the fourth quarter of 2013, and we do not expect a substantial change in the rate of new actions being filed. Plaintiffs in these suits allege a variety of personal injuries, including breast cancer, ovarian cancer, stroke and heart disease.

Most of the unresolved actions against Pfizer and/or its affiliated companies have been outstanding for more than five years and could take many more years to resolve. However, opportunistic settlements could occur at any time. The litigation process is time-consuming, as every hormone-replacement action being litigated involves contested issues of medical causation and knowledge of risk. Even though the vast majority of hormone-replacement therapy actions concern breast cancer, the underlying facts (e.g., medical causation, family history, reliance on warnings, physician/patient interaction, analysis of labels, actual, provable injury and other critical factors) can differ significantly from action to action, and the process of discovery has not yet begun for a majority of the unresolved actions. In addition, the hormone-replacement therapy litigation involves fundamental issues of science and medicine that often are uncertain and continue to evolve.

As of December 31, 2013, Pfizer and its affiliated companies had settled, or entered into definitive agreements or agreements-in-principle to settle, more than 99% of the hormone-replacement therapy actions pending against us and our affiliated companies. Since the inception of this litigation, we recorded aggregate charges in previous years with respect to those actions, as well as with respect to the actions that have resulted in verdicts against us or our affiliated companies, of approximately $1.7 billion . These charges also include approximately $25 million for the expected costs to resolve all remaining hormone-replacement therapy actions against Pfizer and its affiliated companies, excluding a few pending class actions and purported class actions. The approximately $25 million charges are an estimate and, while we cannot reasonably estimate the range of reasonably possible loss in excess of the amounts accrued for these contingencies given the uncertainties inherent in this product liability litigation, as described above, additional charges may be required in the future.

Rebif
We have an exclusive collaboration agreement with EMD Serono, Inc. (Serono) to co-promote Rebif, a treatment for multiple sclerosis, in the U.S. In August 2011, Serono filed a complaint in the Philadelphia Court of Common Pleas seeking a declaratory judgment that we are not entitled to a 24 -month extension of the Rebif co-promotion agreement, which otherwise would have terminated at the end of 2013. We disagreed with Serono's interpretation of the agreement and believed that we have the right to extend the agreement to the end of 2015. In October 2011, the court sustained our preliminary objections and dismissed Serono’s complaint. In March 2013, the Superior Court of Pennsylvania affirmed the decision of the Philadelphia Court of Common Pleas dismissing Serono’s complaint, thereby upholding our right to extend the Rebif co-promotion agreement to the end of 2015. In May 2013, the Superior Court of Pennsylvania denied Serono’s petition seeking reconsideration of the decision.

B. Guarantees and Indemnifications

In the ordinary course of business and in connection with the sale of assets and businesses, we often indemnify our counterparties against certain liabilities that may arise in connection with the transaction or related to activities prior to the transaction. These indemnifications typically pertain to environmental, tax, employee and/or product-related matters and patent-infringement claims. If the indemnified party were to make a successful claim pursuant to the terms of the indemnification, we would be required to reimburse the loss. These indemnifications are generally subject to threshold amounts, specified claim periods and other restrictions and limitations. Historically, we have not paid significant amounts under these provisions and, as of December 31, 2013 , recorded amounts for the estimated fair value of these indemnifications are not significant.

Pfizer Inc. has also guaranteed the long-term debt of certain companies that it acquired and that now are subsidiaries of Pfizer.

C. Purchase Commitments

As of December 31, 2013 , we have agreements totaling $3.4 billion to purchase goods and services that are enforceable and legally binding and include amounts relating to advertising, information technology services, employee benefit administration services, and potential milestone payments deemed reasonably likely to occur.

Note 18. Segment, Geographic and Other Revenue Information

A. Segment Information

We regularly review the approach used by management to evaluate performance and allocate resources throughout the company. At the beginning of our fiscal year 2014, our commercial operations were restructured. Prior to that restructuring, we managed our operations through four operating segments—Primary Care, Specialty Care and Oncology, Established Products and Emerging Markets, and Consumer Healthcare. Each operating segment had responsibility for its commercial activities and for certain research and development activities related to in-line products and IPR&D projects that generally had achieved proof-of-concept. Generally, products were transferred to the Established Products unit in the beginning of the fiscal year following loss of patent protection or marketing exclusivity.

Operating Segments

A description of each of our four operating segments follows:

- Primary Care operating segment—included revenues and earnings, as defined by management, from prescription pharmaceutical products primarily prescribed by primary-care physicians, and included products in the following therapeutic and disease areas: Alzheimer's disease, cardiovascular (excluding pulmonary arterial hypertension), erectile dysfunction, genitourinary, major depressive disorder, pain, respiratory and smoking cessation. Examples of products in this unit in 2013 included Celebrex, Chantix/Champix, Eliquis, Lyrica, Premarin, Pristiq and Viagra (outside Canada and South Korea). All revenues and earnings for such products were allocated to the Primary Care unit, except those generated in Emerging Markets and those that were managed by the Established Products unit.
- Specialty Care and Oncology operating segment—comprised the Specialty Care business unit and the Oncology business unit.
  - Specialty Care—included revenues and earnings, as defined by management, from prescription pharmaceutical products primarily prescribed by physicians who are specialists, and included products in the following therapeutic and disease areas: anti-infectives, endocrine disorders, hemophilia, inflammation, ophthalmology, pulmonary arterial hypertension, specialty neuroscience and vaccines. Examples of products in this unit in 2013 included BeneFIX, Enbrel, Genotropin, Geodon (outside the U.S.), the Prevnar family of products, ReFacto AF, Revatio (outside the U.S.), Tygacil, Vfend (outside the U.S. and South Korea), Vyndaqel, Xalatan (outside the U.S., Canada, South Korea, developed Europe, Australia and New Zealand), Xeljanz, Xyntha and Zyvox. All revenues and earnings for such products were allocated to the Specialty Care unit, except those generated in Emerging Markets and those that were managed by the Established Products unit.
  - Oncology—included revenues and earnings, as defined by management, from prescription pharmaceutical products addressing oncology and oncology-related illnesses. The products in this unit in 2013 included Inlyta, Sutent, Torisel, Xalkori, Mylotarg (in Japan), Bosulif (in the U.S. and EU) and Aromasin (in Japan and South Korea). All revenues and earnings for such products were allocated to the Oncology unit, except those generated in Emerging Markets and those that were managed by the Established Products unit.
- Established Products and Emerging Markets operating segment—comprised the Established Products business unit and the Emerging Markets business unit.
  - Established Products—included revenues and earnings, as defined by management, from prescription pharmaceutical products that had lost patent protection or marketing exclusivity in certain countries and/or regions. Typically, products were transferred to this unit in the beginning of the fiscal year following loss of patent protection or marketing exclusivity. However, in certain situations, products were transferred to this unit at a different point than the beginning of the fiscal year following loss of patent protection or marketing exclusivity in order to maximize their value. This unit also excluded revenues and earnings generated in Emerging Markets. Examples of products in this unit in 2013 included Arthrotec, Effexor, Geodon (in the U.S.), Lipitor, Medrol, Norvasc, Protonix, Relpax, Vfend (in the U.S. and South Korea), Xalatan (in the U.S., Canada, South Korea, developed Europe, Australia and New Zealand), Zosyn/Tazocin and Viagra (in Canada and South Korea).
  - Emerging Markets—included revenues and earnings, as defined by management, from all prescription pharmaceutical products sold in Emerging Markets, including Asia (excluding Japan and South Korea), Latin America, the Middle East, Eastern Europe, Africa, Turkey and Central Europe.
- Consumer Healthcare operating segment— includes worldwide revenues and earnings, as defined by management, from non-prescription products in the following therapeutic categories: dietary supplements, pain management, respiratory and personal care. Products marketed by Consumer Healthcare include Advil, Caltrate, Centrum, ChapStick, Emergen-C, Preparation H and Robitussin.

Our chief operating decision maker used the revenues and earnings of the four operating segments, among other factors, for performance evaluation and resource allocation. For the operating segments that comprised more than one business unit, a single segment manager had responsibility for those business units.

