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, 2012

☐ **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	**10017-5755**
(Address of principal executive offices)	**(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 29, 2012, was approximately $172 billion. The registrant has no non-voting common stock.

The number of shares outstanding of the registrant's common stock as of February 21, 2013 was 7,189,061,853 shares of common stock, all of one class.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the 2012 Annual Report to Shareholders	Parts I, II and IV
Portions of the Proxy Statement for the 2013 Annual Meeting of Shareholders	Part III

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, 2012 and 2011, 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, 2012. 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, 2012 and 2011, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2012, 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, 2012, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 28, 2013 expressed an unqualified opinion on the effective operation of the Company's internal control over financial reporting.

KPMG LLP

KPMG LLP
New York, New York

February 28, 2013

D. Employee Benefit Trust

The Pfizer Inc. Employee Benefit Trust (EBT) was established in 1999 to fund our employee benefit plans through the use of its holdings of Pfizer Inc. stock. Our consolidated balance sheets reflect the fair value of the shares owned by the EBT as a reduction of *Equity.* Beginning in May 2009, the Company began using the shares held in the EBT to help fund the Company's matching contribution in the Pfizer Savings Plan.

Note 13. Share-Based Payments

Our compensation programs can include share-based payments, in the form of stock options, Restricted Stock Units (RSUs), Portfolio Performance Shares (PPSs), Performance Share Awards (PSAs) and Total Shareholder Return Units (TSRUs).

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, 2012, 236 million shares were available for award. The 2004 Stock Plan, as amended, 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, shares held in our Employee Benefit Trust and 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:

	Year Ended December 31,		
(MILLIONS OF DOLLARS)	**2012**	2011	2010
Restricted stock units	**$ 235**	$ 228	$ 211
Stock options	**157**	166	150
Total shareholder return units	**35**	17	28
Performance share awards	**35**	3	14
Portfolio performance shares	**14**	—	—
Directors' compensation and other	**5**	5	2
Share-based payment expense	**481**	419	405
Tax benefit for share-based compensation expense	**(149)**	(139)	(129)
Share-based payment expense, net of tax	**$ 332**	$ 280	$ 276

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 2012:

	Shares (Thousands)		Weighted-Average Grant Date Fair Value Per Share
Nonvested, December 31, 2011	41,940	$	17.08
Granted	**13,232**		**21.05**
Vested	**(15,464)**		**15.09**
Reinvested dividend equivalents	**1,585**		**22.95**
Forfeited	**(3,433)**		**19.17**
Nonvested, December 31, 2012	**37,860**	**$**	**19.34**

The following table provides data related to all RSU activity:

	Year Ended December 31,					
(MILLIONS OF DOLLARS)		**2012**		2011		2010
Total fair value of shares vested	**$**	**348**	$	256	$	222
Total compensation cost related to nonvested RSU awards not yet recognized, pre-tax	**$**	**258**	$	264	$	230
Weighted-average period over which RSU cost is expected to be recognized (years)		**1.2**		1.3		1.4

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,		
	2012	2011	2010
Expected dividend yield[(a)]	**4.10%**	4.14%	4.00%
Risk-free interest rate[(b)]	**1.28%**	2.59%	2.87%
Expected stock price volatility[(c)]	**23.78%**	25.55%	26.85%
Expected term[(d)] (years)	**6.50**	6.25	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 2012:

	Shares (Thousands)	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value[(a)] (Millions)
Outstanding, December 31, 2011	429,553	$ 25.31		
Granted	**57,919**	**21.04**		
Exercised	**(37,160)**	**15.98**		
Forfeited	**(6,881)**	**19.12**		
Canceled	**(60,476)**	**35.96**		
Outstanding, December 31, 2012	**382,955**	**$ 24.00**	**5.0**	**$ 1,230**
Vested and expected to vest[(b)], December 31, 2012	**375,102**	**24.10**	**4.9**	**$ 1,183**
Exercisable, December 31, 2012	**225,829**	**$ 27.32**	**2.8**	**$ 308**

[(a)] Market price of underlying Pfizer common stock less exercise price.
[(b)] 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:

(MILLIONS OF DOLLARS, EXCEPT PER STOCK OPTION AMOUNTS)	Year Ended/As of December 31, 2012	2011	2010
Weighted-average grant date fair value per stock option	**$ 2.79**	$ 3.15	$ 3.25
Aggregate intrinsic value on exercise	**$ 263**	$ 32	$ 5
Cash received upon exercise	**$ 568**	$ 153	$ 16
Tax benefits realized related to exercise	**$ 81**	$ 10	$ 1
Total compensation cost related to nonvested stock options not yet recognized, pre-tax	**$ 148**	$ 177	$ 178
Weighted-average period over which stock option compensation cost is expected to be recognized (years)	**1.2**	1.3	1.3

D. Total Shareholder Return Units (TSRUs)

TSRUs are awarded to senior and other key management. The contractual terms for TSRUs were for 5 years for certain awards and for 7 years for the balance of the awards in 2012 and 2011, and for 5 years for all awards in 2010. 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 weighted-average assumptions used in the valuation of TSRUs follow:

	Year Ended December 31, 2012	2011	2010
Expected dividend yield[(a)]	**4.10%**	4.15%	3.99%
Risk-free interest rate[(b)]	**1.15%**	2.51%	2.34%
Expected stock price volatility[(c)]	**23.80%**	25.55%	26.76%
Contractual term (years)	**5.97**	5.95	5.00

[(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.

E. 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.

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

Compensation Discussion and Analysis

This Compensation Discussion and Analysis, or "CD&A," describes Pfizer's executive compensation program for 2012 and certain elements of the 2013 program. We use this program to attract, motivate and retain the colleagues who lead our business. In particular, this CD&A explains how the Compensation Committee (the "Committee") of the Board of Directors (the "Board") made 2012 compensation decisions for our executives, including the following Named Executive Officers (the "NEOs"):

- Ian C. Read, Chairman and Chief Executive Officer ("CEO");
- Frank A. D'Amelio, Executive Vice President, Business Operations and Chief Financial Officer ("CFO");
- Dr. Mikael Dolsten, President, Worldwide Research and Development;
- Amy W. Schulman, Executive Vice President and General Counsel; Business Unit Lead, Consumer Healthcare; and
- Geno Germano, President and General Manager, Specialty Care and Oncology.

This CD&A is divided into two sections:

Section 1 discusses our 2012 performance, the Committee's actions in 2012, our compensation practices and the compensation decisions for our NEOs.

Section 2 discusses our compensation framework in greater detail.

SECTION 1

2012 PERFORMANCE OVERVIEW

2012 was a significant year for Pfizer. It marked the first full year of loss of exclusivity on Lipitor as well as other patent expirations. We also faced increased pricing pressures in Europe and Japan and the ongoing impact of U.S. healthcare reform. But despite these and other factors, we executed on our business plan and built upon our four imperatives.

- **Improving the Performance of our Innovative Core** by generating a portfolio of differentiated medicines and creating a culture of ownership and decisiveness in research.
- **Making the Right Capital Allocation Decisions** by developing a corporate strategic plan to maximize capital allocation across the business portfolio and achieve targeted growth on core assets.
- **Earning Greater Respect from Society** by continuing to maintain and improve Pfizer's strong reputation with our customers, the communities in which we operate, our shareholders, and the investor community.
- **Creating a Culture of Ownership** by instilling a culture of confidence and making Pfizer a great place to work.

We achieved several key regulatory approvals, including: Xeljanz for rheumatoid arthritis in the U.S.; Eliquis (in partnership with Bristol-Myers Squibb) for prevention of stroke and systemic embolism in patients with non-valvular atrial fibrillation in the E.U., Japan, Canada and the U.S.; Inlyta for advanced renal cell carcinoma in the U.S., E.U. and Japan; Elelyso for Gaucher disease in the U.S.; and Bosulif for chronic myelogenous leukemia in the U.S. We also advanced our early- and mid-stage pipeline and entered 2013 with one of the most robust pipelines in the Company's recent history.

We successfully returned value to our shareholders by repurchasing $8.2 billion of our stock with some of the proceeds from the sale of our Nutrition business to Nestlé for $11.85 billion, and increasing our per share dividend payout by 10% versus 2011. During 2012, our stock price appreciated 14%. We believe this to be a strong indicator that the market recognizes our pipeline progress, efficiencies and commitment to deliver attractive returns for our investors.

We launched our "GetOld" campaign in the U.S. that has potentially reached over 581 million people through online, print and broadcast coverage.

We continued our efforts to instill a culture of ownership by building a strong and engaged leadership team, developing diverse talent at senior levels and in the talent pipeline and launching the OWN IT! initiative.

RECENT COMMITTEE ACTIONS

Over the last several years, the Committee has taken a number of actions to make our executive compensation program more reflective of our performance and more responsive to shareholder interests. During 2012, these actions included the following:

Topic	Action	Rationale
Portfolio Performance Share Long-Term Incentives	In 2012, introduced a new long-term incentive vehicle—Portfolio Performance Shares—designed to reward eligible R&D colleagues in the U.S. and U.K. based on the achievement of R&D performance goals supporting the pipeline In 2013, expanded this program to include colleagues in additional business units which support R&D activities and countries other than the U.S. and U.K. *Note: ELT members do not participate in the Portfolio Performance Share Program. ELT members receive RSUs, 5- and 7-Year TSRUs and PSAs*	Supports Pfizer's strategy to drive sustained progress on the product portfolio and create shareholder value; and also aligns participants' compensation with that strategy
2004 Stock Plan and Long-Term Incentive Awards	Redefined and expanded "clawback" provisions in the case of misconduct • Amended the Plan to provide the Committee with the ability to recoup shares, cash or gains realized by a Plan participant • Broadened the scope of these recoupment provisions to include not only the colleague involved in misconduct, but also his or her direct supervisor • Expanded the look-back period within which to cancel outstanding awards and recoup gains from one to three years	Supports ongoing compliance and strengthens penalties for misconduct; in line with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
Performance Share Awards (PSAs)	Effective with 2012 grants, revised method for calculating Total Shareholder Return from single end-to-end closing stock prices to the 20-day average closing stock prices prior to the beginning and end of the performance periods; also adjusted payout matrix to better align with performance	Aligned with performance and market practice; minimizes the effect of a single day stock price volatility

2012 ADVISORY VOTE ON EXECUTIVE COMPENSATION; SHAREHOLDER OUTREACH

Pfizer's executive compensation program received substantial shareholder support and was approved, on an advisory basis, by 96.7% of the votes cast at the 2012 Annual Meeting. Our Committee and the other members of our Board believe that this vote reflected our shareholders' strong support of the compensation decisions made by the Committee for Pfizer's NEOs for 2011.

This view was reinforced by our discussions with shareholders both in connection with and following the 2012 Annual Meeting. Consistent with Pfizer's long-standing reputation for investor engagement, our shareholder outreach resulted in discussions with both U.S.- and internationally-based investors representing approximately 20% of our outstanding shares. The feedback received in these discussions was generally positive. In particular, these investors supported our executive compensation program and believed that it is appropriately linked to performance. In addition, the investors appreciated our efforts, in response to previous feedback, to simplify our executive compensation disclosures through the use of graphics, summaries and plain English. Some investors offered suggestions for improvements in our executive compensation program. For example, some indicated a preference for performance- instead of time-based vesting for our RSU awards. In addition, we elicited feedback on the usefulness of including "realized" and/or "realizable" pay disclosures in future proxy statements. Investor views were mixed on this, with the majority expressing a preference to delay such disclosures until these terms are more clearly understood and result in comparable disclosures across different companies; at the same time, others requested that we include the data in future disclosures.

These discussions with our investors were reported to and evaluated by our Committee and the full Board. Following consideration of these discussions, as well as the 2012 voting results, the Committee concluded that our executive compensation program achieves the goals of our executive compensation philosophy. Therefore, the Committee has reaffirmed the elements of Pfizer's executive compensation plan and policies.

OUR COMPENSATION PRACTICES

Pfizer continues to implement and maintain leading practices in its compensation program and related areas. These practices include the following:

- We prohibit our executives and Directors from hedging, or engaging in any derivatives trading, with respect to Company shares (see "Derivatives Trading" below).
- We do not provide tax "gross-ups" for perquisites or other benefits provided to our executive officers, other than in the case of certain relocation expenses, consistent with our relocation policy for all U.S.-based employees (see "Perquisites" below).
- We require our executive officers to meet stock ownership requirements, and we prohibit them from selling any shares (except to meet tax withholding obligations) if doing so would cause them to fall below required levels (see "Stock Ownership and Holding Requirements" below). We also have stock ownership requirements for our Directors, as discussed elsewhere in this Proxy Statement.
- Our equity incentive plan prohibits the repricing or exchange of equity awards without shareholder approval.
- Our annual equity awards provide for minimum three-year vesting, except in limited circumstances involving certain terminations of employment, and we have not granted stock options to executive officers since 2007.
- None of our executive officers has an employment agreement with the Company.
- To the extent permitted by law, we can recover cash- or equity-based compensation paid to executives in various circumstances, including where the compensation is based upon the achievement of specified financial results that are the subject of a subsequent restatement (see "Compensation Recovery" below).
- Our executive compensation program includes a number of controls that mitigate risk, including executive stock ownership and holding requirements and our ability to recover compensation paid to executives in certain circumstances, each as mentioned above.
- The Committee has engaged an independent compensation consultant that has no other ties to the Company or its management and that meets stringent selection criteria (see "Role of Compensation Consultant" below).
- We maintain a robust investor outreach program that enables us to obtain ongoing feedback concerning our compensation program, as well as how we disclose that program.

