Annual Incentive Award Program/Global Performance Plan (GPP)

The Compensation Committee determines the annual incentive bonus percentage funding based on performance against three pre-set weighted financial goals that are based on Pfizer's annual operating plan. Achievement versus our pre-set goals is measured using the same key operating assumptions as those in our annual budget.*

Process for Determining Annual Incentive Pool Funding

STEP 1: Determine Financial Performance Metrics

Each year, the Committee evaluates the previously selected financial measures and determines whether different or additional measures should be used to fund the GPP pool. The financial metrics selected should:

- support the achievement of Pfizer's annual operating plan;
- be appropriate and balanced to promote decisions and behaviors aligned with maximizing near-term business results while supporting the achievement of the company's long-term goals — without encouraging unnecessary or excessive risk-taking;
- exhibit a strong line of sight (meaning that they are clearly understood and can be affected by the performance of our executives and employees); and
- be consistent with best practices and prevalent within our industry.

STEP 2: Evaluate Financial Performance and Review Other Qualitative Factors

Pfizer's financial performance is the primary factor for determining the GPP pool funding. The pool funding uses a matrix of varying performance levels for financial results against the selected metrics, subject to the Committee's limited qualitative review. This qualitative review is an evaluation of other factors to consider in determining funding within the applicable range corresponding to financial performance. The Committee may only exercise limited discretion within the range.

The Committee may consider the following qualitative factors when potentially using its discretion in setting the final GPP pool funding:

- a qualitative assessment of Pfizer's performance with respect to the product pipeline;
- business performance as compared to goals in other areas, as well as the management of the impact of LOEs; and
- relative market data/peer performance.

STEP 3: Approve GPP Funding

The Committee believes its evaluation process provides the appropriate limited flexibility to determine the final GPP pool funding based upon a holistic view of Pfizer's performance and not just on financial performance against the three metrics being measured.

Upon completion of its review, the Committee approves the GPP pool funding.

STEP 4: Allocate Final GPP Funding

Once the GPP funding is approved by the Committee, the CEO, in collaboration with the ELT, uses a "top-down" approach to allocate the annual incentive pool to the various business/operating units based on relative performance, considering:

- the relative financial performance of the business/operating unit measured by revenue and income before adjustments; and
- the achievement of selected strategic and operational goals for the business/operating unit.

The business/operating unit leaders have the ability to allocate the funding among their units/geographies based on each unit's relative performance.

Annual Incentive Award Payout Range: Award opportunity is limited to a range from 0% for below threshold performance (the pool is not funded unless threshold performance is met) to 200% at maximum.

* Budgeted foreign exchange rates, business development activity (e.g., acquisitions or divestitures), planned capital allocation activities, such as share repurchases and dividend payments (share repurchases in excess of budgeted amounts are removed from the calculation of the financial results for GPP purposes), or other operational factors (e.g., losses of exclusivity), as well as certain other qualitative criteria.