Other Costs and Business Activities

Certain costs are not allocated to our operating segment results, such as costs associated with the following:

- Worldwide Research and Development, which is generally responsible for research projects until proof-of-concept is achieved and then for transitioning those projects to the appropriate business unit for possible clinical and commercial development. R&D spending may include upfront and milestone payments for intellectual property rights. This organization also has responsibility for certain science-based and other platform-services organizations, which provide technical expertise and other services to the various R&D projects. Worldwide Research and Development is also responsible for facilitating all regulatory submissions and interactions with regulatory agencies, including all safety-event activities.
- Pfizer Medical, which is responsible for the provision of medical information to healthcare providers, patients and other parties, transparency and disclosure activities, clinical trial results publication, grants for healthcare quality improvement and medical education, partnerships with global public health and medical associations, regulatory inspection readiness reviews, internal audits of Pfizer-sponsored clinical trials and internal regulatory compliance processes.
- Corporate, representing platform functions (such as worldwide technology, finance, global real estate operations, human resources, legal, compliance, worldwide procurement, and worldwide public affairs and policy), interest income and expense and certain compensation and other corporate costs. Other unallocated costs represent overhead expenses associated with our manufacturing and commercial operations not directly attributable to an operating segment.
- Certain transactions and events such as (i) purchase accounting adjustments, where we incur expenses associated with the amortization of fair value adjustments to inventory, intangible assets and property, plant and equipment; (ii) acquisition-related activities, where we incur costs for restructuring, integration, implementation and executing the transaction; and (iii) certain significant items, which include non-

acquisition-related restructuring costs, as well as costs incurred for legal settlements, asset impairments and disposals of assets or businesses, including, as applicable, any associated transition activities.

Segment Assets

We manage our assets on a total company basis, not by operating segment, as many of our operating assets are shared (such as our plant network assets) or commingled (such as accounts receivable, as many of our customers are served by multiple operating segments). Therefore, our chief operating decision maker does not regularly review any asset information by operating segment and, accordingly, we do not report asset information by operating segment. Total assets were approximately $172 billion as of December 31, 2013 and approximately $186 billion as of December 31, 2012 .

Selected income statement information

The following table provides selected income statement information by reportable segment:

	Revenues			Earnings [a]			Depreciation and Amortization [b]		
	Year Ended December 31,			Year Ended December 31,			Year Ended December 31,		
(MILLIONS OF DOLLARS)	**2013**	2012	2011 [c]	**2013**	2012	2011 [c]	**2013**	2012	2011 [c]
Reportable Segments:									
Primary Care [d]	**$13,272**	$15,558	$22,670	**$ 7,981**	$ 9,613	$15,001	**$ 155**	$ 244	$ 249
Specialty Care and Oncology	**14,934**	15,461	16,568	**10,350**	10,499	10,789	**351**	403	427
Established Products and Emerging Markets [e]	**19,672**	20,195	18,509	**11,159**	11,217	9,417	**390**	408	430
Total reportable segments	**47,878**	51,214	57,747	**29,490**	31,329	35,207	**896**	1,055	1,106
Consumer Healthcare and other business activities [f]	**3,574**	3,443	3,288	**(2,005)**	(2,397)	(2,608)	**166**	190	223
Reconciling Items:									
Corporate	**—**	—	—	**(5,800)**	(6,112)	(7,317)	**382**	485	540
Purchase accounting adjustments [g]	**—**	—	—	**(4,344)**	(4,905)	(6,672)	**4,487**	4,988	5,476
Acquisition-related costs [h]	**—**	—	—	**(376)**	(946)	(1,913)	**124**	273	614
Certain significant items [i]	**132**	—	—	**(692)**	(5,039)	(4,255)	**167**	300	614
Other unallocated [j]	**—**	—	—	**(557)**	(688)	(961)	**84**	103	128
	$51,584	$54,657	$61,035	**$15,716**	$11,242	$11,481	**$ 6,306**	$ 7,394	$ 8,701

[a] Income from continuing operations before provision for taxes on income.

[b] Certain production facilities are shared. Depreciation is allocated based on estimates of physical production. Amounts here relate solely to the depreciation and amortization associated with continuing operations.

[c] For 2011, includes King commencing on the acquisition date of January 31, 2011.

[d] Revenues and Earnings from the Primary Care segment decreased for 2013 as compared to the prior year, and Earnings as a percentage of revenues for 2013 also declined, primarily due to the loss of exclusivity of Lipitor in developed Europe and Australia; the subsequent shift in the reporting of Lipitor in those major markets to the Established Products business unit; the losses of exclusivity of certain other products in various markets; lower Alliance revenues from Spiriva due to the ongoing expiration of the Spiriva collaboration in certain countries; and the termination of the co-promotion agreement for Aricept in Japan in December 2012. Revenues and Earnings from the Primary Care segment decreased for 2012 as compared to 2011, and Earnings as a percentage of revenues also declined, primarily due to the loss of exclusivity of Lipitor in most major markets, and the subsequent shift in the reporting of Lipitor in those major markets to the Established Products business unit.

[e] Revenues and Earnings from the Established Products and Emerging Markets segment decreased in 2013 as compared to the prior year, primarily due to the continued erosion of branded Lipitor in the U.S. and Japan, partially offset by the addition of products in certain markets that shifted to the Established Products unit from other business units beginning January 1, 2013 and strong volume growth in China. Revenues and Earnings from the Established Products and Emerging Markets segment increased in 2012 as compared to 2011, primarily due to additional products losing exclusivity and moving to the Established Products unit and increased operational sales in emerging markets, partially offset by unfavorable foreign exchange. Earnings as a percentage of revenue in 2012 increased due to the change in the mix of products.

[f] Other business activities includes the revenues and operating results of Pfizer CentreSource, our contract manufacturing and bulk pharmaceutical chemical sales operation, and the R&D costs managed by our Worldwide Research and Development organization and our Pfizer Medical organization.

[g] Purchase accounting adjustments include certain charges related to the fair value adjustments to inventory, intangible assets and property, plant and equipment.

[h] Acquisition-related costs can include costs associated with acquiring, integrating and restructuring newly acquired businesses, such as transaction costs, integration costs, restructuring charges and additional depreciation associated with asset restructuring. For additional information, see *Note 3. Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives* .

[i] Certain significant items are substantive, unusual items that, either as a result of their nature or size, would not be expected to occur as part of our normal business on a regular basis.

For Revenues in 2013, certain significant items represent revenues related to our transitional manufacturing and supply agreements with Zoetis. For additional information, see *Note 2B. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Divestitures.*

For Earnings in 2013, certain significant items includes: (i) patent litigation settlement income of $1.3 billion , (ii) the gain associated with the transfer of certain product rights to our equity-method investment in China of $459 million , (iii) income related to our transitional manufacturing and supply agreements with Zoetis of $16 million , (iv) restructuring charges and implementation costs associated with our cost-reduction initiatives that are not associated with an acquisition of $1.3 billion , (v) certain asset impairments and related charges of $1.1 billion , (vi) other charges of $83 million , (vii) net charges for certain legal matters of $21 million and (viii) costs associated with the separation of Zoetis of $18 million . For additional information, see *Note 2D. Acquisitions, Divestitures, Collaborative Arrangements and Equity-Method Investments: Equity-Method Investments, Note 3. Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives* and *Note 4. Other (Income)/Deductions—Net* .

For Earnings in 2012 , certain significant items includes: (i) net charges for certain legal matters of 2.2 billion , (ii) restructuring charges and implementation costs associated with our cost-reduction initiatives that are not associated with an acquisition of $1.8 billion , (iii) certain asset impairment charges of $875 million , (iv) costs associated with the separation of Zoetis of $125 million and (v) other charges of $19 million . For additional information see *Note 3. Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives* and *Note 4. Other (Income)/Deductions—Net* .