ELEMENTS OF EXECUTIVE COMPENSATION

Element	Type	Terms
Annual Long-Term Incentive Compensation (100% Equity)	Restricted Stock Units (RSUs) (representing 25% of total annual grant value)	• RSUs generally vest three years from the grant date • Dividend equivalent units (DEUs) are accumulated on RSUs during the vesting period • Both RSUs and DEUs are paid in shares of Pfizer common stock but only on vesting*
	5- and 7-Year Total Shareholder Return Units (5-Year and 7-Year TSRUs) (each representing 25% of total annual grant value)	• 5- and 7-Year TSRUs generally vest three years from the grant date and are settled five or seven years from the grant date, respectively • Dividend equivalents are accumulated on TSRUs during the five- or seven-year term • The number of shares that are earned for each TSRU is equal to the difference between the settlement price (the 20-day average of the closing prices of Pfizer common stock ending on the settlement date) and the grant price (the closing price of Pfizer common stock on the date of grant) plus the value of dividend equivalents accumulated over the term, divided by the settlement price, subject to the results being positive • Both 5- and 7-Year TSRUs are paid in shares of Pfizer common stock on settlement
	Performance Share Awards (PSAs) (representing 25% of total annual grant value)	• PSAs generally vest three years from the grant date • The performance period for PSAs is three years • The number of shares that are earned over the performance period is based on Pfizer's Total Shareholder Return (TSR, defined as change in stock price plus dividends) relative to the TSR of our pharmaceutical peer group and ranges from 0% to 200% of the initial award • Dividend equivalents are applied to the number of shares actually earned under the award • PSAs are paid in shares of Pfizer common stock
Cash	Salary	• The fixed amount of compensation for performing day-to-day responsibilities. Generally eligible for increase annually, depending on market movement, performance and internal equity
	Annual Short-Term Incentive/GPP	• Provides the opportunity for competitively-based annual incentive awards for achieving Pfizer's short-term financial goals and other strategic objectives measured over the current year
Retirement	Pension Plan	• Provides retirement income for eligible participants based on years of service and highest average earnings up to tax code limitations
	Supplemental Pension Plan	• Provides retirement income, on a non-qualified basis, relating to compensation in excess of tax code limitations under the same formula as the qualified pension plan noted above
	Savings Plan	• A qualified 401(k) plan that provides participants with the opportunity to defer a portion of their compensation, up to tax code limitations, and receive a company matching contribution
	Supplemental Savings Plan	• Extends the Savings Plan, on a non-qualified basis, for deferral of compensation in excess of the tax code limitations under the same terms
Other	Perquisites	• Certain other benefits provided to executives by the Company

* Unless automatically deferred as stock units due to Section 162(m) of the Internal Revenue Code.

KEY COMPENSATION ACTIONS FOR 2012

The following highlights the Committee's key compensation decisions for 2012, as reported in the 2012 Summary Compensation Table. These decisions were made with the advice of the Committee's independent consultant, Frederic W. Cook & Co. (see "Role of Compensation Consultant" below), and are discussed in greater detail elsewhere in this CD&A.

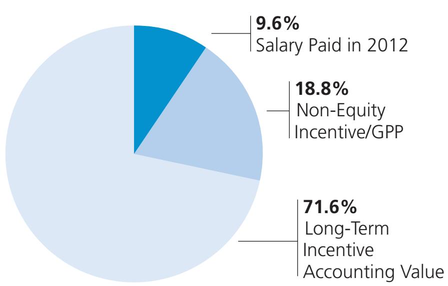
CEO Compensation

Aligned with our executive compensation program and practices, considering his performance and assessing market competitiveness, the Committee, with advice from its independent consultant, set Mr. Read's salary and short- and long-term incentive compensation as follows:

- Effective April 1, 2012, Mr. Read's base salary was set at $1.75 million; salary paid in 2012 was $1.738 million;
- His 2012 annual incentive award (paid in March 2013) was $3.4 million; and
- His 2012 annual long-term incentive award was valued by the Committee at $13.0 million at grant; accounting value was $12.9 million.

In 2012, 90% of Mr. Read's compensation was tied to Company performance. The factors considered by the Committee in determining Mr. Read's compensation are discussed under "Evaluating Performance."

READ 2012 COMPENSATION

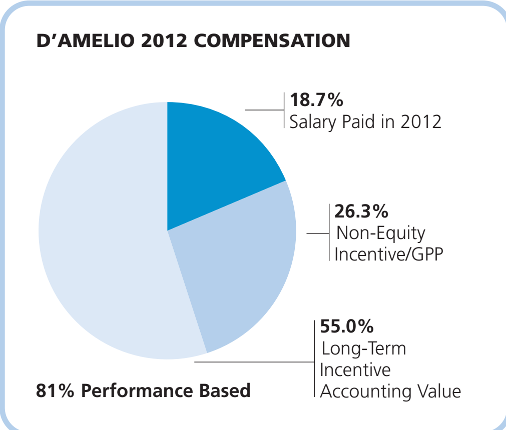


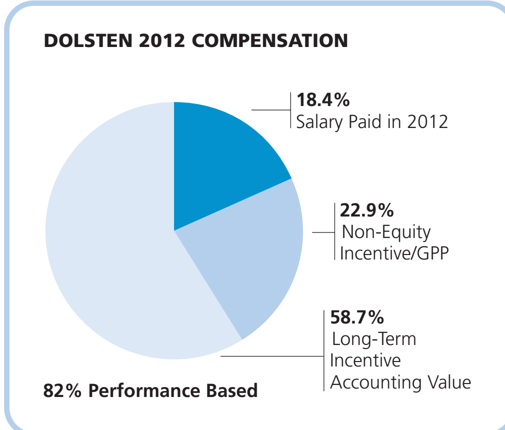
90% Performance Based

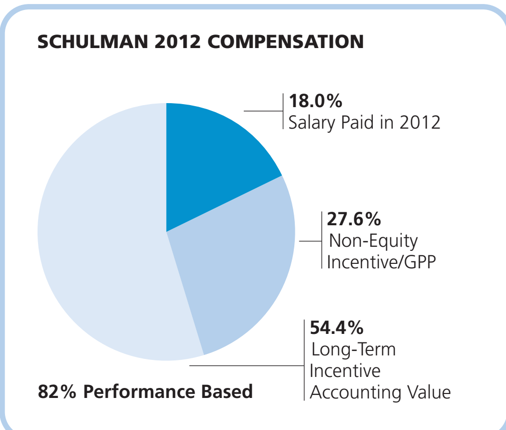
Compensation for Our Other NEOs

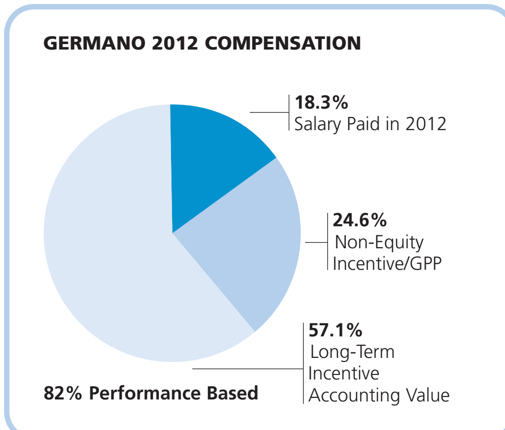
The Committee also approved the compensation for the other NEOs. Their compensation was set based upon the recommendations of the CEO, evaluation by the Committee and the other independent members of the Board of each individual's performance (see "Evaluating Performance"), the advice of the Committee's independent consultant, compensation data from the peer and comparator groups, internal pay relationships based on relative duties and responsibilities, the individual's future advancement potential, and his or her impact on Pfizer's results; the Committee also considered the need for retention incentives.

Over 80% of the compensation for our other NEOs was tied to Company performance. The factors considered by the Committee in determining compensation for our other NEOs are discussed below (see "Evaluating Performance").









2012 Salaries

The table below shows the annual salaries for our NEOs set by the Committee, effective April 1, 2012.

NAME	SALARY EFFECTIVE 4/1/2012	2012 SALARY GRADE MIDPOINT(1)
I. Read	$1,750,000	$1,759,500
F. D'Amelio	$1,225,000	$1,147,500
M. Dolsten	$1,130,000	$1,147,500
A.W. Schulman	$ 925,000	$1,040,400
G. Germano	$ 900,000	$1,040,400

(1) See "Target Setting" for an explanation of how we use salary grade midpoints to determine target annual incentive awards.

Annual Incentive Compensation Criteria

Annual incentives for each member of the ELT, including our NEOs, are based on:

- GPP pool funding based on the financial performance of the Company measured by total revenue, adjusted diluted EPS and cash flow;
- The financial performance of the executive's Business Unit/Function measured by revenue and income before adjustments;
- The achievement of selected strategic and operational goals for the executive's Business Unit/Function; and
- The Committee's assessment of the executive's individual performance against goals (see "Evaluating Performance").

Each year, the Committee evaluates the continued use of the financial measures that fund the annual incentive pool, using the following basic concepts:

- measures that support the achievement of the Company's annual operating plan;
- measures that promote decisions and behaviors aligned with maximizing near-term business results while supporting the achievement of the Company's long-term goals;
- measures that exhibit a strong line of sight (i.e., are clearly understood and can be impacted by the performance of our executives and employees); and
- measures that are consistent with best practices and are commonly used within our industry.

The Committee believes that the continued use of these financial measures supports these basic principles:

- Revenue is a leading indicator of performance and value creation; provides a clear focus on growth; is an important measure in a sales industry; and is understandable with clear line of sight and employee impact.
- EPS is a comprehensive measure of income; provides focus on profitable growth; focuses managers on expense control; is viewed as a strong indicator of sustained performance over the long term; and is understandable with clear line of sight and employee impact.
- Cash flow provides focus on generating cash in the short term to fund operations and research and to return funds to shareholders in the form of dividends and share repurchases; focuses managers on expense control; and is a strong link to long-term shareholder value creation.

As in prior years, the Committee considered other metrics, such as return on equity, return on assets, return on invested capital, and economic value added as potential measures under our annual incentive plan, but determined that the metrics selected—total revenue, adjusted diluted EPS and cash flow—were better suited for a biopharmaceutical company, whose business is characterized by long lead times and significant uncertainties relating to product development. The Committee also believes that the alternative metrics lacked clear lines of sight for employees and therefore are not appropriate measures for Pfizer's annual incentive plan.

Target Setting

The target annual incentive award opportunity for our NEOs represents a percentage of salary grade midpoint. Target annual incentive award levels are reviewed annually to ensure alignment with our compensation philosophy to target each compensation element and total direct compensation at the market median and are based on an evaluation of competitive market data and internal equity among the members of our ELT. For 2012, target annual incentive opportunities for the NEOs ranged from 90% to 150% of salary midpoint, as indicated under "Annual Incentive Awards (Cash)."

Financial Results for Annual Incentive Purposes

The annual incentive awards were based on both individual performance and the achievement of target goals for total revenue, adjusted diluted EPS and cash flow set by the Committee for annual incentive purposes. These targets for compensation purposes were set by the Committee in the first quarter of 2012 based on its evaluation of the budgeted amounts and its determination that there was a sufficient degree of stretch in the targets. The 2011 and 2012 amounts below exclude the results from the Nutrition business, which was sold in 2012.

Financial Objectives (For Annual Incentive Purposes)	2011 Results[(a)]	2012 Threshold	2012 Target	2012 Results
Total Revenue[(b)]	$64.9 Billion	$54.5 Billion	$59.0 Billion	$59.2 Billion
Adjusted Diluted EPS[(c)]	$2.23	$1.97	$2.17	$2.26
Cash Flow from Operations[(d)]	$17.5 Billion	$15.5 Billion	$19.0 Billion	$18.4 Billion

(a) 2011 results are restated to reflect the sale of our Nutrition business.

(b) Total revenue for annual incentive purposes is based on budgeted foreign exchange rates. Therefore, 2012 and 2011 results differ from U.S. GAAP revenue of $59.0 billion and $65.3 billion, respectively. See "Financial Measures" for a reconciliation of U.S. GAAP revenue to total revenue for 2012 and 2011 for annual incentive purposes.

(c) Adjusted diluted EPS for annual incentive purposes is based on budgeted foreign exchange rates and excludes certain non-recurring items. See "Financial Measures" for a reconciliation of U.S. GAAP diluted EPS to the adjusted diluted EPS for 2012 and 2011 for annual incentive purposes.

(d) 2012 Targets and Results exclude certain tax and other discretionary timing items for compensation purposes (non-GAAP amounts).

See "Financial Measures" for reconciliations of 2012 and 2011 U.S. GAAP revenues and U.S. GAAP diluted EPS to non-GAAP total revenue and non-GAAP adjusted diluted EPS for annual incentive purposes. Adjusted diluted EPS is defined as U.S. GAAP diluted EPS excluding purchase-accounting adjustments, acquisition-related costs, discontinued operations and certain significant items. Non-GAAP total revenue and non-GAAP adjusted diluted EPS for annual incentive purposes are not, and should not be viewed as, substitutes for U.S. GAAP revenues and U.S. GAAP diluted EPS, respectively.

Since actual annual incentive amounts are based on Pfizer's performance and the Committee's assessment of each executive's level of achievement against his or her specified goals, an executive's annual incentive award may be more or less than target. However, for annual incentive awards to be deductible under Internal Revenue Code ("IRC") Section 162(m), the total amount of any annual incentive that can be paid to an executive officer in any one year is limited to a maximum of 0.3% of Pfizer's "adjusted net income" (defined for this purpose as operating income from continuing operations, reduced by taxes and interest expense, and adjusted for any one-time gains or other non-recurring events). See "Evaluating Performance" for a more complete description of how Company and individual performance are evaluated against stated objectives and "Other Compensation Policies—Tax Policies" for further information on our policy on IRC Section 162(m).

Annual Incentive Awards (Cash)

Annual incentives for 2012 were determined by the Committee in February 2013. The Committee reviewed Mr. Read's performance for 2012 (see "Evaluating Performance"), with input from the other independent members of the Board and with advice from the Committee's independent consultant, and determined his 2012 annual incentive award. Mr. Read submitted 2012 annual incentive award recommendations to the Committee for each of the other ELT members (including the other NEOs), based on his evaluation of their individual performance (see "Evaluating Performance") and the performance of their respective Business Unit/Function. The Committee, with input from the other independent members of the Board and the Committee's independent consultant, reviewed these recommendations and considered its evaluation of each executive's performance, and his or her relative contribution to the Company's overall performance, to determine the amounts awarded. The recommendations for the CEO and other ELT members (including the other NEOs) were ratified by the independent members of the Board.

2012 annual incentive award targets and payout ranges, as well as the actual annual incentive award payouts for each of the NEOs, are shown in the table below. Actual annual incentive awards are determined based on objective performance measures for the Company (see "Financial Results for Annual Incentive Purposes") and adjusted for individual and Business Unit/Function performance.

2012 Annual Cash Incentive Awards

Name	Target Payout As a % of Salary Midpoint	Payout Range As a % of Salary Midpoint	Target Award ($)	Maximum Award ($)[(1)]	Actual Award ($)
I. Read	150%	0-300%	2,639,300	5,278,600	$3,400,000
F. D'Amelio	100%	0-200%	1,147,500	2,295,000	$1,718,000
M. Dolsten	100%	0-200%	1,147,500	2,295,000	$1,395,000
A. W. Schulman	90%	0-180%	936,400	1,872,800	$1,410,000
G. Germano	90%	0-180%	936,400	1,872,800	$1,203,000

(1) Maximum award is 200% of target award.

