



# Pfizer Decides Remaining One Company Best Positioned To Maximize Future Value Creation

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Company to Continue to Operate as One Company with Two Distinct and Complementary Businesses to Retain Operating Strength and Financial Flexibility Company Will Provide Enhanced Financial Transparency Beginning with First-Quarter 2017 Single-Company Structure Best Positioned Pfizer to Deliver on Its Purpose to Deliver Medicines and Vaccines that Significantly Impact Patients' Lives

**With this decision, our two distinct businesses will remain separately managed units within Pfizer, which we believe is currently the best structure to continue to deliver on our commitments to patients, physicians, payers and governments, and to drive value for our shareholders.**

Pfizer Inc. (NYSE:PFE) announced that, after an extensive evaluation, the company's Board of Directors and Executive Leadership Team have determined the company is best positioned to maximize future shareholder value creation in its current structure and will not pursue splitting Pfizer Innovative Health and Pfizer Essential Health into two, separate publicly traded companies at this time.

“With this decision, our two distinct businesses will remain separately managed units within Pfizer, which we believe is currently the best structure to continue to deliver on our commitments to patients, physicians, payers and governments, and to drive value for our shareholders,” stated Ian Read, chairman and chief executive officer. “We believe that by operating two separate and autonomous units within Pfizer we are already accessing many of the potential benefits of a split – sharper focus, increased accountability, and a

greater sense of urgency – while also retaining the operational strength, efficiency and financial flexibility of operating as a single company as compared with operating as two, separate publicly traded companies. We will continue to generate the financial information necessary to preserve our option to split our businesses should factors materially change at some point in the future.”

As the company previously indicated, the process for making a decision was guided by criteria that included evaluating the performance of each business within Pfizer, determining if each business could compete as a stand-alone entity, assessing if trapped value existed in a combined entity and if any trapped value could be unlocked efficiently. In addition, the company evaluated whether key strategic and operating imperatives could best be achieved in the current structure versus two, separate publicly traded companies.

Both the Innovative Health and Essential Health businesses have delivered solid year-over-year performance over the course of the past three years, as well as strong performance through the first half of 2016, demonstrating their ability to compete on a standalone basis.

“When we first explored the trapped value question several years ago, market valuations of other companies suggested that our two businesses could potentially be worth more as separate companies than they are together in a single company,” explained Frank D’Amelio, executive vice president, Business Operations and Chief Financial Officer. “However, over time, any potential gap between Pfizer’s market valuation and an implied Sum of the Parts (SOTP) market valuation has closed. In our analysis, we concluded that splitting into two companies at this time would not enhance the cashflow generation and competitive positioning of the businesses and the operational disruption, increased costs of a split and inability to realize any incremental tax efficiencies would likely be value destructive.”

Pfizer believes it is poised to grow its Innovative Health and Essential Health businesses, so that they can be leaders in their markets. Over the past several years, the company rebuilt its pipeline and transformed its approach to R&D. Pfizer also created a dedicated R&D capability for its Essential Health business and formed the Global Product Development Group, which is a unified center for late-stage development to maximize the value of its R&D investments. Since 2010, Pfizer received 20 new drug approvals and launched multiple products to address patients unmet medical needs, including Ibrance, Xalkori, Bosulif, Inlyta, Eliquis, Prevnar Adult and Trumenba. In addition, the company has established an industry leading portfolio of sterile injectables, biosimilars and effective,

high-value treatments that have lost their market exclusivity.

Pfizer Innovative Health is growing with incremental revenues from the company's most recently launched products and is further strengthened by the acquisition of Anacor and the pending acquisition of Medivation. Pfizer believes that its Essential Health business is positioned to return to sustainable growth over the next few years driven by the sterile injectables and biosimilars businesses, and anticipated continued growth in emerging markets. The business was further bolstered with the acquisition of Hospira and Innopharma, and the pending acquisition of AstraZeneca's small molecule anti-infectives business.

Over the same period, Pfizer captured approximately \$32 billion from the disposition of its Capsugel and Nutrition businesses, and the IPO and share exchange associated with the spinoff of its Animal Health business, and has returned \$88.1 billion to shareholders through dividends and share repurchases since 2010. The company remains committed to creating value for its shareholders, and will continually evaluate the composition of its portfolio to determine the optimal mix of businesses for maximizing that value.

To further outline the financial performance of its two businesses, the Company will begin to more fully allocate indirect expenses for each of its two businesses by including estimates of the dollar value of such expenses, where appropriate. This will commence with the publicly-disclosed quarterly financials for the first-quarter 2017.

Pfizer will move forward with a focus on its strategic priorities to grow and increase operational efficiency to be more competitive. This decision announced today does not impact 2016 financial guidance, and the company reaffirmed its guidance for 2016, which was issued on August 2, 2016.

**DISCLOSURE NOTICE:** The information contained in this release is as of September 26, 2016. Pfizer assumes no obligation to update forward-looking statements contained in this release as the result of new information or future events or developments.

This release contains forward-looking information related to, among other things, Pfizer's strategy, plans, objectives, expectations and intentions, potential growth of its Innovative Health and Essential Health businesses and Pfizer's anticipated financial results for 2016, that involves substantial risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Risks and uncertainties include, among other things, risks related to the ability to close the pending acquisitions of Medivation and AstraZeneca's small molecule anti-infectives business; risks related to the ability to realize the anticipated benefits of acquisitions, including the possibility that

the expected benefits from the acquisitions will not be realized or will not be realized within the expected time period; the uncertainties inherent in business and financial planning, including without limitation, risks related to Pfizer's business and prospects, adverse developments in Pfizer's markets, or adverse developments in the U.S. or global capital markets, credit markets or economies generally; other business effects, including the effects of industry, market, economic, political or regulatory conditions; future exchange and interest rates; changes in tax and other laws, regulations, rates and policies; future business combinations or disposals; the uncertainties inherent in research and development, including the ability to meet anticipated trial commencement and completion dates and regulatory submission dates, as well as the possibility of unfavorable clinical trial results, including unfavorable new clinical data and additional analyses of existing clinical data; and competitive developments.

A further description of risks and uncertainties can be found in Pfizer's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and in its subsequent reports on Form 10-Q, including in the sections thereof captioned "Risk Factors" and "Forward-Looking Information and Factors That May Affect Future Results", as well as in its subsequent reports on Form 8-K, all of which are filed with the U.S. Securities and Exchange Commission and available at [www.sec.gov](http://www.sec.gov) and [www.pfizer.com](http://www.pfizer.com).

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