For Earnings in 2011 , certain significant items includes: (i) restructuring charges and implementation costs associated with our cost-reduction initiatives that are not associated with an acquisition of $2.5 billion (ii) certain asset impairment charges of $827 million , (iii) charges for certain legal matters of $822 million , (iv) other charges of $69 million and (v) costs associated with the separation of Zoetis of $35 million (see *Note 3. Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives* and *Note 4. Other (Income)/Deductions—Net* for additional information).

[j] Includes overhead expenses associated with our manufacturing and commercial operations not directly attributable to an operating segment.

B. Geographic Information

Revenues exceeded $500 million in each of 12 , 14 and 16 countries outside the U.S. in 2013 , 2012 and 2011 , respectively. The U.S. and Japan were the only countries to contribute more than 10% of total revenue in 2013 and 2012. The U.S. was the only country to contribute more than 10% of total revenue in 2011.

The following table provides revenues by geographic area:

	Year Ended December 31,		
(MILLIONS OF DOLLARS)	**2013**	2012	2011 [a]
United States	**$ 20,274**	$ 21,313	$ 25,277
Developed Europe [b]	**11,739**	12,545	15,221
Developed Rest of World [c]	**8,346**	9,956	10,422
Emerging Markets [d]	**11,225**	10,843	10,115
Revenues	**$ 51,584**	$ 54,657	$ 61,035

[a] For 2011, includes King commencing on the acquisition date of January 31, 2011.

[b] Developed Europe region includes the following markets: Western Europe, Finland and the Scandinavian countries. Revenues denominated in euros were $8.9 billion in 2013 , $9.4 billion in 2012 and $11.4 billion in 2011 .

[c] Developed Rest of World region includes the following markets: Australia, Canada, Japan, New Zealand and South Korea.

[d] Emerging Markets region includes, but is not limited to, the following markets: Asia (excluding Japan and South Korea), Latin America, the Middle East, Eastern Europe, Africa, Turkey and Central Europe.

Long-lived assets by geographic region follow:

	As of December 31,		
(MILLIONS OF DOLLARS)	**2013**	2012	2011
Property, plant and equipment, net			
United States	**$ 5,885**	$ 6,485	$ 7,116
Developed Europe [a]	**4,845**	4,895	5,640
Developed Rest of World [b]	**696**	816	872
Emerging Markets [c]	**971**	1,017	1,045
Property, plant and equipment, net	**$ 12,397**	$ 13,213	$ 14,673

[a] Developed Europe region includes the following markets: Western Europe, Finland and the Scandinavian countries.

[b] Developed Rest of World region includes the following markets: Australia, Canada, Japan, New Zealand, and South Korea.

[c] Emerging Markets region includes, but is not limited to, the following markets: Asia (excluding Japan and South Korea), Latin America, the Middle East, Eastern Europe, Africa, Turkey and Central Europe.

C. Other Revenue Information

Significant Customers

We sell our products primarily to customers in the wholesale sector. In 2013 , sales to our three largest U.S. wholesaler customers represented approximately 12% , 9% and 8% of total revenues and, collectively, represented approximately 20% of total accounts receivable as of December 31, 2013 . In 2012 , sales to our three largest U.S. wholesaler customers represented approximately 13% , 10% and 8% of total revenues and, collectively, represented approximately 18% of total accounts receivable as of December 31, 2012 . For both years, these sales and related accounts receivable were concentrated in our three biopharmaceutical operating segments.

Significant Product Revenues

The following table provides revenues by product:

(MILLIONS OF DOLLARS)	Year Ended December 31, 2013	2012	2011 [a]
Revenues from biopharmaceutical products:			
Lyrica	**$ 4,595**	$ 4,158	$ 3,693
Prevnar family	**3,974**	4,117	4,145
Enbrel (Outside the U.S. and Canada)	**3,774**	3,737	3,666
Celebrex	**2,918**	2,719	2,523
Lipitor [b]	**2,315**	3,948	9,577
Viagra	**1,881**	2,051	1,981
Zyvox	**1,353**	1,345	1,283
Norvasc	**1,229**	1,349	1,445
Sutent	**1,204**	1,236	1,187
Premarin family	**1,092**	1,073	1,013
BeneFIX	**832**	775	693
Vfend	**775**	754	747
Genotropin	**772**	832	889
Pristiq	**698**	630	577
Chantix/Champix	**648**	670	720
Refacto AF/Xyntha	**602**	584	506
Xalatan/Xalacom	**589**	806	1,250
Detrol/Detrol LA	**562**	761	883
Zoloft	**469**	541	573
Medrol	**464**	523	510
Effexor	**440**	425	678
Zosyn/Tazocin	**395**	484	636
Zithromax/Zmax	**387**	435	453
Fragmin	**359**	381	382
Relpax	**359**	368	341
Tygacil	**358**	335	298
Rapamune	**350**	346	372
Inlyta	**319**	100	—
Sulperazon	**309**	262	218
Revatio	**307**	534	535
Cardura	**296**	338	380
Xalkori	**282**	123	16
Xanax/Xanax XR	**276**	274	306
Diflucan	**242**	259	265
Toviaz	**236**	207	187
Aricept [c]	**235**	326	450
Inspra	**233**	214	195
Caduet	**223**	258	538
Somavert	**217**	197	183
Neurontin	**216**	235	289
Unasyn	**212**	228	231
BMP2	**209**	263	340
Geodon	**194**	353	1,022

Depo-Provera	**191**	148	139
Aromasin	**185**	210	361
Xeljanz	**114**	6	—
Alliance revenues [(d)]	**2,628**	3,492	3,630
All other biopharmaceutical products	**7,360**	7,804	7,441
Total revenues from biopharmaceutical products	**47,878**	51,214	57,747
Other revenues:			
Consumer Healthcare	**3,342**	3,212	3,028
Other [(e)]	**364**	231	260
Revenues	**$ 51,584**	$ 54,657	$ 61,035

[a] For 2011, includes King commencing on the acquisition date of January 31, 2011.

[b] Lipitor lost exclusivity in Australia in April 2012, most of developed Europe in March and May 2012, the U.S. in November 2011 and various other major markets in 2011 and 2012. This loss of exclusivity reduced branded worldwide revenues by $1.7 billion in 2013 , in comparison with 2012, and reduced branded worldwide revenues by $5.6 billion in 2012 , in comparison with 2011.

[c] Represents direct sales under license agreement with Eisai Co., Ltd.

[d] Includes Enbrel (in the U.S. and Canada through October 31, 2013), Spiriva, Rebif, Aricept and Eliquis.

[e] Other represents revenues generated from Pfizer CentreSource, our contract manufacturing and bulk pharmaceutical chemical sales organization, and includes, in 2013, the revenues related to our transitional manufacturing and supply agreements with Zoetis.

Quarterly Consolidated Financial Data (Unaudited)

Pfizer Inc. and Subsidiary Companies

(MILLIONS OF DOLLARS, EXCEPT PER COMMON SHARE DATA)	Quarter			
	First	Second	Third	Fourth
2013				
Revenues	$ 12,410	$ 12,973	$ 12,643	$ 13,558
Costs and expenses [a]	8,554	7,433	8,837	9,862
Restructuring charges and certain acquisition-related costs [b]	131	183	233	635
Income from continuing operations before provision for taxes on income	3,725	5,357	3,573	3,061
Provision for taxes on income	1,109	1,782	985	430
Income from continuing operations	2,616	3,575	2,588	2,631
Discontinued operations—net of tax [c]	149	10,559	11	(57)
Net income before allocation to noncontrolling interests	2,765	14,134	2,599	2,574
Less: Net income attributable to noncontrolling interests	15	39	9	6
Net income attributable to Pfizer Inc.	$ 2,750	$ 14,095	$ 2,590	$ 2,568
Earnings per common share—basic:				
Income from continuing operations attributable to Pfizer Inc. common shareholders	$ 0.36	$ 0.51	$ 0.39	$ 0.41
Discontinued operations—net of tax	0.02	1.50	—	(0.01)
Net income attributable to Pfizer Inc. common shareholders	$ 0.38	$ 2.00	$ 0.39	$ 0.40
Earnings per common share—diluted:				
Income from continuing operations attributable to Pfizer Inc. common shareholders	$ 0.36	$ 0.50	$ 0.39	$ 0.40
Discontinued operations—net of tax	0.02	1.48	—	(0.01)
Net income attributable to Pfizer Inc. common shareholders	$ 0.38	$ 1.98	$ 0.39	$ 0.39
Cash dividends paid per common share	$ 0.24	$ 0.24	$ 0.24	$ 0.24
Stock prices				
High	$ 28.90	$ 31.15	$ 30.43	$ 32.50
Low	$ 25.33	$ 27.12	$ 27.33	$ 28.02

[a] The fourth quarter of 2013 reflects historically higher fourth quarter costs in *Cost of sales, Selling, informational and administrative expenses and Research and development expenses.*

[b] The fourth quarter of 2013 reflects higher employee termination costs.