Long-Term Incentive Awards (Equity)

Long-term incentive compensation for our ELT (including the NEOs) is delivered entirely in the form of equity awards. In February 2012, executives received long-term equity incentive awards consisting of TSRUs, PSAs, and RSUs. Each executive's long-term incentive grant value (including the NEOs) was equally divided among 5- and 7-Year TSRUs, PSAs, and RSUs (see "Elements of Executive Compensation").

The 2012 grant value of each NEO's long-term equity incentive award was set by the Committee based on competitive market data, relative duties and responsibilities, the individual's future advancement potential, and his or her impact on Pfizer's results; the awards were also used for retention purposes. These grant values (which differ from the accounting values shown in the Summary Compensation Table due to the timing of the awards) were as follows:

Name	2012 Long-Term Incentive Award (Millions)				
	7-Year TSRUs ($)	5-Year TSRUs ($)	PSAs ($)	RSUs ($)	Total Award Value ($)
I. Read	3.25	3.25	3.25	3.25	13.0
F. D'Amelio	0.9	0.9	0.9	0.9	3.6
M. Dolsten	0.9	0.9	0.9	0.9	3.6
A. W. Schulman	0.7	0.7	0.7	0.7	2.8
G. Germano	0.7	0.7	0.7	0.7	2.8

Our long-term equity awards are structured to align our executives' interests with shareholders and to emphasize the Committee's expectation that our executive officers focus their efforts on improving Pfizer's TSR, both on an absolute basis (since the value realized from the TSRUs is consistent with the TSR of Pfizer's shareholders) and on a relative basis (through PSAs, which are earned based on Pfizer's TSR compared to peer companies in the pharmaceutical industry). RSUs are used for their retention value.

2012 long-term incentive grant values represent a significant percentage of the compensation for our NEOs—in excess of 70% for the CEO and approximately 55% for the other NEOs. At the time of grant, the Committee awards these values based on an evaluation of competitive market data and internal equity. At the time the equity is earned by the executive, the value realized is therefore directly linked to Company performance and aligned with the interests of our shareholders—the value of PSAs over the three-year performance period is realized based on relative TSR, and the value of TSRUs over the 5- and 7-year performance periods is realized based on absolute TSR.

Performance Share Awards (PSAs)

The number of shares that may be earned under the PSAs granted in February 2012 is based on a formula comparing Pfizer's TSR, including reinvestment of dividend equivalents, over a three-year period to our pharmaceutical peer group, which consists of Abbott Laboratories, Amgen, AstraZeneca, Bristol-Myers Squibb, Eli Lilly, GlaxoSmithKline, Johnson & Johnson, Merck, Novartis, Roche and Sanofi-Aventis. If TSR results in a relative performance ranking of 11th or 12th (Tier 6), then no shares are earned. If TSR results in a relative performance ranking equal to or better than Tier 3, but is negative in the absolute (i.e., the decrease in the value of the stock exceeds the dividend equivalents), then the number of shares awarded can in no event exceed the target amount. The award payout is expressed as a percentage of target award as shown in the chart below. At the end of the performance period, the Committee determines the applicable tier in the matrix that corresponds to the Company's relative TSR performance and the corresponding percentage payout within the range. As part of this determination, the Committee in its sole discretion may adjust the payout percentage downward to a percentage not less than the bottom of the payout range. In no event will the payout exceed the maximum payout for the respective range.

Performance Share Award Payout Matrix

Tier	Ranking	Payout Range
1	1st or 2nd	166% – 200%
2	3rd or 4th	133% – 166%
3	5th or 6th	100% – 133%
4	7th or 8th	66% – 100%
5	9th or 10th	33% – 66%
6	11th or 12th	0%

Note that in response to comments we received in our shareholder outreach activities, the Performance Share Award Payout Matrix for awards granted commencing in 2012 was revised to provide for a "0%" payout for Tier 6 performance; previously, Tier 6 performance could result in a payout range of 0% to 33%.

The Committee continues to believe that TSR is the most appropriate measure of relative performance in relation to Pfizer's business objectives and therefore selected relative TSR as the sole performance measure for the 2012-2014 PSA performance cycle. In the Committee's view, our relative TSR compared with the pharmaceutical peer group remains a strategic priority.

2010 Performance Share Awards

Our 2010 long-term equity incentive grants to our executives, including the NEOs, also included PSAs that were earned based on the above matrix.

Pfizer's performance over the three-year period (2010-2012) resulted in a relative performance ranking of 3rd (Tier 2), resulting in a payout ranging from 133% to 166% of target. In February 2013, the Committee approved a payout at 160% of target as shown below due to the Company's strong TSR performance and its proximity to the TSR performance of the peers in Tier 1:

Performance Share Award Payout for the 2010-2012 Performance Award Cycle

Name	Target Award At Grant (#)	Target Award Value At Grant(1) ($)	Actual Award Shares(2) (#)	Actual Award Value At $27.37 Per Share(3) ($)
I. Read	48,747	862,334	85,005	2,326,587
F. D'Amelio	48,747	862,334	85,005	2,326,587
M. Dolsten	36,212	640,590	63,147	1,728,333
A. W. Schulman	20,891	369,562	36,430	997,089
G. Germano	20,613	364,644	35,946	983,842

(1) This column represents the target award value based on the February 25, 2010 stock price of $17.69.

(2) These amounts include accumulated dividends on 160% of the target award for the three-year period, converted into shares at $27.37 per share.

(3) This column represents the actual award value based on a stock price of $27.37 on February 28, 2013.

EARLY 2013 COMPENSATION ACTIONS

Salary and Annual Incentive Targets

In February 2013, the Committee approved 2013 salaries and target annual incentive award levels for the NEOs as follows:

2013 Salary and Annual Incentive Targets

Name	April 1, 2013 Salary ($)	2013 Salary Midpoint ($)(1)	2013 Target Annual Incentive (%)	2013 Target Annual Incentive(2) ($)
I. Read	1,785,000	1,759,500	150%	2,639,300
F. D'Amelio	1,250,000	1,147,500	100%	1,147,500
M. Dolsten	1,155,000	1,147,500	100%	1,147,500
A. W. Schulman	962,000	1,040,400	90%	936,400
G. Germano	935,000	1,040,400	90%	936,400

(1) Reflective of the market, the 2013 salary midpoints were unchanged from 2012.

(2) Also reflective of the market, 2013 target annual incentive amounts are based on a percentage of 2013 salary range midpoints, which were unchanged from 2012.

2013 Long-Term Equity Incentive Awards

In February 2013, the Committee granted long-term equity incentive awards to the NEOs in consideration of their 2012 performance and their expected future performance. These awards included 5- and 7-Year TSRUs, PSAs and RSUs.

2013 Long-Term Equity Incentive Awards

Name	Performance Period (Or Other Period Maturation or Payment Period)	Estimated Future Payouts Under the Performance Share Program(1) PSA Grants			5-Year TSRU Grant(4) (#)	7-Year TSRU Grant(5) (#)	RSU Grant(6) (#)
		Threshold(2) (#)	Target(3) (#)	Maximum(2) (#)			
I. Read	1/1/13 – 12/31/15	0	109,911	219,822	649,780	539,305	109,911
F. D'Amelio	1/1/13 – 12/31/15	0	35,395	70,790	209,251	173,675	35,395
M. Dolsten	1/1/13 – 12/31/15	0	33,532	67,064	198,238	164,534	33,532
A. W. Schulman	1/1/13 – 12/31/15	0	27,943	55,886	165,198	137,112	27,943
G. Germano	1/1/13 – 12/31/15	0	27,943	55,886	165,198	137,112	27,943

(1) The actual number of shares, if any, that will be paid out at the end of the performance period cannot be determined because the shares earned by the NEOs will be based upon our future performance compared to the future performance of the pharmaceutical peer group. Dividend equivalents on any shares earned will be paid in shares of common stock at the end of the performance period.

(2) To the extent the Company's performance equals or exceeds the performance of our pharmaceutical peers, varying amounts of shares of common stock, up to the maximum, will be earned. The Committee will apply the matrix (see "Performance Share Awards (PSAs)" elsewhere in this CD&A), subject to negative discretion, to determine the payout, although in no event shall the payout exceed the maximum payout of the respective range.

(3) The target amounts vary based on the individual's salary grade at the time of grant.

(4) 5-Year TSRUs vest on the third anniversary of the grant date (February 28, 2016) and will be settled in shares on the fifth anniversary of the grant date (February 28, 2018). The number of shares delivered at settlement, if any, for each TSRU will equal the difference between the settlement price (the average of the closing prices of Pfizer common stock for the 20 trading days ending February 28, 2018) and the TSRU grant price ($27.37), plus dividend equivalents accrued during the life of the TSRU, divided by the settlement price, subject to the results being positive.

(5) 7-Year TSRUs vest on the third anniversary of the grant date (February 28, 2016) and will be settled in shares on the seventh anniversary of the grant date (February 28, 2020). The number of shares delivered at settlement, if any, for each TSRU will equal the difference between the settlement price (the average of the closing prices of Pfizer common stock for the 20 trading days ending February 28, 2020) and the TSRU grant price ($27.37), plus dividend equivalents accrued during the life of the TSRU, divided by the settlement price, subject to the results being positive.

(6) RSUs vest on the third anniversary of the grant date (February 28, 2016). Dividend equivalents are reinvested as additional RSUs during the restricted period.

NOTE: Consistent with historical practice, long-term values are converted into units using the closing stock price on the first trading day of the week of grant. The PSA and RSU values were converted to units using the closing stock price on February 25, 2013 of $26.84. The 5-Year TSRU values were converted to TSRUs using $4.54 and the 7-Year TSRU values were converted to TSRUs using $5.47, representing the estimated value at grant using the Monte Carlo Simulation model as of February 25, 2013.

Equity Award Grant Practices

The Committee customarily grants equity awards to eligible employees, including the NEOs, at its meeting held in late February of each year. Equity grants to certain newly hired employees, including executive officers, are effective on the last business day of the month of hire. Special equity grants to continuing employees are effective on the last business day of the month in which the award is approved. Stock option and TSRU grants have an exercise/grant price equal to the closing market price of Pfizer's common stock on their grant date. Our equity incentive plan prohibits the repricing or exchange of equity awards without shareholder approval.

SECTION 2

OUR COMPENSATION FRAMEWORK

Philosophy, Goals and Principles of Our Executive Compensation Program

The Committee believes that Pfizer's executive compensation program achieves the goals of our executive compensation philosophy. That philosophy, which is set by the Committee, is to align each executive's compensation with Pfizer's short- and long-term performance and to provide the compensation and incentives needed to attract, motivate and retain key executives who are crucial to Pfizer's long-term success. A significant portion of the total compensation opportunity for each of our executives (including the NEOs) is directly related to Pfizer's stock price performance and to other performance factors that measure our progress against the goals of our strategic and operating plans, as well as our performance against that of our pharmaceutical peer group described below and elsewhere in this CD&A.

We seek to implement our philosophy and achieve the goals of our program by following three key principles:

- positioning total direct compensation and each compensation element at approximately the median of our peer companies, with emphasis on pharmaceutical companies with large market capitalization;
- aligning annual incentive awards with annual operating financial objectives; and
- rewarding absolute and relative performance in TSR through long-term equity incentive awards.

Applying Our Compensation Philosophy, Goals and Principles

We apply our compensation philosophy, goals and principles as follows:

- Individual compensation elements and total direct compensation are structured to be closely aligned with the median compensation of both a peer group of U.S.-based pharmaceutical companies and similarly-sized general industry comparators. Our salary midpoints and target annual short- and long-term incentives continue to approximate competitive medians.
- Our GPP, or annual incentive program, utilizes a pool that is funded based on Pfizer's performance on three financial metrics: revenue, adjusted diluted EPS, and cash flow. The pool funding percentage ranges from 0% to 200% of target award levels; however, the pool is not funded unless performance exceeds a threshold level (the threshold levels are shown in the "Financial Objectives" chart under "Financial Results for Annual Incentive Purposes" earlier in this CD&A). Earned individual payouts also range from 0% to 200% of target and reflect allocations from the available earned pool based on corporate, Business Unit/Function, and individual performance.
- Awards under our Executive Long-Term Incentive Program are aligned with the interests of our shareholders because they deliver value based on absolute and relative shareholder return, encourage stock ownership and promote retention of key talent.
- Our executive compensation structure is designed to deliver a significant portion of our executives' total direct compensation in the form of long-term equity incentive awards, with targets ranging from approximately 60% to 70% of total direct compensation for our NEOs.

Further details concerning how we implement our philosophy and goals, and how we apply the above principles to our compensation program, are provided throughout this CD&A. In particular, we discuss how we set compensation targets and other objectives and evaluate performance against those targets and objectives to assure that performance is appropriately rewarded.

Competitive Positioning

Creating an Executive Compensation Framework

In support of our compensation philosophy, we target the median compensation values of both a peer group of U.S.-based pharmaceutical companies and a general industry comparator group to determine an appropriate total value and mix of pay for our executives. We include general industry comparators because Pfizer's size, revenue, assets, and market capitalization are more closely aligned with these general industry comparators. Both groups were chosen because they are a source of talent, based on the complexity of their businesses as well as the availability of comparative data. They define the market for benchmarking and pay positioning, which serves to attract and retain senior executive leaders for both pharmaceutical and general industry roles. The Committee reviews these peer groups on an annual basis.

2012 Pharmaceutical Peer Group

Abbott Laboratories	Bristol-Myers Squibb	Johnson & Johnson	Roche*
Amgen	Eli Lilly	Merck	Sanofi-Aventis*
AstraZeneca	GlaxoSmithKline	Novartis*	

* The Committee recognizes that while data are available on the performance of our non-U.S.-based peer companies, the compensation data are limited in terms of comparable benchmarks and other information for select non-U.S. peers.

2012 General Industry Comparator Group

Alcoa	Comcast	Honeywell	United Parcel Service
Altria Group	Dell	IBM	United Technologies
Boeing	Dow Chemical	Lockheed Martin	UnitedHealth Group
Caterpillar	DuPont	PepsiCo	Verizon
Chevron	FedEx	Procter & Gamble	Walt Disney
Coca-Cola	General Electric	TimeWarner	

The chart below compares Pfizer's 2012 revenue, net income and market capitalization to the median revenue, net income and market capitalization for our pharmaceutical peer group and general industry comparator group.

In Billions	Pfizer	Pharmaceutical Peer Group Median	General Industry Comparator Group Median
Revenue*	$ 59.0	$27.2	$57.7
Reported Net Income*	$ 14.6	$ 5.3	$ 4.2
Market Capitalization*	$201.4	$63.0	$69.6

* Revenue and Net Income based on published earnings releases. Market Capitalization as of February 14, 2013.

Applying the Compensation Framework to Executive Positions

The Committee uses median compensation data for similar positions in both the pharmaceutical peer and general industry comparator groups as a guide in setting compensation targets for each executive. Each compensation target is assigned a numbered salary grade to simplify the compensation administration process.

Salary grades are used to determine the preliminary salary recommendation, target annual incentive award opportunity, and target long-term equity incentive award value for each executive position. Each salary grade is expressed as a range, with minimum, midpoint, and maximum salary levels. Minimum and maximum salary range levels for each grade are set 25% below and above the salary range midpoint, which is intended to approximate the bottom and top pay quartiles for positions assigned to that grade. This framework provides a guide for the Committee's determinations. The actual total compensation and/or amount of each compensation element for an individual executive may be more or less than this median.

Setting Compensation Targets

On an annual basis, the Committee reviews the total compensation opportunity of each ELT member, including cash compensation (salary and target annual incentive) and long-term equity compensation (target long-term equity incentive value), as well as perquisites, retirement benefits, health and insurance benefits, and potential severance. The Committee, with the advice of its independent consultant, then sets each ELT member's compensation target for the current year. This generally involves establishing annual and long-term incentive award opportunities. Regular salary adjustments, if any, typically become effective on April 1 of each year. The Committee's decisions are reviewed and ratified by the independent members of the Board.

In making these compensation decisions, the Committee uses several resources and tools, including competitive market information. In addition, the Committee reviews a "tally sheet" for each ELT member that assigns a dollar amount to each of the above compensation elements, as well as accumulated deferred compensation and outstanding equity awards. The Committee believes that the tally sheet is useful in evaluating each ELT member's total compensation opportunity in relation to competitive market practice and performance.

For 2012, the Committee set target levels for the financial and strategic objectives that were used in determining annual incentive award opportunities for the ELT and concluded that the relationship between the payments generated at the various levels of achievement and the degree of difficulty of the targets was significant and reasonable given the business environment and related factors. It also reviewed the target levels for the annual grant of long-term incentive awards and concluded that they were appropriate. The Committee also concluded that the targets do not encourage unnecessary or excessive risk taking.

Evaluating Performance

Setting Performance Objectives

The performance objectives for our NEOs reflect the goals that the Committee believes should be focused on during the year in order to achieve Pfizer's strategic plan. Progress against these objectives is monitored and reviewed with the Committee during the year. The Committee recognizes that increasing TSR should be emphasized; however, the Committee also acknowledges that performance against this objective may not be reflected in a single 12-month period.

Rewarding Performance

Decisions about individual compensation elements and total compensation are ultimately made by the Committee, using its judgment as well as input from the CEO (in the case of the other NEOs), focusing primarily on each NEO's performance against his or her individual financial and strategic objectives, as well as Pfizer's overall performance. The Committee also considers a variety of qualitative factors, including the business environment in which the results were achieved. Therefore, the Committee determines each NEO's compensation based on multiple factors, including the competitive market, individual performance, internal equity and affordability.

CEO Performance

For 2012, Mr. Read's performance objectives included:

Corporate Financial Objectives for:

- Total revenue
- Adjusted diluted EPS
- Cash flow

The Company exceeded the 2012 target performance level for total revenue and adjusted diluted EPS, with below-target performance for cash flow (see "Financial Results for Annual Incentive Purposes" earlier in this CD&A).

In addition to the corporate financial objectives, Mr. Read's key accountabilities at the enterprise level included:

Key Imperatives:

- **Improving the Performance of our Innovative Core:**

  By prioritizing our research and development efforts in areas that we believe to have the greatest scientific and commercial promise, we seek to bring to patients new therapies across a spectrum of diseases and chronic illnesses. We continued our focus on high priority therapeutic areas—Cardiovascular and Metabolic Diseases, Immunology and Inflammation, Neuroscience and Pain, Oncology and Vaccines—and saw significant advancements in our late stage pipeline with several key regulatory approvals in the U.S., E.U., Japan and Canada.

Therapeutic Area	Approval	Indication
Oncology	Inlyta (axitinib) (U.S./E.U./Japan)	Renal Cell Carcinoma
Oncology	Bosulif (bosutinib) (U.S.)	Chronic Myelogenous Leukemia
Cardiovascular and Metabolic Diseases	Eliquis (apixaban) (U.S./E.U./Japan/Canada)	Stroke Prevention in Atrial Fibrillation
Pain, Biosimilars and Rare Diseases	Elelyso (taliglucerase alpha) (U.S.)	Gaucher Disease
Immunology and Inflammation	Xeljanz (tofacitinib) (U.S.)	Rheumatoid Arthritis

  We continually seek to grow the future portfolio by advancing what we believe to be the most promising compounds in our pipeline, accessing best-in-class external scientific capabilities, and entering into partnerships and technologies to capture additional opportunities.

- **Making the Right Capital Allocation Decisions:**

  In the aggregate compared with 2011, we achieved $4.5 billion in expense reductions in adjusted cost of sales, selling, informational and administrative expenses and research and development expenses. We completed the sale of Pfizer Nutrition to Nestlé for $11.85 billion. We prepared for an IPO of our subsidiary, Zoetis, pursuant to which in February 2013 we sold approximately 20% of the common stock of Zoetis that, together with a related debt offering, generated approximately $6.0 billion in proceeds. We repurchased $8.2 billion of Pfizer common stock, reducing the number of fully diluted weighted average shares by approximately 4.6%.

- **Earning Greater Respect from Society:**

  We successfully launched an innovative program we called "GetOld" that has potentially reached over 581 million people through online, print and broadcast coverage. "GetOld" is a community created to encourage and support a dialogue about getting older, living better, exploring helpful health and aging information and sharing stories from across our communities. We continued our efforts to improve our reputation in the communities in which we operate, with regulators, lawmakers, our shareholders, the media and the investor community. By executing multiple partnerships that position Pfizer as an industry-wide leader and innovator in medicine and science, we created stronger alignment between our commitments and the perceptions and experience of the public and healthcare professionals.

- **Creating a Culture of Ownership:**

  We continued to build on our OWN IT! culture model which is designed to encourage ownership, collaboration and initiative; to build a strong engaged leadership team; and to develop key talent. Our OWN IT! vision has been communicated extensively via colleague engagement and our *PfizerWorld* intranet site. Our external communication to the investor community has highlighted an ownership culture as a business imperative.

The Committee is responsible for evaluating Mr. Read's performance against his objectives, with input from the other independent members of the Board, and for determining his compensation in consultation with the Committee's independent consultant. In addition, each year, each independent Director completes a survey, on an anonymous basis, assessing Mr. Read's dealings with the Board and recommending areas of future focus. The Lead Independent Director and the Committee use the results of this survey and their assessment of Mr. Read's performance against his objectives to determine his compensation, which is ratified by the independent members of the Board.

Performance of Our Other Named Executive Officers

The performance objectives for our other NEOs for 2012 included the corporate financial objectives noted above (50% weighting) and other objectives related to the achievement of individual financial, strategic and operational goals for their Business Unit/Function, as well as our imperative for Creating an Ownership Culture, driven by initiative, collaboration and accountability, and developing our pipeline of talent.

Mr. D'Amelio, Executive Vice President, Business Operations and Chief Financial Officer

- Achieved high-end of 2012 reported revenue guidance and exceeded 2012 adjusted diluted EPS guidance.
- Completed the sale of Pfizer's Nutrition business to Nestlé for $11.85 billion.
- Led the effort to explore strategic alternatives for Pfizer's Animal Health business. Submitted initial S-1 filing in August 2012, with three subsequent amendments filed in 2012. Ensured the Animal Health business was operationally ready in the Fourth-Quarter 2012 for a potential IPO in the First-Half 2013.
- Generated $1.6 billion of operating cash flow incremental to 2012 operating plan through various finance and business operations initiatives.
- Repurchased $8.2 billion in shares of Pfizer common stock, reducing the number of fully diluted weighted average shares by approximately 4.6%.
- Achieved $4.5 billion in expense reductions in adjusted cost of sales, selling, informational and administrative expenses and research and development expenses in the aggregate compared with 2011.

Dr. Dolsten, President, Worldwide Research and Development (WRD)

- Delivered four positive Proofs of Concept.
- Achieved ten Proof of Concept Study Starts.
- Achieved five key Approvals:
  - Inlyta (axitinib—advanced Renal Cell Carcinoma—U.S./E.U./Japan)
  - Elelyso (taliglucerase alpha—Gaucher Disease—U.S.)
  - Bosulif (bosutinib—2nd/3rd line Chronic Myelogenous Leukemia—U.S.)
  - Xeljanz (tofacitinib—Rheumatoid Arthritis—U.S.)
  - Eliquis (apixaban—Stroke and Systemic Embolism in Patients with Non-valvular Atrial Fibrillation—U.S. /E.U./Japan/Canada).
- Achieved one Submission: bazedoxifene conjugated estrogens (osteoporosis—U.S. /E.U.).
- Achieved three Phase III Starts: inotuzumab (Acute Lymphoblastic Leukemia), Xeljanz (tofacitinib—Ulcerative Colitis), MnB Adolescent Vaccine.
- Captured additional pipeline opportunities and gained access to technology and innovation, increasing the value of the R&D portfolio:
  - 6 asset-related licensing deals in 2012
  - 12 major technology deals in 2012

Ms. Schulman, Executive Vice President and General Counsel; Business Unit Lead, Consumer Healthcare

- Protected Pfizer's businesses, interests and products through ongoing counsel to the Board, its Committees and management on a wide variety of complex legal and regulatory issues.
- Continued to develop and implement comprehensive strategies to effectively manage and resolve litigation and claims against Pfizer.
- As head of the Nutrition business, maintained strong results, leading to the sale of the business to Nestlé for $11.85 billion.
- Led the Legal Division team on developing and implementing a separate company structure for Pfizer's Animal Health business; transferring that business to the new company, Zoetis, and working to effect a successful initial public offering.
- Achieved continued success in managing legal costs through the enhancement and expansion of the Pfizer Legal Alliance—a highly innovative and widely-praised model developed and implemented for redefining the relationship between in-house and outside counsel resulting in the delivery of legal services with greater operational efficiency.

Mr. Germano, President and General Manager, Specialty Care and Oncology

- Achieved $14.15 billion and $1.31 billion in revenue for the Specialty Care and Oncology Business Units, respectively (101% and 101% of budget) and income before adjustments of 102% and 99% of budget, respectively.
- Achieved U.S. regulatory approval of Xeljanz (Tofacitinib) in November 2012, well ahead of planned approval.
- Achieved targeted product launches:
  - Prevenar Adult launched in over 55 countries
  - Vyndaqel (Tafamidis) launched in 10 countries
- Achieved targeted product approvals:
  - Inlyta (Axitinib) approved and launched in U.S./E.U./Japan
  - Xalkori (Crizotinib) approvals achieved in E.U./Japan
  - Bosulif (Bosutinib) approval achieved in the U.S.
  - Additional approvals achieved for Zithromax PID and Enbrel Radiographic in Japan
- Established Real World Analytics Platform to accelerate development of real world data analytic capabilities across Pfizer.
- Co-chaired enterprise-wide efficiency project to take $1.5 billion cost out of the organization.

POST-EMPLOYMENT COMPENSATION

Executive Severance Plan

The Executive Severance Plan provides for severance benefits to ELT members in the event of involuntary termination of employment without cause. Benefits under the Executive Severance Plan consist of cash severance equal to the greater of (a) one times pay (defined as base salary plus target annual incentive) or (b) 13 weeks pay plus three weeks pay per year of service, subject to a maximum of 104 weeks pay. In addition, eligible participants in the GPP receive a pro rata annual incentive for the year of termination, provided certain performance targets are achieved, as well as certain health and insurance benefits. Severance payments and benefits under the Executive Severance Plan are described in "Estimated Benefits Upon Termination" elsewhere in this Proxy Statement.

EMPLOYMENT AND RETIREMENT BENEFITS

Deferred Compensation

We permit our executive officers to defer receipt of their earned annual incentives and any shares earned under PSAs into the Pfizer Deferred Compensation Plan ("DCP"). Certain of our NEOs are required to defer the receipt of RSUs (see "Other Compensation Policies—Tax Policies" below). Annual incentives may be deferred into either a Pfizer stock unit fund or a cash fund earning interest at 120% of the applicable federal long-term rate (which fluctuated between 2.59% and 3.42% in 2012). The Pfizer stock unit fund is credited with reinvested dividend equivalent units. Deferred PSAs and RSUs may only be deferred into Pfizer common stock units. Legacy Wyeth employees (including Dr. Dolsten and Mr. Germano) were eligible to defer eligible compensation into the Wyeth Deferred Compensation Plan (the "Wyeth DCP") through 2011, when the plan was frozen to new contributions, at which time they became eligible to defer compensation into the Pfizer plans.

Insurance Plans

We provide a number of health and family security benefits, such as medical insurance, dental insurance, life insurance and long-term disability insurance. These benefits are available to all eligible U.S.- and Puerto Rico-based employees, including the NEOs, and are comparable to those provided by the companies in the pharmaceutical and general industry comparator groups. These programs are designed to provide certain basic quality of life benefits and protections to Pfizer employees, including the NEOs, and at the same time enhance Pfizer's attractiveness as an employer of choice. The Company's annual cost of the benefits for each NEO ranges from approximately $16,000 to $26,000.

Retirement and Savings Plans

Pfizer maintains qualified defined benefit pension plans for the benefit of all its eligible U.S.- and Puerto Rico-based employees, including the NEOs, hired prior to January 1, 2011. In 2012, Pfizer announced that benefits under the defined benefit pension plans would be frozen as of December 31, 2017 for all its eligible U.S.- and Puerto Rico-based employees, including the NEOs. Beginning January 1, 2018, retirement benefits will be provided through a Company contribution under its defined contribution savings plan.

For those U.S. employees earning in excess of the IRC limit ($250,000 for 2012), including the NEOs, Pfizer maintains related supplemental benefit restoration plans. The provisions and features of the qualified defined benefit pension plans and the related supplemental benefit restoration plans apply to all participants in those plans, including the NEOs. These plans are described in the narrative accompanying the "2012 Pension Benefits Table" and the "2012 Non-Qualified Deferred Compensation Table" below.