[c] The second quarter of 2013 reflects the gain on the disposal of our Animal Health business (Zoetis).

Basic and diluted EPS are computed independently for each of the periods presented. Accordingly, the sum of the quarterly EPS amounts may not agree to the total for the year.

As of January 31, 2014, there were 195,383 holders of record of our common stock (New York Stock Exchange symbol PFE).

Quarterly Consolidated Financial Data (Unaudited)

Pfizer Inc. and Subsidiary Companies

(MILLIONS OF DOLLARS, EXCEPT PER COMMON SHARE DATA)	Quarter			
	First	Second	Third	Fourth
2012				
Revenues	$ 13,845	$ 13,968	$ 12,953	$ 13,891
Costs and expenses [a]	11,077	9,604	9,835	11,089
Restructuring charges and certain acquisition-related costs [b]	589	184	312	725
Income from continuing operations before provision/(benefit) for taxes on income	2,179	4,180	2,806	2,077
Provision/(benefit) for taxes on income	625	1,180	(183)	599
Income from continuing operations	1,554	3,000	2,989	1,478
Discontinued operations—net of tax [c]	249	260	225	4,843
Net income before allocation to noncontrolling interests	1,803	3,260	3,214	6,321
Less: Net income attributable to noncontrolling interests	9	7	6	6
Net income attributable to Pfizer Inc.	$ 1,794	$ 3,253	$ 3,208	$ 6,315
Earnings per common share—basic:				
Income from continuing operations attributable to Pfizer Inc. common shareholders	$ 0.20	$ 0.40	$ 0.40	$ 0.20
Discontinued operations—net of tax	0.03	0.03	0.03	0.66
Net income attributable to Pfizer Inc. common shareholders	$ 0.24	$ 0.44	$ 0.43	$ 0.86
Earnings per common share—diluted:				
Income from continuing operations attributable to Pfizer Inc. common shareholders	$ 0.20	$ 0.40	$ 0.40	$ 0.20
Discontinued operations—net of tax	0.03	0.03	0.03	0.65
Net income attributable to Pfizer Inc. common shareholders	$ 0.24	$ 0.43	$ 0.43	$ 0.85
Cash dividends paid per common share	$ 0.22	$ 0.22	$ 0.22	$ 0.22
Stock prices				
High	$ 22.80	$ 23.30	$ 25.15	$ 26.09
Low	$ 20.75	$ 21.40	$ 22.00	$ 23.55

[a] The fourth quarter of 2012 reflects historically higher fourth quarter costs in *Cost of sales, Selling, informational and administrative expenses* and *Research and development expenses* .

[b] The fourth quarter of 2012 reflects higher employee termination costs.

[c] The fourth quarter of 2012 reflects the gain on the sale of our Nutrition business.

Basic and diluted EPS are computed independently for each of the periods presented. Accordingly, the sum of the quarterly EPS amounts may not agree to the total for the year.

Financial Summary
Pfizer Inc. and Subsidiary Companies

(MILLIONS, EXCEPT PER COMMON SHARE DATA)	Year Ended/As of December 31, [a] 2013	2012	2011	2010	2009
Revenues [b]	**$ 51,584**	$ 54,657	$ 61,035	$ 61,591	$ 46,314
Income from continuing operations [b]	**11,410**	9,021	7,860	7,951	8,361
Total assets	**172,101**	185,798	188,002	195,014	212,949
Long-term obligations [b], [c]	**72,115**	74,934	75,914	76,789	83,762
Earnings per common share—basic					
Income from continuing operations attributable to Pfizer Inc. common shareholders	**$ 1.67**	$ 1.21	$ 1.00	$ 0.99	$ 1.19
Discontinued operations—net of tax [d]	**1.56**	0.75	0.28	0.04	0.04
Net income attributable to Pfizer Inc. common shareholders	**$ 3.23**	$ 1.96	$ 1.28	$ 1.03	$ 1.23
Earnings per common share—diluted					
Income from continuing operations attributable to Pfizer Inc. common shareholders	**$ 1.65**	$ 1.20	$ 0.99	$ 0.98	$ 1.19
Discontinued operations—net of tax [d]	**1.54**	0.74	0.28	0.04	0.04
Net income attributable to Pfizer Inc. common shareholders	**$ 3.19**	$ 1.94	$ 1.27	$ 1.02	$ 1.23
Cash dividends declared per common share	**$ 0.96**	$ 0.88	$ 0.80	$ 0.72	$ 0.80

[a] Reflects the acquisition of King on January 31, 2011 and Wyeth on October 15, 2009.

[b] All amounts reflect the June 24, 2013 disposition of Zoetis and its presentation as a discontinued operation in all periods presented.

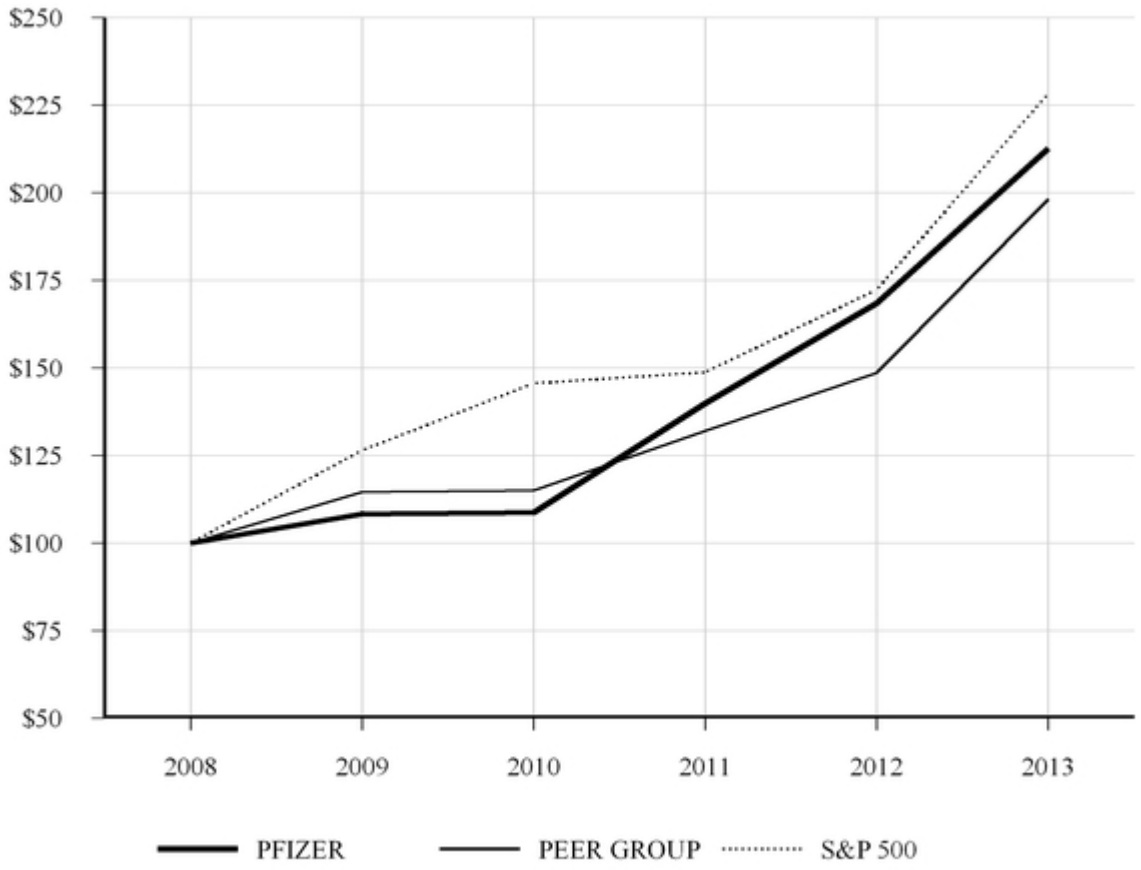
[c] Defined as *Long-term debt, Pension benefit obligations,net, Postretirement benefit obligations, net, Noncurrent deferred tax liabilities, Other taxes payable* and *Other noncurrent liabilities.*

[d] Includes (i) the Animal Health (Zoetis) business through June 24, 2013, the date of disposal, (ii) the Nutrition business through November 30, 2012, the date of disposal and (iii) the Capsugel business through August 1, 2011, the date of disposal.