Pfizer also maintains a defined contribution savings plans for the benefit of all its eligible U.S.- and Puerto Rico-based employees, including the NEOs, that permit participants to make pre-tax, after-tax and/or Roth contributions of a portion of their eligible pay, up to certain limits. In addition, the Company maintains a non-qualified savings plan that permits eligible participants to make pre-tax contributions in excess of tax law limitations on qualified plans. The Company provides matching contributions on employee contributions, up to certain limits. The provisions and features of the qualified savings plans and the related non-qualified supplemental savings plans apply to all participants in those plans, including the NEOs.

Retiree Health Care Benefits

In addition to active employee benefits, Pfizer maintains post-retirement medical coverage for the benefit of all its eligible U.S.- and Puerto Rico-based employees, including the NEOs. Active employees who are at least age 55 and have at least 15 years of service after age 40 are eligible for post-retirement medical coverage. The value of the post-retirement medical coverage currently ranges from $123,000 to $275,000 over the course of retirement.

PERQUISITES

We provide a limited number of perquisites (personal benefits) to our NEOs, including the limited use of company aircraft, financial counseling and home security services and, for the CEO, the use of a Company car and driver. The transportation benefits provide increased efficiencies and allow more productive use of our executives' time and, in turn, greater focus on Pfizer-related activities. We do not provide tax "gross-ups" for perquisites provided to ELT members, except in the case of certain relocation expenses (consistent with our relocation policy for U.S.-based employees generally); therefore, any taxes on perquisites (other than certain relocation expenses) are paid by the executives.

Company Aircraft

As a result of the recommendations contained in an independent, third-party security study, the Board has determined that the CEO must use Company-provided aircraft for all air travel, including personal travel, to the maximum extent practicable. The security study also recommends that the CEO's spouse and dependent children use Company-provided aircraft when they accompany the CEO, to the maximum extent practicable. Travel by the CEO's spouse or dependent children is generally considered personal use and is subject to taxation and disclosure.

Other ELT members (including the other NEOs) may use Company aircraft for limited personal travel. Personal use by ELT members (including the other NEOs) is permitted only with the prior approval of the CEO or his designees and is subject to other limitations. Travel by Messrs. Read and D'Amelio to attend meetings of the Boards of Directors of Kimberly-Clark Corporation and Humana Inc., respectively, is treated as business travel in view of the significant benefits to the Company of their service on those Boards.

The amounts disclosed in the "All Other Compensation" column in the 2012 Summary Compensation Table and in the table below have been valued based on the incremental costs to the Company for the personal use of Company aircraft. Incremental costs for personal use consist of the variable costs incurred by Pfizer to operate the aircraft for such use, including fuel costs; crew expenses, including travel, hotels and meals; in-flight catering; landing, parking and handling fees; communications expenses; certain trip-related maintenance; and other trip-related variable costs, as well as certain costs of any "deadhead" flights. Such costs do not include fixed or non-variable costs that would be incurred whether or not there was any personal use of the aircraft, such as crew salaries and benefits, insurance costs, aircraft purchase costs, depreciation, and scheduled maintenance.

To the extent required by tax regulations, amounts associated with personal use of corporate aircraft are imputed as income to ELT members, including the CEO. These amounts are not grossed up for taxes.

Car and Driver

The Company's policy on the use of cars and drivers is as follows:

- cars and drivers are available to all ELT members (including the NEOs) for business reasons;
- ELT members (other than the CEO, as discussed below) are required to reimburse the Company for personal use;
- for security reasons, cars and drivers are available to the CEO for personal use (including commuting); and
- spouse/partner travel is generally considered personal use, and the incremental cost of such travel must be reimbursed to the Company.

Incremental cost to the Company is calculated as a portion of the cost of the annual lease, a portion of the cost of the driver, and fuel used.

The costs of personal use of a car and driver by the CEO need not be reimbursed, and the unreimbursed incremental cost to the Company of personal use of a car and driver by Mr. Read in 2012 is reflected in the table below and in the "All Other Compensation" column in the 2012 Summary Compensation Table. For tax purposes, the cost of the cars and fuel is imputed as income to the CEO and is not grossed up for taxes by the Company. Tax regulations provide that as a result of the recommendations contained in the independent, third-party security study referred to above, the cost of the drivers is not reportable as income to the CEO.

Other Perquisites

The Company provides a taxable allowance of up to $10,000 per year to our executive officers for financial counseling services, which may include tax preparation and estate planning services. We value this benefit based on the actual charges for the services, and such value is imputed as income to the individual.

Home security systems are available to the ELT members. The cost of any such systems is imputed as income to the recipients, as required.

The Company purchases season and other tickets to sporting, cultural and other events for use in connection with its business. On occasion, these tickets are provided to employees, including ELT members, and non-employee Directors for personal use. There is no incremental cost associated with such tickets or other items. In addition, ELT members and/or non-employee Directors may from time to time receive tickets or other items from third parties (subject to our policies on conflicts of interest). The Company does not provide or reimburse for country club memberships for any executive officers.

The following table summarizes the incremental cost of perquisites for the NEOs in 2012.

2012 Incremental Cost of Perquisites Provided to Named Executive Officers

Name	Aircraft Usage ($)	Financial Counseling ($)	Car Usage ($)	Home Security ($)	Other ($)(1)	Total ($)
I. Read	108,364	10,000	48,085	7,476	279	174,204
F. D'Amelio	42,758	8,460	–	947	1,436	53,601
M. Dolsten	24,147	4,545	–	17,547	–	46,239
A. W. Schulman	70,799	4,650	–	626	86	76,161
G. Germano	76,863	3,896	–	–	750	81,509

(1) The amounts shown for each of the NEOs represents certain personal benefits provided in association with business travel.

OTHER COMPENSATION POLICIES

Tax Policies

IRC Section 162(m) limits to $1.0 million the amount of remuneration that Pfizer may deduct in any calendar year for its CEO and each of the three other highest-paid NEOs, other than the CFO. We have structured our annual cash incentive awards, TSRUs and PSAs to meet the exception to this limitation for "performance-based" compensation, as defined in IRC Section 162(m), so that these amounts are fully deductible for income tax purposes. However, RSUs do not qualify as "performance-based" compensation. Consequently, our NEOs are generally required to defer the receipt of RSUs.

To maintain flexibility, we do not require all compensation to be deductible. Since the non-performance-based compensation paid to our NEOs (other than the CFO) exceeds or may exceed $1.0 million, a portion of their compensation is not or may not be deductible.

Derivatives Trading

Executive officers, including the NEOs, may not purchase or sell options on Pfizer common stock, or engage in short sales of Pfizer common stock. Also, trading by executive officers in puts, calls, straddles, equity swaps, or other derivative securities that are directly linked to Pfizer common stock (sometimes referred to as "hedging") is prohibited. These provisions also apply to our non-employee Directors.

Stock Ownership and Holding Requirements

We have stock ownership and holding requirements for our executive officers, including the NEOs. The CEO is required to own Pfizer common stock equal in value to at least six times annual salary, and each other executive officer is required to own Pfizer common stock equal in value to at least four times annual salary. For purposes of these requirements, ownership includes not only shares owned directly by the executive, but also shares and certain units held through various Pfizer plans and programs. We have also established milestone guidelines that we use to monitor progress toward meeting these targets over a five-year period, at the end of which the executive is expected to have reached the applicable ownership level.

Until an executive reaches the applicable milestone, he or she must hold and may not sell any shares (except to meet tax withholding obligations); and once the ownership level is met, he or she must hold and may not sell shares if doing so would cause his or her ownership to fall below that level. As of March 1, 2013, Mr. Read owned Pfizer common stock and units equal in value to approximately 20 times his salary. Although Pfizer does not require its executive officers to hold Pfizer common stock for specified periods of time, we believe that the above holding requirements result in the ownership by our executives of significant amounts of common stock for substantial periods of time and align the interests of our executives with those of our shareholders.

None of our ELT members (including our NEOs) or other officers has pledged Pfizer stock as collateral for personal loans or other obligations. In addition, in early 2013, the Board, on the recommendation of the Committee, adopted a policy prohibiting the pledging of Pfizer stock by Directors and ELT members.

Compensation Recovery

The Committee may, if permitted by law, make retroactive adjustments to any cash- or equity-based incentive compensation paid to NEOs and other executives where a payment is predicated upon the achievement of specified financial results that are the subject of a subsequent restatement. Where applicable, we will seek to recover any amount determined to have been inappropriately received by the individual executive officer. In addition, our equity incentive awards contain compensation recovery provisions.

ROLE OF COMPENSATION CONSULTANT

The Committee has engaged the firm of Frederic W. Cook & Co., represented by George Paulin, its Chief Executive Officer, as the Committee's independent compensation consultant, to fulfill the following responsibilities in accordance with the policy outlined below and only after assessing the firm's independence:

- advise the Committee on management proposals, as requested;
- undertake special projects at the request of the Committee;
- advise the Committee on setting agenda items for Committee meetings;
- review Committee agendas and supporting materials in advance of each meeting;
- attend Committee meetings;
- review the Company's compensation philosophy, peer group and competitive positioning and advise the Committee on their reasonableness and appropriateness;
- review the Company's executive compensation program and advise the Committee of plans or practices that might be changed to improve effectiveness;
- review the selected peer group and survey data for competitive comparisons;
- oversee and review survey data on executive pay practices and amounts that come before the Committee;
- provide market data and recommendations on CEO compensation without prior review by management (except for necessary fact-checking);
- review the Compensation Discussion and Analysis, compensation tables and other compensation-related disclosures included in our proxy statements;
- review any significant executive offer letters or termination arrangements in advance of being presented to the Committee for approval;
- periodically review the Committee's charter and recommend changes; and
- proactively advise the Committee on best-practice approaches for governance of executive compensation as well as areas of concern and risk in the Company's program.

In 2012, as part of his ongoing services to the Committee, as described above, Mr. Paulin attended all seven of the meetings of the Committee. During 2012, he:

- reviewed agendas in advance of Committee meetings, and meeting minutes afterwards;
- provided the Committee with an analysis of the Company's executive compensation policies and programs that determined there is no "potential material risk" to Pfizer in their design or administration;
- conducted a review of executive pay relative to peers and corporate performance including tally sheets and realizable pay;
- advised the Committee on the executive compensation peer group and competitive benchmarking of executive positions;
- reviewed the executive pay structure;
- advised the Committee on the appropriateness of the design of the Portfolio Performance Share Plan, new in 2012, for Worldwide Research & Development employees (other than ELT members), in support of the Company's long-term portfolio strategy;
- advised the Committee on legislative and regulatory developments related to compensation policies and programs and compensation-related disclosure, including voting policies of proxy advisory firms and the Company's major institutional investors;
- advised the Committee on market trends and developments;
- advised the Committee on matters related to changes to the Company's pension and savings plans; and
- advised the Committee on severance benefits.

The total amount of fees paid to Frederic W. Cook & Co. for 2012 services to the Committee was $110,669. In addition, the Committee reimburses Frederic W. Cook & Co. for Mr. Paulin's reasonable travel and business expenses. Frederic W. Cook & Co. receives no other fees or compensation from the Company.

POLICY—CRITERIA FOR SELECTION OF COMMITTEE CONSULTANT

The Committee has established the following criteria used to select its consultant:

- **Degree of independence**
  - – Financial independence—measured by dollar volume of other business conducted with Pfizer
  - – Independent thinking—subjectively assessed by their known work as well as information gathered in screening interviews
- **Familiarity with the business environment**
  - – Knowledge of the pharmaceutical industry
  - – Specific knowledge of Pfizer, its senior management, and Board of Directors
  - – Broad knowledge of general industry current practices and emerging trends
  - – Public relations
- **Particular strengths and/or distinguishing characteristics including, but not limited to:**
  - – Creative thinking
  - – Strong understanding of corporate governance
  - – Special areas of expertise
  - – Ability to establish rapport and dynamic presence with groups
- **References from current clients where the consultant acts in an advisory role similar to the role desired by the Committee**
- **Potential issues**
  - – Conflicts of interest with other clients or Committee members
  - – Degree of availability/accessibility

INDEPENDENCE ASSESSMENT—COMMITTEE CONSULTANT

In 2012, as required by rules adopted by the Securities and Exchange Commission under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the Committee selected Frederic W. Cook & Co. to serve as its independent compensation consultant only after assessing the firm’s independence, including taking into consideration the following factors, among others:

1. the fact that neither the firm nor Mr. Paulin provides any other services to the Company;
2. the fees received by the firm as a percentage of its total revenues;
3. the firm’s policies and procedures designed to prevent conflicts of interest;
4. the absence of any significant business or personal relationships between the firm or Mr. Paulin with members of the Committee;
5. the fact that neither the firm nor Mr. Paulin owns any Company stock; and
6. the absence of any business or personal relationships between the firm or Mr. Paulin and any executive officer of the Company.

Based upon this assessment, the Committee determined that the engagement of Frederic W. Cook & Co. does not raise any conflicts of interest or similar concerns.

Compensation Tables

2012 Summary Compensation Table

Name And Principal Position	Year	Salary ($)	Bonus[(1)] ($)	Stock Awards[(2)] ($)	Option Awards[(3)] ($)	Non-Equity Incentive Plan Compensation[(4)] ($)	Change In Pension Value and Non-Qualified Deferred Compensation Earnings[(5)] ($)	All Other Compen-sation[(6)] ($)	Total ($)
I. Read	2012	1,737,500	–	6,441,784	6,497,597	3,400,000	7,147,363	409,892	25,634,136
Chairman and Chief	2011	1,700,000	–	5,684,218	6,916,435	3,500,000	6,893,407	319,288	25,013,348
Executive Officer	2010	1,199,000	–	2,673,276	837,556	1,500,000	10,976,628	209,652	17,396,112
F. D'Amelio	2012	1,218,750	–	1,783,890	1,799,336	1,718,000	693,870	173,245	7,387,091
EVP, Business	2011	1,200,000	–	2,046,310	1,832,194	1,440,000	984,814	187,425	7,690,743
Operations	2010	1,090,000	–	2,673,276	837,556	1,175,000	530,418	193,823	6,500,073
and Chief Financial									
Officer									
M. Dolsten	2012	1,122,500	–	1,783,890	1,799,336	1,395,000	641,703	96,752	6,839,181
President, Worldwide	2011	1,100,000	–	2,046,310	1,832,194	1,490,000	417,430	90,801	6,976,735
Research and	2010	900,000	1,050,000	1,985,860	622,183	1,000,000	284,639	61,004	5,903,686
Development									
A. W. Schulman	2012	918,750	–	1,387,476	1,399,483	1,410,000	370,098	87,411	5,573,218
EVP and General	2011	900,000	–	1,705,287	1,526,834	1,190,000	348,369	94,172	5,764,662
Counsel; Business									
Unit Lead, Consumer									
Healthcare[(7)]									
G. Germano	2012	893,750	–	1,387,476	1,399,483	1,203,000	2,306,968	121,728	7,312,405
President and	2011	875,000		1,591,598	1,425,043	1,135,000	1,325,476	50,214	6,402,331
General Manager,	2010	818,000	750,000	1,130,414	354,165	930,000	803,880	25,648	4,812,107
Specialty Care and									
Oncology									

(1) The amounts shown for Dr. Dolsten and Mr. Germano in 2010 relate to sign-on cash incentive awards, totaling $2.1 million and $750,000, respectively, under their employment offers. Dr. Dolsten's award was paid in two equal installments in 2009 and 2010. Mr. Germano's award was paid in 2010, the first anniversary of his hire date.