Peer Group Performance Graph

Pfizer Inc. and Subsidiary Companies

The following graph assumes a $100 investment on December 31, 2008, and reinvestment of all dividends, in each of the Company's Common Shares, the S&P 500 Index, and a composite peer group of the major U.S.- and European-based pharmaceutical companies, which are: Abbott Laboratories (for the period 2008-2012 only), AbbVie Inc. (for 2013 only), Amgen, Inc., AstraZeneca plc, Bristol-Myers Squibb Company, Eli Lilly & Co., GlaxoSmithKline plc, Johnson & Johnson, Merck and Co., Inc., Novartis AG, Roche Holding AG and Sanofi SA.



Five Year Performance

	2008	2009	2010	2011	2012	2013
PFIZER	$100.0	$108.3	$108.6	$139.8	$168.4	**$212.5**
PEER GROUP	$100.0	$114.5	$115.0	$132.0	$148.5	**$198.1**
S&P 500	$100.0	$126.4	$145.5	$148.6	$172.3	**$228.1**

Exhibit 21

SUBSIDIARIES OF THE COMPANY

The following is a list of subsidiaries of the Company as of December 31, 2013, omitting some subsidiaries which, considered in the aggregate, would not constitute a significant subsidiary.

Company	Where Incorporated or Organized
A. H. Robins (Philippines) Company, Inc.	Philippines
A.S. Ruffel (Private) Limited	Zimbabwe
A/O Pfizer	Russia
Agouron Pharmaceuticals, Inc.	California
AH Robins LLC	Delaware
AHP Holdings B.V.	Netherlands
AHP Holdings Pty. Limited	Australia
AHP Manufacturing B.V.	Netherlands
Alacer Corp.	California
Alpharma Holdings Inc.	Delaware
Alpharma Pharmaceuticals LLC	Delaware
Alpharma Specialty Pharma Inc.	Delaware
Alpharma USHP Inc.	Delaware
American Food Industries LLC	Delaware
Ayerst-Wyeth Pharmaceuticals LLC	Delaware
BINESA 2002, S.L.	Spain
Bioren, Inc.	Delaware
BioRexis Pharmaceutical Corporation	Delaware
Blue Umbrella Services, S. de R.L. de C.V.	Mexico
Blue Whale Re Ltd.	Vermont
C.E. Commercial Holdings C.V.	Netherlands
C.E. Commercial Investments C.V.	Netherlands
C.E. Holdings Europe C.V.	Netherlands
C.P. Pharma Gyógyszerkereskedelmi Korlátolt Felelõsségû Társaság	Hungary
C.P. Pharma Services Corporation, S. de R.L. de C.V.	Mexico
C.P. Pharmaceuticals International C.V.	Netherlands
Carlerba - Produtos Químicos e Farmacêuticos, Lda.	Portugal
CICL Corporation	Delaware
COC I Corporation	Delaware
Coley Pharmaceutical GmbH	Germany
Coley Pharmaceutical Group, Inc.	Delaware
Coley Pharmaceutical Group, Ltd.	Canada
Compania Farmaceutica Upjohn, S.A.	Guatemala
Continental Pharma, Inc.	Belgium
CovX Research LLC	Delaware
Covx Technologies Ireland Limited	Ireland
Cyanamid de Argentina S.A.	Delaware
Cyanamid de Colombia, S.A.	Delaware
Cyanamid Inter-American Corporation	Delaware
Distribuidora Mercantil Centro Americana, S.A.	Delaware
Durgon Holdings Limited	British Virgin Islands
Encysive Canada Inc.	Canada
Encysive Pharmaceuticals Inc.	Delaware

Esperion LUV Development, Inc.	Delaware
Eurovita Trading Limited	Ireland
Excaliard Pharmaceuticals, Inc.	Delaware
Farminova Produtos Farmaceuticos de Inovacao, Lda.	Portugal
Farmitalia Carlo Erba Limited	United Kingdom
Farmogene Productos Farmaceuticos Lda	Portugal
Ferrosan A/S	Denmark
Ferrosan Finance S.A.	Panama
Ferrosan Holding A/S	Denmark
Ferrosan International A/S	Denmark
Ferrosan S.R.L.	Romania
FoldRx Pharmaceuticals, Inc.	Delaware
Fort Dodge (Hong Kong) Limited	Hong Kong
Fort Dodge Manufatura Ltda.	Brazil
FPZ AG	Germany
FPZ Deutschland den Rücken Stärken GmbH	Germany
G. D. Searle & Co. Limited	United Kingdom
G. D. Searle International Capital LLC	Delaware
G. D. Searle LLC	Delaware
Genetics Institute, LLC	Delaware
GenTrac, Inc.	Wisconsin
GI Europe, Inc.	Delaware
GI Japan, Inc.	Delaware
Grangematic Limited	Ireland
Greenstone LLC	Delaware
Haptogen Limited	United Kingdom
Icagen, Inc.	Delaware
Industrial Santa Agape, S.A.	Guatemala
Instituto Pasteur de Lisboa Virginio Leitao Vieira dos Santos & Filhos S.A.	Portugal
International Affiliated Corporation LLC	Delaware
Invicta Farma, S.A.	Spain
JMI-Daniels Pharmaceuticals, Inc.	Florida
John Wyeth & Brother Limited	United Kingdom
Kiinteistö oy Espoon Pellavaniementie 14	Finland
King Pharmaceuticals Holdings LLC	Delaware
King Pharmaceuticals LLC	Delaware
King Pharmaceuticals Research and Development, Inc.	Delaware
Kommanditbolaget Hus Gron	Sweden
Korea Pharma Holding Company Limited	Hong Kong
Laboratoires Pfizer SA	Morocco
Laboratorios Parke Davis, S.L.	Spain
Laboratorios Pfizer Ltda.	Brazil
Laboratórios Pfizer, Lda.	Portugal
Laboratorios Wyeth LLC	Pennsylvania
Laboratorios Wyeth S.A.	Peru
Laboratorios Wyeth S.A.	Venezuela
LLC Ferrosan Consumer Health	Russia
Lothian Developments V SPRL	Belgium
Meridian Medical Technologies Limited	United Kingdom
Meridian Medical Technologies, Inc.	Delaware