(2) The amounts shown in this column represent the grant values for the RSUs and PSAs granted in 2012, 2011 and 2010 and the Short-Term Incentive Shift Awards (the "STI Shift Awards") granted in 2010. (The STI Shift Awards were performance-based incentives, granted from 2008 through 2010, that were paid 50% in cash and 50% in RSUs or, at the election of the NEO, 100% in RSUs.) Further information regarding the 2012 awards is included in the "2012 Grants of Plan-Based Awards" and "2012 Outstanding Equity Awards at Fiscal Year-End" tables elsewhere in this Proxy Statement. The grant date fair values of the RSUs reflected in this column are the target payouts. The PSA values represent the target payouts based on the probable outcome of the performance condition, determined as of the closing stock price on February 23, 2012. The maximum potential values of the PSAs granted in 2012 (assuming a stock price of $21.03) would be as follows: Mr. Read—$6,441,784; Mr. D'Amelio—$1,783,890; Dr. Dolsten—$1,783,890; Ms. Schulman—$1,387,476; and Mr. Germano—$1,387,476. Information related to the performance-based award program is included in "Performance Share Awards (PSAs)" elsewhere in this Proxy Statement. The 2011 and 2010 PSA grant date fair values have been determined using the Monte Carlo Simulation model based on the assumptions set forth in the Company's 2011 Financial Report (Note 13, Share-Based Payments).

(3) The amounts shown in this column represent the grant date fair values of the TSRUs awarded in 2012, 2011 and 2010. The grant date fair values have been determined based on the assumptions and methodologies set forth in the Company's 2012 Financial Report (Note 13, Share-Based Payments).

(4) The amounts shown in this column represent annual cash incentive awards made to the NEOs under the GPP. Further information regarding the 2012 awards is included in the "2012 Annual Cash Incentive Awards" table elsewhere in this Proxy Statement.

(5) The amounts shown in this column represent pension accruals for 2012. The 2012 pension accrual amounts represent the difference between the December 31, 2012 and December 31, 2011 present values of age 65 accrued pensions, or the current benefit if the NEO is eligible for an unreduced pension under the Retirement Plan and Supplemental Retirement Plan, based on the pension plan assumptions for each year, as shown in the footnotes to the "Pension Plan Assumptions" table later in this Proxy Statement. The 2010 amount for Mr. Read reflects his attainment of the "Rule of 90" (age plus service equal to or greater than 90) in November 2010. This provides him with an unreduced pension benefit upon his retirement. Further information regarding pension plans is included in the "2012 Pension Benefits Table" later in this Proxy Statement.

(6) The amounts shown in this column represent the sum of matching contributions made by the Company under its Savings Plan and Supplemental Savings Plan (or, for Dr. Dolsten and Mr. Germano, matching contributions for 2010 and 2011 under the Wyeth Savings Plan and Supplemental Employee Savings Plan) and the incremental cost to the Company of perquisites received by the NEOs. The Supplemental Savings Plans are non-qualified retirement savings plans that are discussed in more detail in the "2012 Non-Qualified Deferred Compensation" table later in this Proxy Statement. Additional information regarding 2012 perquisites is provided under "Perquisites" elsewhere in this Proxy Statement.

(7) Ms. Schulman was not an NEO for 2010.

The following Grants of Plan-Based Awards Table provides additional information about non-equity incentive awards and long-term incentive awards granted to our NEOs during 2012. The long-term incentive awards were made under the 2004 Stock Plan, as amended and restated, and are described in the CD&A section "Elements of Executive Compensation."

2012 Grants of Plan-Based Awards Table

Name (A)	Grant Date (B)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares or Units[1] (#) (I)	All Other TSRU Awards: Number of Securities Underlying TSRUs[1] (#) (J)	Exercise Or Base Price of TSRU Awards ($/Sh) (K)	Grant Date Fair Value of Stock and TSRUs[2] ($) (L)
		Thres-hold ($) (C)	Target ($) (D)	Maximum ($) (E)	Thres-hold (#) (F)	Target[1] (#) (G)	Maximum (#) (H)				
I. Read	2/23/2012								788,835	21.03	3,234,224
									668,724	21.03	3,263,373
								153,157			3,220,892
		0	2,639,300	5,278,600	0[3]	153,157[3]	306,314[3]				3,220,892
F. D'Amelio	2/23/2012								218,447	21.03	895,633
									185,185	21.03	903,703
								42,413			891,945
		0	1,147,500	2,295,000	0[3]	42,413[3]	84,826[3]				891,945
M. Dolsten	2/23/2012								218,447	21.03	895,633
									185,185	21.03	903,703
								42,413			891,945
		0	1,147,500	2,295,000	0[3]	42,413[3]	84,826[3]				891,945
A. W. Schulman	2/23/2012								169,903	21.03	696,602
									144,033	21.03	702,881
								32,988			693,738
		0	936,400	1,872,800	0[3]	32,988[3]	65,976[3]				693,738
G. Germano	2/23/2012								169,903	21.03	696,602
									144,033	21.03	702,881
								32,988			693,738
		0	936,400	1,872,800	0[3]	32,988[3]	65,976[3]				693,738

(1) The PSA and RSU award values were converted to units using the closing stock price of $21.22 on February 21, 2012; the 5-Year and 7-Year TSRU award values were converted using $4.12 and $4.86, respectively, the estimated values using the Monte Carlo Simulation model as of February 21, 2012. PSAs and RSUs generally vest three years from the grant date. The 5-Year and 7-Year TSRUs also generally vest three years from the grant date and are settled five and seven years from the grant date, respectively.

(2) The amounts shown in this column represent the award values as of the grant date. The values for the RSUs, PSAs, 5-Year and 7-Year TSRUs are shown at the respective fair values of $21.03, $21.03, $4.10 and $4.88, as of February 23, 2012.

(3) The amounts represent the threshold, target, and maximum share payouts under our Performance Share Award Program for the January 1, 2012—December 31, 2014 performance period. The payment for threshold performance is 0%.

The following table summarizes the equity awards we have made to our NEOs that were outstanding as of December 31, 2012.

2012 Outstanding Equity Awards at Fiscal Year-End Table

Name (A)		Option/SAR/TSRU Awards[2]							Stock Awards[2]			
	Grant Date/ Performance Share Period[1]	Number of Securities Underlying Unexercised Options Exercisable (#) (B)	Number of Securities Underlying Unexercised Options Unexercisable (#) (C)	Number of Securities Underlying Unexercised SARs/TSRUs Vested (#)(B)	Number of Securities Underlying Unexercised SARs/ TSRUs Unvested (#) (C)	Equity Incentive Plan Awards: Number of Securities Under- lying Un- exercised Unearned Options (#)(D)	Option/ SAR/ TSRU Exercise Price ($) (E)	Option/ SAR/TSRU Expi- ration Date (F)	Number of Shares or Units of Stock That Have Not Vested (#) (G)	Market Value of Shares or Units of Stock That Have Not Vested ($) (H)	Equity Incentive Plan Awards: Number of Unearned Shares Units or Other Rights That Have Not Vested (#) (L)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (J)
I. Read												
	2/27/2003	120,000					29.33	2/26/2013				
	2/26/2004	140,000					37.15	2/25/2014				
	2/24/2005	145,000					26.20	2/23/2015				
	2/23/2006	193,000					26.20	2/22/2016				
	2/22/2007	250,000					25.87	2/21/2017				
	9/28/2007	25,000					24.43	9/27/2017				
	2/28/2008			168,739			22.55	2/28/2013				
	2/26/2009			223,881			12.70	2/26/2014				
	10/30/2009			54,585			17.03	10/30/2014				
	2/25/2010				197,072		17.69	2/25/2015	54,504	1,366,960		
	2/25/2010[3]								40,488	1,015,439		
	2/24/2011				584,112		18.90	2/24/2016	141,787	3,556,018		
	2/24/2011[4]				483,559		18.90	2/24/2018	29,775	746,757		
	2/24/2011[5]				420,000		20.90	2/24/2018				
	2/23/2012				788,835		21.03	2/23/2017	157,466	3,949,247		
	2/23/2012				668,724		21.03	2/23/2019				
	1/1/2010-12/31/2012										48,747	1,222,575
	1/1/2011-12/31/2013										132,345	3,319,213
	1/1/2012-12/31/2014										153,157	3,841,178
F. D'Amelio												
	9/28/2007	292,000					24.43	9/27/2017				
	2/28/2008			168,739			22.55	2/28/2013				
	2/26/2009			223,881			12.70	2/26/2014				
	10/30/2009			65,502			17.03	10/30/2014				
	2/25/2010				197,072		17.69	2/25/2015	54,504	1,366,960		
	2/25/2010[3]								40,488	1,015,439		
	2/24/2011				210,280		18.90	2/24/2016	51,043	1,280,158		
	2/24/2011[4]				174,081		18.90	2/24/2018	29,775	746,757		
	2/23/2012				218,447		21.03	2/23/2017	43,606	1,093,638		
	2/23/2012				185,185		21.03	2/23/2019				
	1/1/2010-12/31/2012										48,747	1,222,575
	1/1/2011-12/31/2013										47,644	1,194,912
	1/1/2012-12/31/2014										42,413	1,063,718
M. Dolsten												
	2/25/2010				146,396		17.69	2/25/2015	40,488	1,015,439		
	2/24/2011				210,280		18.90	2/24/2016	51,043	1,280,158		
	2/24/2011[4]				174,081		18.90	2/24/2018	22,119	554,745		
	2/23/2012				218,447		21.03	2/23/2017	43,606	1,093,638		
	2/23/2012				185,185		21.03	2/23/2019				
	1/1/2010-12/31/2012										36,212	908,197
	1/1/2011-12/31/2013										47,644	1,194,912
	1/1/2012-12/31/2014										42,413	1,063,718

Name (A)		Option/SAR/TSRU Awards[2]							Stock Awards[2]			
	Grant Date/ Performance Share Period[1]	Number of Securities Underlying Unexercised Options Exercisable (#) (B)	Number of Securities Underlying Unexercised Options Unexercisable (#) (C)	Number of Securities Underlying Unexercised SARs/TSRUs Vested (#)(B)	Number of Securities Underlying Unexercised SARs/ TSRUs Unvested (#) (C)	Equity Incentive Plan Awards: Number of Securities Under-lying Un-exercised Unearned Options (#)(D)	Option/ SAR/ TSRU Exercise Price ($) (E)	Option/ SAR/TSRU Expi-ration Date (F)	Number of Shares or Units of Stock That Have Not Vested (#) (G)	Market Value of Shares or Units of Stock That Have Not Vested ($) (H)	Equity Incentive Plan Awards: Number of Unearned Shares Units or Other Rights That Have Not Vested (#) (L)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (J)
A. W. Schulman												
	2/26/2009			111,940			12.70	2/26/2014				
	2/25/2010				84,459		17.69	2/25/2015	23,358	585,819		
	2/25/2010[3]								17,129	429,595		
	2/24/2011				175,234		18.90	2/24/2016	42,537	1,066,828		
	2/24/2011[4]				145,068		18.90	2/24/2018	12,761	320,046		
	2/23/2012				169,903		21.03	2/23/2017	33,916	850,613		
	2/23/2012				144,033		21.03	2/23/2019				
	1/1/2010-12/31/2012										20,891	523,946
	1/1/2011-12/31/2013										39,704	995,776
	1/1/2012-12/31/2014										32,988	827,339
G. Germano												
	2/25/2010				83,333		17.69	2/25/2015	23,047	578,019		
	2/24/2011				163,551		18.90	2/24/2016	39,701	995,701		
	2/24/2011				135,397		18.90	2/24/2018	33,916	850,613		
	2/23/2012				169,903		21.03	2/23/2017				
	2/23/2012				144,033		21.03	2/23/2019				
	1/1/2010-12/31/2012										20,613	516,974
	1/1/2011-12/31/2013										37,057	929,390
	1/1/2012-12/31/2014										32,988	827,339

(1) For better understanding of this table, we have included an additional column showing the grant dates of stock options, SARs/TSRUs and RSUs and the associated performance periods for the PSAs.

(2) Stock options become exercisable in accordance with the vesting schedule below:

Grant Date	Vesting
2/27/2003	1/3 per year in years 3, 4 and 5
2/26/2004	1/3 per year in years 3, 4 and 5
2/24/2005	1/3 per year in years 3, 4 and 5
2/23/2006	Full vesting after 3 years
2/22/2007	Full vesting after 3 years
9/28/2007	1/3 per year in years 1, 2 and 3—Mr. D'Amelio
9/28/2007	Full vesting after 3 years—Mr. Read

SARs/TSRUs vest and are settled in accordance with the schedule below:

Grant Date	Vesting
2/28/2008	Full Vesting after 3 years and become payable after 5 years
2/26/2009	Full Vesting after 3 years and become payable after 5 years
10/30/2009	Full Vesting after 3 years and become payable after 5 years
2/25/2010	Full Vesting after 3 years and become payable after 5 years
2/24/2011	Full Vesting after 3 years and become payable after 5 years and 7 years
2/23/2012	Full Vesting after 3 years and become payable after 5 years and 7 years

RSUs vest in accordance with the schedule below:

Grant Date	Vesting
2/25/2010	Full vesting after 3 years
2/24/2011	Full vesting after 3 years
2/23/2012	Full vesting after 3 years

(3) This RSU grant represents the portion paid from the 2009 STI Shift award as RSUs as elected by the executive.

(4) This RSU grant represents the portion paid from the 2010 STI Shift award as RSUs as elected by the executive.