Monarch Pharmaceuticals, Inc.	Tennessee
MPP Trustee Limited	United Kingdom
MTG Divestitures LLC	Delaware
Neusentis Limited	United Kingdom
NextWave Pharmaceuticals Incorporated	Delaware
Nordic Sales Group AS	Norway
Nostrum Farma, S.A.	Spain
Nutrifarma Ferrosan Sağlik Ürün ve Hizmetieri A.Ş.	Turkey
O.C.T. (Thailand) Ltd.	Thailand
PAH USA IN8 LLC	Delaware
Parke Davis Limited	Hong Kong
Parke Davis Productos Farmaceuticos Lda	Portugal
Parke, Davis & Company LLC	Michigan
Parkedale Pharmaceuticals, Inc.	Michigan
Parke-Davis Manufacturing Corp.	Delaware
P-D Co., LLC	Delaware
Peak Enterprises LLC	Delaware
PF Americas Holding C.V.	Netherlands
PF Asia Manufacturing Coöperatief U.A.	Netherlands
PF PR Holdings C.V.	Netherlands
PF PRISM C.V.	Netherlands
PF PRISM Holdings S.a.r.l.	Luxembourg
PF Prism S.á.r.l.	Luxembourg
Pfizer (China) Research and Development Co. Ltd.	People's Republic of China
Pfizer (Far East) Limited	Hong Kong
Pfizer (H.K.) Holding Limited	Hong Kong
Pfizer (Malaysia) Sdn Bhd	Malaysia
Pfizer (Perth) Pty Limited	Australia
Pfizer (S.A.S.)	France
Pfizer (Thailand) Limited	Thailand
Pfizer (Wuhan) Research and Development Co. Ltd.	People's Republic of China
Pfizer AB	Sweden
Pfizer Africa & Middle East for Pharmaceuticals, Veterinarian Products & Chemicals S.A.E.	Egypt
Pfizer Afrique de L'Ouest	Senegal
Pfizer AG	Switzerland
Pfizer Animal Health MA EEIG	United Kingdom
Pfizer ApS	Denmark
Pfizer AS	Norway
Pfizer Asia Manufacturing Pte. Ltd.	Singapore
Pfizer Asia Pacific Pte Ltd.	Singapore
Pfizer AsiaPac Holdings SARL	Luxembourg
Pfizer Asset Management Luxembourg SARL	Luxembourg
Pfizer Atlantic Holdings S.a.r.l.	Luxembourg
Pfizer Australia Holdings B.V.	Netherlands
Pfizer Australia Holdings Pty Limited	Australia
Pfizer Australia Investments B.V.	Netherlands
Pfizer Australia Investments Pty. Ltd.	Australia
Pfizer Australia Pty Limited	Australia
Pfizer B.V.	Netherlands
Pfizer Baltic Holdings B.V.	Netherlands

Pfizer BH D.o.o.	Bosnia and Herzegovina
Pfizer Biologics Ireland Holdings Limited	Ireland
Pfizer Biotech Corporation	Taiwan
Pfizer Biotechnology Ireland	Ireland
Pfizer Bolivia S.A.	Bolivia
Pfizer Business Enterprises C.V.	Netherlands
Pfizer Canada Inc.	Canada
Pfizer CentreSource Asia Pacific Pte. Ltd.	Singapore
Pfizer Chile S.A.	Chile
Pfizer Cia. Ltda.	Ecuador
Pfizer Colombia Spinco I LLC	Pennsylvania
Pfizer Commercial Holdings Coöperatief U.A.	Netherlands
Pfizer Consumer Health AB	Sweden
Pfizer Consumer Healthcare GmbH	Germany
Pfizer Consumer Healthcare Ltd.	United Kingdom
Pfizer Continental Holdings SARL	Luxembourg
Pfizer Continental Services LLC	Delaware
Pfizer Cork Limited	Ireland
Pfizer Corporation	Panama
Pfizer Corporation Austria Gesellschaft m.b.H.	Austria
Pfizer Corporation Hong Kong Limited	Hong Kong
Pfizer Croatia d.o.o.	Croatia
Pfizer Deutschland GmbH	Germany
Pfizer Development LP	United Kingdom
Pfizer Development Services (UK) Limited	United Kingdom
Pfizer Domestic Ventures Limited	Isle of Jersey
Pfizer Dominicana, S.A.	Dominican Republic
Pfizer East India B.V.	Netherlands
Pfizer Eastern Investments B.V.	Netherlands
Pfizer Egypt S.A.E.	Egypt
Pfizer Enterprise Holdings B.V.	Netherlands
Pfizer Enterprises LLC	Delaware
Pfizer Enterprises SARL	Luxembourg
Pfizer ESP Pty Ltd	Australia
Pfizer Europe Holdings SARL	Luxembourg
Pfizer Europe MA EEIG	United Kingdom
Pfizer Europe Services LLC	Delaware
Pfizer Export AB	Sweden
Pfizer Export Company	Ireland
Pfizer Finance GmbH & Co. KG	Germany
Pfizer Finance Holding S.r.l.	Italy
Pfizer Finance International Holdings C.V.	Netherlands
Pfizer Finance Italy S.r.l.	Italy
Pfizer Finance Netherlands B.V.	Netherlands
Pfizer Finance Share Service (Dalian) Co., Ltd.	People's Republic of China
Pfizer Finance Verwaltungs GmbH	Germany
Pfizer Financial Services N.V./S.A.	Belgium
Pfizer France International Investments SAS	France
Pfizer Free Zone Panama, S. de R.L.	Panama
Pfizer Germany B.V. & Co. KG	Germany
Pfizer Germany Partner B.V.	Netherlands

Pfizer Global Holdings B.V.	Netherlands
Pfizer Global Supply	Ireland
Pfizer Global Supply Japan Inc.	Japan
Pfizer Global Trading	Ireland
Pfizer GmbH	Germany
Pfizer Group Luxembourg Sarl	Luxembourg
Pfizer Gulf FZ-LLC	United Arab Emirates
Pfizer H.C.P. Corporation	New York
Pfizer Health AB	Sweden
Pfizer Health Solutions Inc.	Delaware
Pfizer Healthcare Holdings Company Unlimited	Isle of Jersey
Pfizer Healthcare Ireland	Ireland
Pfizer Hellas, A.E.	Greece
Pfizer Himalaya Holdings Coöperatief U.A.	Netherlands
Pfizer HK Service Company Limited	Hong Kong
Pfizer Holding France (S.C.A.)	France
Pfizer Holding Ventures	Ireland
Pfizer Holdings Americas Corporation	Delaware
Pfizer Holdings Corporation	Delaware
Pfizer Holdings Europe	Ireland
Pfizer Holdings International Corporation	Delaware
Pfizer Holdings International Luxembourg (PHIL) Sarl	Luxembourg
Pfizer Holdings K.K.	Japan
Pfizer Holdings Luxembourg SARL	Luxembourg
Pfizer Holdings North America SARL	Luxembourg
Pfizer Holdings Turkey Limited	Isle of Jersey
Pfizer Holland Holdings B.V.	Netherlands
Pfizer Ilaclari Limited Sirketi	Turkey
Pfizer International Business Europe	Ireland
Pfizer International Investments Ltd.	Bermuda
Pfizer International LLC	New York
Pfizer International Luxembourg SA	Luxembourg
Pfizer International Markets Coöperatief U.A.	Netherlands
Pfizer International Operations (S.A.S.)	France
Pfizer International S. de R.L.	Panama
Pfizer International Sweden KB	Sweden
Pfizer International Trading (Shanghai) Limited	People's Republic of China
Pfizer Investment Capital	Ireland
Pfizer Investment Co. Ltd.	People's Republic of China
Pfizer Investment Holdings S.a.r.l.	Luxembourg
Pfizer Investments Netherlands B.V.	Netherlands
Pfizer Ireland Investments Limited	Ireland
Pfizer Ireland Pharmaceuticals	Ireland
Pfizer Ireland Ventures	Ireland
Pfizer Italia S.r.l.	Italy
Pfizer Italy Group Holding S.r.l.	Italy
Pfizer Japan Inc.	Japan
Pfizer Jersey Capital Limited	Isle of Jersey
Pfizer Jersey Company Limited	Isle of Jersey
Pfizer Jersey Finance Limited	Isle of Jersey
Pfizer Laboratories (Pty) Limited	South Africa