(5) Mr. Read received Premium-Priced 7-Year TSRUs at a grant price of $20.90, a 25% premium over the market price of our common stock on the date of grant. The other terms of this grant are identical to those described in "Elements of Executive Compensation" above.

The following Option Exercises and Stock Vested Table provides additional information about the value realized by the NEOs on option award exercises and stock/unit award vestings during 2012.

2012 Option Exercises and Stock Vested Table

Name	Option Awards		Restricted Stock/Restricted Stock Units			Performance Shares 2010-2012 Paid February 2013[1]		
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Number of Shares Withheld To Cover Taxes (#)	Value Realized on Vesting($)[3]	Number of Shares Acquired on Vesting (#)	Number of Shares Withheld to Cover Taxes (#)	Value Realized on Vesting ($)
I. Read			152,169	0[2]	3,293,463	85,005	42,969	2,326,587
F. D'Amelio			155,486	71,838	3,377,807	85,005	43,838	2,326,587
M. Dolsten			112,767	0[2]	2,867,687	63,147	32,565	1,728,333
A. W. Schulman	100,000	808,930	38,397	0[2]	813,266	36,430	20,336	997,089
G. Germano			99,501	0[2]	2,530,312	35,946	17,341	983,842

(1) The PSAs were determined based on relative TSR performance over the 2010-2012 performance period and were paid in February 2013.

(2) Due to IRC Section 162(m), which applies to our CEO and the NEOs (excluding the CFO), when RSUs vest, the payment of shares is automatically deferred until the earlier of the time it can be reasonably expected that the NEO is no longer subject to IRC Section 162(m) or the January 31st following termination of employment.

(3) The RSUs vested on February 26, 2012 at $21.18 for Messrs. Read and D'Amelio and Ms. Schulman; and on October 30, 2012, for Messrs. Read, D'Amelio, and Germano and Dr. Dolsten at $25.43. Performance Shares were paid on February 28, 2013 at $27.37.

The following 2012 Pension Benefits Table shows the present value of accumulated benefits payable to each of our NEOs under the Pfizer Consolidated Pension Plan (the "Retirement Plan"), which retains both the Pfizer and legacy company pension formulas, including the Pfizer Retirement Annuity Plan (the "PRAP"), the Wyeth Retirement Plan United States (the "Wyeth Retirement Plan"), the related non-funded legacy Pfizer Supplemental Retirement Plan (the "Supplemental Retirement Plan"), and the non-funded legacy Wyeth Supplemental Executive Retirement Plan (the "Wyeth Supplemental Retirement Plan") (collectively, the "Supplemental Plans"). Pension benefits earned in 2012 for all eligible U.S.- and Puerto Rico-based employees, including the NEOs were provided under the Pfizer pension formula.

2012 Pension Benefits Table

Name	Plan Name	Number of Years of Credited Service (#)	Age 65 Single-Life Annuity Payment ($)	Present Value of Accumulated Benefit ($)(1)	Payments During Last Fiscal Year ($)	Immediate Annuity Payable on 12/31/2012 ($)	Lump Sum Value ($)(2)
I. Read(3)	Retirement Plan	34	132,686	2,035,920	–	132,686	2,041,230
	Supplemental Plan		2,093,440	32,505,920	–	2,093,440	32,205,344
F. D'Amelio	Retirement Plan	5	20,487	162,475	–	8,195	–
	Supplemental Plan(4)		475,576	3,863,130	–	190,230	–
M. Dolsten(5)	Retirement Plan	4	19,558	174,889	–	–	–
	Supplemental Plan		155,367	1,428,423	–	–	–
A. W. Schulman	Retirement Plan	4	17,602	126,042	–	–	–
	Supplemental Plan		133,056	983,114	–	–	–
G. Germano(5)	Retirement Plan	25	110,255	934,298	–	–	–
	Supplemental Plan		621,727	5,400,930	–	–	–

(1) The present value of these benefits is based on the December 31, 2012 assumptions as shown below, used in determining our annual pension expense for fiscal 2013.

(2) These amounts reflect the values of annuities if paid as a lump sum benefit as of January 1, 2013; as indicated above only for NEOs eligible to retire as of that date.

(3) The amount for Mr. Read reflects his attainment of the "Rule of 90" (age plus service greater than or equal to 90) in November 2010. This provides him with an unreduced pension benefit upon his retirement.

(4) Under the terms of Mr. D'Amelio's offer letter, he received an additional six years of benefit accrual service for pension purposes upon his completion of five years of service in 2012. The amounts shown above include $262,622 in the Supplemental Plan Age 65 Single-Life Annuity Payment and $1,757,738 in the Supplemental Plan Present Value of Accumulated Benefits, both of which are attributable to the additional six years of service.

(5) Prior to 2012, the retirement benefits for Dr. Dolsten and Mr. Germano were based on the provisions of the Wyeth Retirement Plan formula of the Pfizer Consolidated Pension Plan and the Wyeth Supplemental Retirement Plan. Under the terms of Dr. Dolsten's and Mr. Germano's offer letters, Pfizer will provide a pension make-up equal to the difference between $49,728 and $547,000, respectively (per year), and the respective straight-life pension plan annuities payable from the plans.

The Retirement Plan

The Retirement Plan is a funded, tax-qualified, non-contributory defined benefit pension plan that covers certain employees, including the NEOs.

Retirement Plan (PRAP formula) and Supplemental Retirement Plan

Benefits under the Retirement Plan (PRAP formula) are based on the employee's years of service and highest average earnings for a five calendar-year period and are payable after retirement in the form of an annuity or a lump sum.

Benefits under the Retirement Plan are calculated as an annuity equal to the greater of:

- 1.4% of the employee's highest final average earnings for a five-year calendar period multiplied by years of service; and
- 1.75% of such earnings less 1.5% of the primary Social Security benefit multiplied by years of service.

Years of service under these formulas cannot exceed 35.

Compensation covered by the Retirement Plan and the related Supplemental Plan for 2012 equals the sum of the amounts set forth for 2012 in the "Salary" and "Non-Equity Incentive Plan Compensation" columns of the 2012 Summary Compensation Table. Mr. Read's covered compensation also includes restricted stock awards granted on or prior to April 26, 2001 and any performance-based share awards granted for performance periods beginning before January 1, 2001. After the payment of the awards for the five-year period ended December 31, 2004, no further restricted stock or performance-based share awards are included in the determination of pensions under the Retirement Plan or the Supplemental Retirement Plan.

For Dr. Dolsten and Mr. Germano, pension benefits earned prior to 2012 were provided under the Wyeth plans. Benefits under the Wyeth plan formula are calculated as an annuity equal to 2% of the employee's final average pension earnings (salary and bonus paid during the year), less 1/60th of the annual primary Social Security benefit multiplied by years of credited service. The employee's final average pension earnings are based on the five-highest years of earnings within the last 10 years of service and are payable after retirement in the form of an annuity or a lump sum.

General

Contributions to the Retirement Plan are made entirely by Pfizer and are paid into a trust fund from which benefits are paid.

The amount of annual earnings that may be considered in calculating benefits under the Retirement Plan is limited by law. For 2012, the annual limitation was $250,000. The Retirement Plan currently limits pensions paid under the Retirement Plans to an annual maximum in 2012 of $200,000, payable at age 65 in accordance with IRC requirements. Under the Supplemental Plans, Pfizer provides, out of its general assets, amounts substantially equal to the difference between the amount that may be paid under the Retirement Plan and the amount that would have been paid in the absence of these IRC limits. The Supplemental Plans are non-funded; however, in certain circumstances Pfizer has established and funded trusts to secure obligations to make payments under the Supplemental Plans.

The present value of accumulated benefits has been computed based on the assumptions as of December 31, 2012 in the following table, which were used in developing our financial statement disclosures:

Pension Plan Assumptions(1)

Assumptions As Of	12/31/2010	12/31/2011	12/31/2012
Discount Rate	5.90% for qualified pension plans, 5.80% for non-qualified pension plans	5.10% for qualified pension plans, 5.00% for non-qualified pension plans	4.30% for qualified pension plans, 3.90% for non-qualified pension plans
Lump Sum Interest Rate	2.00% for annuity payments expected to be made during first 5 years; 5.20% for payments made between 5 and 20 years; and 6.50% for payments made after 20 years prior to reflecting the 5-year phase in from GATT 30-year Treasury rate of 4.40%. For legacy Wyeth 3.25%	1.90% for annuity payments expected to be made during first 5 years; 4.30% for payments made between 5 and 20 years; and 5.10% for payments made after 20 years. For legacy Wyeth 3.25%	For legacy Pfizer, rates based on implied forward rates developed from the December 2012 full yield curve published by the IRS in January 2013. For legacy Wyeth,125% of the conversions used for legacy Pfizer
Percent Electing Lump Sum	80%/70%(2) - Pfizer 85% - Wyeth	80%/70%(2) - Pfizer 85% - Wyeth	80%/70%(2) - Pfizer 85% - Wyeth
Mortality Table for Lump Sums	For legacy Pfizer, unisex mortality table specified by IRS Revenue Ruling 2007-67, based on RP 2000 table, with projected mortality improvements (7-15 years). For legacy Wyeth, Unisex 1994 Group Annuity Mortality Table, blended 50% Male and 50% Female	For legacy Pfizer, unisex mortality table specified by IRS Revenue Ruling 2007-67, based on RP 2000 table, with projected mortality improvements (7-15 years). For legacy Wyeth, Unisex 1994 Group Annuity Mortality Table blended 50% Male and 50% Female	For legacy Pfizer and Wyeth, unisex mortality table specified by IRS Revenue Ruling 2007-67, based on RP 2000 table, with projected mortality improvements (7-15 years)
Mortality Table for Annuities	Separate annuitant and non-annuitant rates for the 2011 plan year, as set forth in regulation 1.412(l)(7)-1	Separate annuitant and non-annuitant rates for the 2012 plan year, as set forth in regulation 1.412(l)(7)-1	Separate annuitant and non-annuitant rates for the 2013 plan year, as set forth in regulation 1.412(l)(7)-1

(1) These assumptions are also used to determine the change in pension value in the 2012 Summary Compensation Table.

(2) 80% relates to the Retirement Plan and 70% relates to the Supplemental Plan. Only applies to the extent the executive is eligible to receive a lump sum.

We have included an additional column titled "Age 65 Single-Life Annuity Payment" in the 2012 Pension Benefits Table. The amounts listed in this column represent the amount payable to the executive upon attaining age 65, assuming retirement. We have also added a column showing the immediately payable pension benefit as well as a column showing the lump sum value of that benefit for those NEOs who meet the retirement criteria under the Plans. Lump sum interest rates as of January 1, 2013 are 1.02% for annuity payments expected to be made during the first 5 years, 3.71% for payments between 5 and 20 years, and 4.67% for payments made after 20 years.

Early Retirement Provisions

Under the Retirement Plan and Supplemental Retirement Plans, the normal retirement age is 65. Under the Retirement Plan (PRAP formula), if a participant terminates employment with an age and years of service combination equal to or greater than 90, the employee is entitled to receive either an annuity or a lump sum that is unreduced under the terms of the Retirement Plan or the Supplemental Retirement Plan for early payment. Mr. Read attained this milestone during 2010. If an employee retires on or after age 55 with 10 or more years of service, that participant may elect to receive either an early retirement annuity or lump sum payment, reduced by 4% per year (prorated for partial years) for each year between benefit commencement and age 65. If an employee does not satisfy any of the above criteria and has three years of vesting service under the Retirement Plan, that participant may elect to receive an annuity starting on or after age 55, reduced by 6% per year for each year (prorated for partial years) prior to age 65; a lump sum payment is not available.

Board Policy on Pension Benefits for Executives

The Board has a policy providing that it will seek shareholder approval prior to the payment of amounts to any senior executive from the Company's defined benefit pension plans if his or her benefit, computed as a single life annuity, will exceed 100% of the senior executive's final average salary, as calculated at the discretion of the Committee. This policy applies to all benefit accruals after January 1, 2006. For purposes of this policy, "final average salary" means the average of the highest five calendar years' earnings (as defined by the Committee and not based on the legacy pension plan definition), where earnings include salary earned during the year and annual cash incentives (or bonus) earned for the year.

2012 Non-Qualified Deferred Compensation Table[(1)]

The following Non-Qualified Deferred Compensation Table summarizes activity during 2012 and account balances in our various non-qualified savings and deferral plans for our NEOs. The following plans and programs permit the executives to defer amounts previously earned on a pre-tax basis: Pfizer Non-Funded Deferred Compensation and Supplemental Savings Plan ("PSSP"), the GPP, PSAs, STI Shift Awards, the Wyeth Supplemental Employee Savings Plan (the "Wyeth SESP") and the Wyeth DCP. Other than the matching contributions (and the earnings thereon) in the PSSP and the Wyeth SESP, the account balances in these plans are generally attributable to deferrals of previously earned compensation and the earnings on those amounts. The PSSP and the Wyeth SESP are non-qualified supplemental savings plans that provide for the deferral of compensation that otherwise could have been deferred under the related tax-qualified 401(k) plans but for the application of certain IRC limitations and for Company matching contributions based on the executive's contributions.

Name	Plan[(2)]	Executive Contributions In 2012 ($)	Pfizer Contributions in 2012 ($)	Aggregate Earnings in 2012 ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at 12/31/12 ($)
I. Read	PSSP	299,250	224,438	547,610	–	3,355,870
	Deferred GPP	–	–	–	–	–
	Deferred PSA	–	–	780,972	–	4,600,348
	Deferred RSU[(3)]	3,293,463	–	1,047,321	–	6,430,273
	Total:	**3,592,713**	**224,438**	**2,375,903**	**–**	**14,386,491**
F. D'Amelio	PSSP	144,525	108,394	188,135	–	1,372,560
	Deferred GPP	–	–	–	–	–
	Deferred PSA	–	–	–	–	–
	Total:	**144,525**	**108,394**	**188,135**	**–**	**1,372,560**
M. Dolsten	PSSP	52,350	39,263	5,173	–	96,785
	Wyeth SESP	–	–	14,439	–	178,371
	Deferred GPP	–	–	–	–	–
	Deferred RSU[(3)]	2,867,687	–	(39,491)	–	2,828,196
	Total:	**2,920,037**	**39,263**	**(19,879)**	**–**	**3,103,352**
A. W. Schulman	PSSP	–	–	51,441	–	415,408
	Deferred GPP	–	–	–	–	–
	Deferred RSU[(3)]	813,266	–	177,238	–	990,504
	Deferred STI Shift Award	–	–	8,979	–	307,340
	Total:	**813,266**	**–**	**237,658**	**–**	**1,713,252**
G. Germano	PSSP	38,625	28,969	3,583	–	71,177
	Wyeth SESP	–	–	37,998	–	357,315
	Deferred GPP	–	–	–	–	–
	Deferred RSU[(3)]	2,530,312	–	(34,827)	–	2,495,485
	Wyeth DCP	–	–	70,116	(122,353)	796,325
	Total:	**2,568,937**	**28,969**	**76,870**	**(122,353)**	**3,720,302**

(1) Contribution amounts reflected in this table are and have been reflected in the 2012 Summary Compensation Table and prior years' summary compensation tables, as applicable. Aggregate earnings are not reflected in the 2012 Summary Compensation Table and were not reflected in prior years' summary compensation tables.