Pfizer Laboratories Limited	Kenya
Pfizer Leasing Ireland Limited	Ireland
Pfizer Leasing UK Limited	United Kingdom
Pfizer Limitada	Angola
Pfizer Limited	India
Pfizer Limited	Taiwan
Pfizer Limited	Tanzania
Pfizer Limited	Uganda
Pfizer Limited	United Kingdom
Pfizer LLC	Russia
Pfizer Luxco Holdings Sarl	Luxembourg
Pfizer Luxembourg Global Holdings SARL	Luxembourg
Pfizer Luxembourg SARL	Luxembourg
Pfizer Manufacturing Belgium N.V.	Belgium
Pfizer Manufacturing Deutschland GmbH	Germany
Pfizer Manufacturing Deutschland Grundbesitz GmbH & Co. KG	Germany
Pfizer Manufacturing Holdings Coöperatief U.A.	Netherlands
Pfizer Manufacturing Holdings LLC	Delaware
Pfizer Manufacturing Ireland	Ireland
Pfizer Manufacturing LLC	Delaware
Pfizer Manufacturing Services	Ireland
Pfizer Medical Technology Group (Belgium) N.V.	Belgium
Pfizer Medicamentos Genericos e Participacoes Ltda.	Brazil
Pfizer Mexico Luxco SARL	Luxembourg
Pfizer Mexico, S.A. de C.V.	Mexico
Pfizer Middle East for Pharmaceuticals, Animal Health and Chemicals S.A.E.	Egypt
Pfizer Namibia (Proprietary) Limited	Namibia
Pfizer New Zealand Limited	New Zealand
Pfizer North American Holdings Inc.	Delaware
Pfizer OTC B.V.	Netherlands
Pfizer Overseas LLC	Delaware
Pfizer Oy	Finland
Pfizer Pacific Coöperatief U.A.	Netherlands
Pfizer Pacific Holdings B.V.	Netherlands
Pfizer Pacific Investments B.V.	Netherlands
Pfizer Pakistan Limited	Pakistan
Pfizer Parke Davis	Philippines
Pfizer Parke Davis (Thailand) Ltd.	Thailand
Pfizer Parke Davis Pte. Ltd.	Singapore
Pfizer Parke Davis Sdn. Bhd.	Malaysia
Pfizer PGM (S.A.S.)	France
Pfizer PGRD (S.A.S.)	France
Pfizer Pharm Algerie	Algeria
Pfizer Pharma GmbH	Germany
Pfizer Pharmaceutical (Wuxi) Co., Ltd.	People's Republic of China
Pfizer Pharmaceutical Trading Limited Liability Company (a/k/a Pfizer Kft. or Pfizer LLC)	Hungary
Pfizer Pharmaceuticals B.V.	Netherlands
Pfizer Pharmaceuticals Global Coöperatief U.A.	Netherlands
Pfizer Pharmaceuticals Israel Ltd.	Israel

Pfizer Pharmaceuticals Korea Limited	Republic of Korea
Pfizer Pharmaceuticals Limited	Cayman Islands
Pfizer Pharmaceuticals LLC	Delaware
Pfizer Pharmaceuticals Ltd.	People's Republic of China
Pfizer Pharmaceuticals Tunisie Sarl	Tunisia
Pfizer PHF	Ireland
Pfizer Philippines Foundation, Inc	Philippines
Pfizer Philippines Holdings B.V.	Netherlands
Pfizer Pigments Inc.	Delaware
Pfizer Polska Sp. z.o.o.	Poland
Pfizer Precision Holdings SARL	Luxembourg
Pfizer Prev - Sociedade de Previdencia Privada	Brazil
Pfizer Private Ltd.	Singapore
Pfizer Production LLC	Delaware
Pfizer Products Inc.	Connecticut
Pfizer Products India Private Limited	India
Pfizer Romania SRL	Romania
Pfizer S.A.	Peru
Pfizer S.A. (Belgium)	Belgium
Pfizer S.A.S.	Colombia
Pfizer S.G.P.S. Lda.	Portugal
Pfizer S.R.L.	Argentina
Pfizer Saidal Manufacturing	Algeria
Pfizer Santé Familiale SAS	France
Pfizer Saudi Limited	Saudi Arabia
Pfizer Searle Investment Limited	Isle of Jersey
Pfizer Service Company BVBA	Belgium
Pfizer Service Company Ireland	Ireland
Pfizer Services 1 (S.N.C.)	France
Pfizer Services 3 (S.N.C.)	France
Pfizer Services 4 (S.N.C.)	France
Pfizer Services LLC	Delaware
Pfizer Shared Services	Ireland
Pfizer Shareholdings Intermediate SARL	Luxembourg
Pfizer Shareholdings Luxembourg SARL	Luxembourg
Pfizer Singapore Trading Pte. Ltd.	Singapore
Pfizer Spain Holdings Coöperatief U.A.	Netherlands
Pfizer Specialities Ghana	Ghana
Pfizer Specialties Limited	Nigeria
Pfizer Specialty UK Limited	United Kingdom
Pfizer Sterling Investments Limited	Isle of Jersey
Pfizer Strategic Investment Company Limited	Isle of Jersey
Pfizer Trading Polska sp. z.o.o.	Poland
Pfizer Transactions Ireland	Ireland
Pfizer Transactions LLC	Delaware
Pfizer Transactions Luxembourg SARL	Luxembourg
Pfizer Transport LLC	Delaware
Pfizer Tunisie SA	Tunisia
Pfizer Ukraine LLC	Ukraine
Pfizer Vaccines LLC	Delaware
Pfizer Venezuela, S.A.	Venezuela

Pfizer Ventures LLC	Delaware
Pfizer Warner Lambert Luxembourg SARL	Luxembourg
Pfizer Zona Franca, S.A.	Costa Rica
Pfizer, Inc.	Philippines
Pfizer, S.A.	Costa Rica
Pfizer, S.A. de C.V.	Mexico
Pfizer, S.L.	Spain
Pfizer, spol. s r.o.	Czech Republic
Pharmacia & Upjohn Company LLC	Delaware
Pharmacia & Upjohn Company, Inc.	Delaware
Pharmacia & Upjohn LLC	Delaware
Pharmacia & Upjohn, S.A. de C.V.	Mexico
Pharmacia Brasil Ltda.	Brazil
Pharmacia de Centroamerica S.A.	Panama
Pharmacia GmbH	Germany
Pharmacia Grupo Pfizer, S.L.	Spain
Pharmacia Hepar LLC	Delaware
Pharmacia Holding AB	Sweden
Pharmacia Inter-American LLC	Pennsylvania
Pharmacia International B.V.	Netherlands
Pharmacia International Inc.	South Dakota
Pharmacia Ireland	Ireland
Pharmacia Laboratories Limited	United Kingdom
Pharmacia Limited	United Kingdom
Pharmacia LLC	Delaware
Pharmacia South Africa (Pty) Ltd	South Africa
PHIVCO Corp.	Delaware
PHIVCO Holdco S.à r.l.	Luxembourg
PHIVCO Luxembourg SARL	Luxembourg
PN Mexico LLC	Delaware
PowderJect Research Limited	United Kingdom
PowderJect Vaccines, Inc.	Delaware
PowderMed Limited	United Kingdom
PowderMed, Inc.	Delaware
PT. Fort Dodge Indonesia	Indonesia
PT. Pfizer Indonesia	Indonesia
Purepac Pharmaceutical Holdings, Inc.	Delaware
PZR Ltd.	United Kingdom
PZR Property Limited	United Kingdom
Renrall LLC	Wyoming
Rinat Neuroscience Corp.	Delaware
Rivepar (S.A.S.)	France
RMV Produtos Veterinarios Ltda.	Brazil
Roerig Produtos Farmaceuticos, Lda.	Portugal
Roerig S.A.	Chile
Roerig, S.A.	Venezuela
Sao Cristovao Participacoes Ltda.	Brazil
Searle Laboratorios, Lda.	Portugal
Servicios P&U, S. de R.L. de C.V.	Mexico
Shiley LLC	California
Sinergis Farma-Produtos Farmaceuticos, Lda.	Portugal