(2) The PSSP contributions were based on the executive's deferral election and the salary shown in the "2012 Summary Compensation Table," as well as annual incentive awards paid in 2012, previously reported. For Dr. Dolsten and Mr. Germano, annual incentive awards paid in 2012 were not eligible for inclusion in the PSSP or the Wyeth SESP.

(3) Represents RSU awards vested on either February 26, 2012 or October 30, 2012 that were mandatorily deferred due to IRC Section 162(m). Further information regarding the RSU vesting is reported in the "2012 Option Exercises and Stock Vested" table.

Pfizer Savings Plans

The Company provides the Savings Plan to U.S.-based employees of the Company and the PSSP to employees who meet the eligibility requirements. Contribution amounts are reflected in the 2012 Summary Compensation Table or prior years' summary compensation tables, as applicable. Earnings have not been included. These plans are described below.

The Savings Plan is a tax-qualified retirement savings plan. Participating employees may contribute up to 20% of "regular earnings" on a before-tax basis, Roth 401(k) basis and after-tax basis, into their Savings Plan accounts. "Regular earnings" for the Savings Plan include both salary and bonus. In addition, under the Savings Plan, we generally match an amount equal to one dollar for each dollar contributed by participating employees on the first 3% of their regular earnings, and fifty cents for each additional dollar contributed on the next 3% of their regular earnings. Matching contributions generally are invested in our common stock. Plan participants have the ability to immediately diversify the matching contribution investments.

Savings plan benefits earned in 2012, for all eligible U.S.- and Puerto Rico-based employees, including the NEOs, were provided under the Pfizer plan match. Prior to 2012, Dr. Dolsten and Mr. Germano participated in a legacy Wyeth plan formula that allowed contributions up to 50% of base salary on a before-tax or after-tax basis. The legacy Wyeth plan provided a match equal to fifty cents for each dollar contributed by participating employees on the first 6% of their base pay, for a total benefit of 3% of base pay. No matching contributions were made on the annual incentives paid to Dr. Dolsten and Mr. Germano in 2012, which were earned in 2011 under the Wyeth plan formula.

Pursuant to tax law limitations, effective for 2012, the Savings Plan limits the "additions" that can be made to a participating employee's account to $50,000 per year. "Additions" include matching contributions, before-tax contributions, Roth 401(k) contributions and after-tax contributions.

The tax law limits the amounts that may be allocated to tax-qualified savings plans and the amount of compensation that can be taken into account in computing benefits under the Savings Plan. The 2012 maximum before-tax and Roth 401(k) contribution limit was $17,000 per year (or $22,500 per year for eligible participants age 50 and over). In addition, no more than $250,000 of annual compensation may be taken into account in computing benefits under the Savings Plan.

The PSSP is intended to pay, out of the general assets of the Company, an amount substantially equal to the difference between the amount that would have been allocated to an employee's account as before-tax contributions, our matching contributions and the amount actually allocated under the Savings Plan if the limits described in the preceding paragraph did not exist. Under the PSSP, participants can elect to defer up to 20% of eligible wages on a before-tax basis. Generally, under the PSSP, participants can elect to receive payments as a lump sum or in one to twenty annual installments following termination from service. Participants who do not make an election receive lump sum payments. In certain circumstances, we have established and funded rabbi trusts to meet our obligations under the PSSP.

In addition, prior to 2012, Dr. Dolsten and Mr. Germano participated in the Wyeth SESP, a non-funded, non-qualified supplemental savings plan under which eligible participants could elect to defer up to 6% of eligible wages on a before-tax basis. For eligible legacy Wyeth employees (including Dr. Dolsten and Mr. Germano) participation in the Wyeth SESP was frozen on December 31, 2011 and, effective January 1, 2012, eligible legacy Wyeth employees (including Dr. Dolsten and Mr. Germano) began participating in the PSSP. In certain circumstances, we have established and funded rabbi trusts to meet our obligations under the Wyeth SESP.

Amounts deferred, if any, under the PSSP by the NEOs for 2012 are included in the "Salary" and "Non-Equity Incentive Plan Compensation" columns of the 2012 Summary Compensation Table. In the Non-Qualified Deferred Compensation table, PSSP values are shown for each NEO. Executive contributions reflect the percent of salary and bonus the executive has elected to defer under the PSSP. The matching contributions are shown in the "Pfizer Contributions" column of the table. For the NEOs, the Company's matching contributions under the Savings Plan and the PSSP are shown in the "All Other Compensation" column of the 2012 Summary Compensation Table. The "Aggregate Earnings" column in the above table represents the amount by which the PSSP balances changed in the past fiscal year, net of employee and employer contributions.

Estimated Benefits Upon Termination

The following table shows the estimated benefits payable upon a hypothetical termination of employment under the Executive Severance Plan and under various termination scenarios as of December 31, 2012.

Estimated Benefits Upon Various Termination Scenarios

Name	Severance[1] (A) ($)	Other[2] (B) ($)	Termination Without Cause		Termination On Change in Control		Death or Disability
			Long-Term Award Payouts[3] (C) ($)	Total (A+B+C) ($)	Long-Term Award Payouts[4] (D) ($)	Total (A+B+D) ($)	Long-Term Award Payouts[5] ($)
I. Read	8,778,600	14,955	31,318,466	40,112,021	44,907,008	53,700,563	44,907,008
F. D'Amelio	2,372,500	19,697	15,416,614	17,808,811	20,963,592	23,355,789	20,963,592
M. Dolsten	2,277,500	19,697	8,000,392	10,297,589	13,362,997	15,660,194	13,362,997
A. W. Schulman	1,861,400	23,071	7,820,606	9,705,077	12,051,960	13,936,431	12,051,960
G. Germano	3,107,754	18,887	5,297,344	8,423,985	9,267,447	12,394,088	9,267,447

(1) These amounts represent severance equal to the greater of: (a) one year's pay (defined as base salary and target bonus) or (b) 13 weeks pay plus 3 weeks pay per year of service, subject to a maximum of 104 weeks. These amounts do not include payments, if any, under the GPP. However, under our Executive Severance Plan, the individual would receive a pro rata portion of his or her targeted award under the GPP in addition to the severance payment.

(2) These amounts represent the Company cost of 12 months of active employee medical and life insurance coverage.

(3) These amounts represent the value of long-term incentive awards that vest on termination of employment without cause using our closing stock price of $25.08 on December 31, 2012.

(4) These amounts represent the value of long-term incentive awards that vest following a change in control using our closing stock price of $25.08 on December 31, 2012.

(5) These amounts represent the value of long-term incentive awards that vest upon termination of employment due to death or disability using our closing stock price of $25.08 on December 31, 2012.

The NEOs are eligible for the following potential payments upon death, disability, retirement and a change in control, as described below:

Payments Made Upon Disability

Under our Pfizer benefits program, eligible employees, including the NEOs, are provided with Company-paid long-term disability coverage of 50% of total pay, and may buy an increased level of coverage of up to 70% of total pay, subject to a $500,000 annual benefit limit. Health and life insurance benefits are provided for 24 months and Retirement Plan benefits will not continue to accrue to those who begin to receive long-term disability benefits due to an injury or illness incurred on or after January 1, 2012. Under the Long-Term Incentive Program, in the event of disability, PSAs are paid out at target; RSUs are paid in full; SARs/TSRUs vest and are settled on the fifth or seventh anniversary of the date of grant; and outstanding stock options continue to vest and become exercisable for the full option term, provided the executive remains totally and permanently disabled.

Payments Made Upon Death

Under our Pfizer benefits program, eligible employees, including the NEOs, have the ability to purchase life insurance benefits of eight times pay (subject to evidence of insurability requirements) up to a maximum of $4.0 million. Pfizer provides one times pay with a maximum cap of $2.0 million paid by the Company. The deceased executive's pension and deferred compensation are also payable in accordance with the plans and the executive's election.

Under the Long-Term Incentive Program, in the event of death, PSAs are paid out at target; RSUs are paid in full; SARs/TSRUs vest and are immediately settled; and outstanding stock options are exercisable for the remainder of the option term if the participant is eligible for retirement; if not, the stock options remain exercisable for up to two years.

Payments Made Upon Retirement

Under the Long-Term Incentive Program, if a participant retires (after attaining age 55 with at least 10 years of service) after the first anniversary of the grant date, RSUs are prorated based on service subsequent to the grant date; SARs/TSRUs continue to vest and are settled on the fifth or seventh anniversary of the grant date; and outstanding stock options are exercisable for the full term of the option. PSAs are prorated at the end of the vesting period if the participant is employed through the first anniversary of grant. If the retirement takes place prior to the first anniversary of the grant date, these long-term awards are forfeited. Based on age and years of service, Mr. Read is the only NEO eligible for retirement treatment and would receive $27,146,466 under his long-term awards as of December 31, 2012 in the event of his retirement.

See "Retirement and Savings Plans" and "Retiree Health Care Benefits" for further information on health care, retirement and savings plan benefits under Pfizer's plans.

Payments Made Upon Change in Control

Under the Long-Term Incentive Program, if a participant's employment is terminated within 24 months following a change in control, PSAs are paid out at target; RSUs are paid in full; unvested SARs/TSRUs vest and are immediately settled; vested SARs/TSRUs are settled on the fifth or seventh anniversary of the date of grant; and outstanding stock options are exercisable for the remainder of the option term.

This table provides certain information as of December 31, 2012 with respect to our equity compensation plans:

Equity Compensation Plan Information

Plan Category	(A) Number of Securities To Be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(B) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	(C) Number Of Securities Remaining Available For Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (A))
Equity compensation plans approved by security holders	446,231,745[(1)]	$23.30	236,445,318[(2)]
Equity compensation plans not approved by security holders	0	N/A	0
Total	**446,231,745**	**$23.30**	**236,445,318**

(1) This amount includes the following:

- 369,038,211 shares issuable upon the exercise of outstanding stock options with a weighted average exercise price of $23.64.
- 9,503,386 shares issuable pursuant to outstanding share awards that have been granted under the Pfizer Inc. 2004 Stock Plan, as amended and restated (the "2004 Stock Plan"), but not yet earned as of December 31, 2012. The number of shares, if any, to be issued pursuant to such outstanding awards will be determined by a formula that measures our performance, in terms of total shareholder return, over the applicable performance period relative to the performance of the pharmaceutical peer group, as discussed above. Since these awards have no exercise price, they are not included in the weighted average exercise price calculation in column (b).
- 37,859,980 shares subject to restricted stock units, granted under the 2004 Stock Plan. Since these awards have no exercise price, they are not included in the weighted average exercise price calculation in column (b).
- 21,550,879 non-vested shares and 8,279,289 vested shares pursuant to TSRUs granted under the 2004 Stock Plan with a weighted average exercise price of $18.98. The number of shares, if any, to be issued pursuant to outstanding TSRUs will be determined by the difference between the settlement price and the grant price, plus the dividends accumulated during a 5- and 7-year term. The settlement price is the 20-day average closing stock price ending on the fifth or seventh anniversary of the grant.

(2) This amount represents the number of shares available (236,445,318) for issuance pursuant to stock options and awards that could be granted in the future under the 2004 Stock Plan. Under the 2004 Stock Plan, any option granted reduces the available number of shares on a one-to-one basis and any whole share award granted reduces the available number of shares on a two-to-one basis.

In 2003, Pfizer acquired Pharmacia Corporation and assumed various stock-based plans. No further grants may be made under any of these plans. As of December 31, 2012, under the Pharmacia 2001 Long-Term Incentive Plan, 13,916,505 shares of Pfizer common stock were issuable upon the exercise of outstanding stock options at a weighted average exercise price of $33.38. Information regarding these options is not included in the above table.

In 2000, Pfizer acquired Warner-Lambert Company and assumed the obligation to use 190,685 shares of Pfizer common stock pursuant to the Warner-Lambert 1996 Stock Plan in settlement of Warner-Lambert directors' compensation that had been deferred by certain former Warner-Lambert directors prior to Pfizer's acquisition of Warner-Lambert. Information regarding these shares is not included in the above table.

On October 15, 2009, Pfizer acquired Wyeth and assumed the Wyeth Management Incentive Plan (the "MIP Plan"); pursuant to which no subsequent awards have been or will be made. As of December 31, 2012, 67,344 Pfizer shares were issuable in settlement of the participants' accounts, which will be delivered upon separation from Pfizer, subject to meeting the requirements of the MIP Plan. Information regarding these shares is not included in the above table.

FINANCIAL MEASURES

The following table contains reconciliations of 2012 and 2011 U.S. GAAP to non-GAAP revenues and U.S. GAAP diluted EPS to non-GAAP adjusted diluted EPS for annual incentive purposes relating to "Financial Results for Annual Incentive Purposes" within this Proxy Statement (Unaudited). These financial measures for annual incentive purposes utilize budget exchange rates as of January 18, 2012 and therefore are different from those utilized in our press releases and Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2012 Financial Report.

Financial Measures

(Billions, except per common share data)	2012	2011
GAAP Revenues	$59.0	$65.3
Foreign exchange impact relative to rates in effect for budget purposes	0.2	(0.4)
Non-GAAP Revenues for Annual Incentive purposes	$59.2	$64.9
GAAP Diluted EPS*	$1.94	$1.27
Purchase accounting adjustments—net of tax	0.48	0.64
Acquisition-related costs—net of tax	0.10	0.19
Discontinued operations—net of tax	(0.68)	(0.21)
Certain significant items—net of tax	0.35	0.38
Non-GAAP Adjusted diluted EPS*	$2.19	$2.27
Foreign exchange impact relative to rates in effect for budget purposes	0.05	(0.02)
Exclusion of non-recurring items	0.02	(0.02)
Non-GAAP Adjusted diluted EPS for Annual Incentive purposes	$2.26	$2.23

* For a full reconciliation of adjusted diluted EPS, see the 2012 Financial Report. EPS amounts may not add due to rounding.