Site Realty, Inc.	Delaware
Solinor LLC	Delaware
Sugen, Inc.	Delaware
Sutumex, S.A. de C.V.	Mexico
Tabor LLC	Delaware
The Pfizer Incubator LLC	Delaware
Thiakis Limited	United Kingdom
Trans-Europe Assurance Limited	Ireland
Upjohn Laboratorios Lda.	Portugal
US Oral Pharmaceuticals Pty Ltd	Australia
Vermont Whey Company	Vermont
Vesterålens Naturprodukter A/S	Denmark
Vesterålens Naturprodukter AB	Sweden
Vesterålens Naturprodukter AS	Norway
Vesterålens Naturprodukter OY	Finland
Vicuron Holdings LLC	Delaware
Vicuron Pharmaceuticals Italy S.r.l.	Italy
Vinci Farma, S.A.	Spain
Warner Lambert del Uruguay S.A.	Uruguay
Warner Lambert Ilac Sanayi ve Ticaret Limited Sirketi	Turkey
Warner-Lambert (Tanzania), Limited	Tanzania
Warner-Lambert (Thailand) Limited	Thailand
Warner-Lambert Company AG	Switzerland
Warner-Lambert Company LLC	Delaware
Warner-Lambert de El Salvador, S.A. de C.V.	El Salvador
Warner-Lambert de Honduras, Sociedad Anonima	Honduras
Warner-Lambert de Puerto Rico, Inc.	Puerto Rico
Warner-Lambert Guatemala, Sociedad Anonima	Guatemala
Warner-Lambert, S.A.	Delaware
Whitehall International Inc.	New York
Whitehall Laboratories Inc.	Delaware
Whitehall Laboratorios S.A.	Uruguay
WL de Guatemala, Sociedad Anonima	Guatemala
W-L LLC	Delaware
Wyeth (Asia) Limited	Delaware
Wyeth (Far East) Limited	Hong Kong
Wyeth (Thailand) Ltd.	Thailand
Wyeth AB	Sweden
Wyeth Advertising Inc.	New York
Wyeth Australia Pty. Limited	Australia
Wyeth Ayerst Inc.	Delaware
Wyeth Ayerst SARL	Luxembourg
Wyeth Canada ULC	Canada
Wyeth Consumer Healthcare LLC	Pennsylvania
Wyeth Europa Limited	United Kingdom
Wyeth Farma, S.A.	Spain
Wyeth Holdings LLC	Maine
Wyeth Industria Farmaceutica Ltda.	Brazil
Wyeth KFT.	Hungary
Wyeth Lederle S.r.l.	Italy
Wyeth Lederle Vaccines S.A.	Belgium

Wyeth Limited	India
Wyeth LLC	Delaware
Wyeth Pakistan Limited	Pakistan
Wyeth Pharmaceutical Co., Ltd.	People's Republic of China
Wyeth Pharmaceuticals Company	Puerto Rico
Wyeth Pharmaceuticals FZ-LLC	United Arab Emirates
Wyeth Pharmaceuticals Inc.	Delaware
Wyeth Pharmaceuticals India Private Limited	India
Wyeth Pharmaceuticals Limited	Ireland
Wyeth Philippines, Co. Ltd.	Philippines
Wyeth Prev-Sociedade de Previdencia Privada	Brazil
Wyeth Puerto Rico, Inc.	Puerto Rico
Wyeth Regional Manufacturing (Singapore) PTE. LTD.	Singapore
Wyeth Research Ireland Limited	Ireland
Wyeth Subsidiary Illinois Corporation	Illinois
Wyeth Whitehall Export GmbH	Austria
Wyeth Whitehall SARL	Luxembourg
Wyeth-Ayerst (Asia) Limited	Delaware
Wyeth-Ayerst International LLC	Delaware
Wyeth-Ayerst Promotions Limited	Delaware
Yusafarm D.O.O.	Serbia

Exhibit 23

Consent of Independent Registered Public Accounting Firm

To the Board of Directors and the Shareholders of Pfizer Inc.:

We consent to the incorporation by reference in this 2013 Annual Report on Form 10-K of Pfizer Inc. of our reports dated February 28, 2014, with respect to the consolidated balance sheets of Pfizer Inc. and Subsidiary Companies as of December 31, 2013 and 2012 , and the related consolidated statements of income, comprehensive income, equity and cash flows for each of the years in the three-year period ended December 31, 2013 , and the effectiveness of internal control over financial reporting as of December 31, 2013 , which reports appear in the 2013 Annual Report on Form 10-K of Pfizer Inc. and Subsidiary Companies.

We also consent to the incorporation by reference of our reports in the following Registration Statements:

-Form S-8 dated October 27, 1983 (File No. 2-87473),
-Form S-8 dated March 22, 1990 (File No. 33-34139),
-Form S-8 dated January 24, 1991 (File No. 33-38708),
-Form S-8 dated November 18, 1991 (File No. 33-44053),
-Form S-8 dated May 27, 1993 (File No. 33-49631),
-Form S-8 dated May 19, 1994 (File No. 33-53713),
-Form S-8 dated October 5, 1994 (File No. 33-55771),
-Form S-8 dated December 20, 1994 (File No. 33-56979),
-Form S-8 dated March 29, 1996 (File No. 33-02061),
-Form S-8 dated September 25, 1997 (File No. 333-36371),
-Form S-8 dated April 24, 1998 (File No. 333-50899),
-Form S-8 dated April 22, 1999 (File No. 333-76839),
-Form S-8 dated June 19, 2000 (File No. 333-39610),
-Form S-8 dated April 27, 2001 (File No. 333-59660),
-Form S-8 dated April 27, 2001 (File No. 333-59654),
-Form S-8 dated April 16, 2003 (File No. 333-104581),
-Form S-8 dated April 16, 2003 (File No. 333-104582),
-Form S-8 dated November 18, 2003 (File No. 333-110571),
-Form S-8 dated December 18, 2003 (File No. 333-111333),
-Form S-8 dated April 26, 2004 (File No. 333-114852),
-Form S-8 dated March 1, 2007 (File No. 333-140987),
-Form S-4 dated March 27, 2009 (File No. 333-158237),
-Form S-8 dated October 16, 2009 (File No. 333-162519),
-Form S-8 dated October 16, 2009 (File No. 333-162520),
-Form S-8 dated October 16, 2009 (File No. 333-162521),
-Form S-8 dated March 1, 2010 (File No. 333-165121) and
-Form S-3 dated May 10, 2012 (File No. 333-181321).

/s/ KPMG LLP
New York, New York
February 28, 2014

Exhibit 31.1

Certification by the Chief Executive Officer Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Ian C. Read, certify that:

1. I have reviewed this report on Form 10-K of Pfizer Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15 (f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2014

/s/ IAN C. READ
Ian C. Read
Chairman and Chief Executive Officer

Exhibit 31.2

Certification by the Chief Financial Officer Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Frank A. D'Amelio, certify that:

1. I have reviewed this report on Form 10-K of Pfizer Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15 (f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2014

/s/ FRANK A. D'AMELIO
Frank A. D'Amelio
Executive Vice President, Business Operations and Chief Financial Officer

Exhibit 32.1

Certification by the Chief Executive Officer Pursuant to 18 U. S. C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U. S. C. Section 1350, I, Ian C. Read, hereby certify that, to the best of my knowledge, the Annual Report on Form 10-K of Pfizer Inc. for the year ended December 31, 2013 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, and that the information contained in that Report fairly presents, in all material respects, the financial condition and results of operations of Pfizer Inc.

/s/ IAN C. READ
Ian C. Read
Chairman and Chief Executive Officer

February 28, 2014

This certification accompanies this Annual Report on Form 10-K pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

Exhibit 32.2

Certification by the Chief Financial Officer Pursuant to 18 U. S. C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U. S. C. Section 1350, I, Frank A. D'Amelio, hereby certify that, to the best of my knowledge, the Annual Report on Form 10-K of Pfizer Inc. for the year ended December 31, 2013 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, and that the information contained in that Report fairly presents, in all material respects, the financial condition and results of operations of Pfizer Inc.

/s/ FRANK A. D'AMELIO
Frank A. D'Amelio
Executive Vice President, Business Operations and
Chief Financial Officer

February 28, 2014

This certification accompanies this Annual Report on Form 10-K pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.