

Notes to Consolidated Financial Statements

Pfizer Inc. and Subsidiary Companies

Note 12. Equity

A. Common Stock Purchases

We purchase our common stock through privately negotiated transactions or in the open market as circumstances and prices warrant. Purchased shares under each of the share-purchase plans, which are authorized by our BOD, are available for general corporate purposes. In December 2017, the BOD authorized a \$10 billion share repurchase program, which was exhausted in the first quarter of 2019. In December 2018, the BOD authorized another \$10 billion share repurchase program to be utilized over time and share repurchases commenced thereunder in the first quarter of 2019.

In February 2019, we entered into an ASR with Goldman Sachs & Co. LLC to repurchase \$6.8 billion of our common stock pursuant to our previously announced share repurchase authorization. We paid \$6.8 billion and received an initial delivery of 130 million shares of common stock, which represented approximately 80% of the notional amount of the ASR. In August 2019, the ASR with Goldman Sachs & Co. LLC was completed resulting in Goldman Sachs & Co. LLC owing us an additional 33.5 million shares of our common stock. The average price paid for all of the shares delivered under the ASR was \$41.42 per share. The common stock received is included in *Treasury stock*.

The following provides the number of shares of our common stock purchased and the cost of purchases under our publicly announced share purchase plans, including our ASR:

(SHARES IN MILLIONS, DOLLARS IN BILLIONS)	Year Ended December 31,		
	2021	2020	2019 ^(a)
Shares of common stock purchased	—	—	213
Cost of purchase	\$ —	\$ —	8.9

^(a) Represents shares purchased pursuant to the ASR with Goldman Sachs & Co. LLC entered into in February 2019, as well as open market share repurchases of \$2.1 billion.

Our remaining share-purchase authorization was approximately \$5.3 billion at December 31, 2021.

B. Preferred Stock and Employee Stock Ownership Plans

Prior to May 4, 2020, we had outstanding Series A convertible perpetual preferred stock (the Series A Preferred Stock) that was held by an ESOP trust (the Trust). All outstanding shares of Series A Preferred Stock were converted, at the direction of the independent fiduciary under the Trust and in accordance with the certificate of designations for the Series A Preferred Stock, into shares of our common stock on May 4, 2020. The Trust received an aggregate of 1,070,369 shares of our common stock upon conversion, with zero shares of Series A Preferred Stock remaining outstanding as a result of the conversion. In December 2020, we filed a certificate of elimination and a restated certificate of incorporation with the Delaware Secretary of State, which eliminated the Series A Preferred Stock.

Since May 4, 2020, we have one ESOP that holds common stock of the Company (Common ESOP). As of December 31, 2021, all shares of common stock held by the Common ESOP have been allocated to the Pfizer U.S. defined contribution plan participants. The compensation cost related to the Common ESOP was \$19 million in 2021, \$19 million in 2020 and \$20 million in 2019.

Note 13. Share-Based Payments

Our compensation programs can include share-based payment awards with value that is determined by reference to the fair value of our shares and that provide for the grant of shares or options to acquire shares or similar arrangements. Our share-based awards are designed based on competitive survey data or industry peer groups used for compensation purposes, and are allocated between different long-term incentive awards, generally in the form of Total Shareholder Return Units (TSRUs), Restricted Stock Units (RSUs), Portfolio Performance Shares (PPSs), Performance Share Awards (PSAs), Breakthrough Performance Awards (BPAs) and Stock Options, as determined by the Compensation Committee.

The 2019 Stock Plan (2019 Plan) replaced and superseded the 2014 Plan. It provides for 400 million shares, in addition to shares remaining under the 2014 Plan, to be authorized for grants. The 2019 Plan provides that the number of stock options, TSRUs, RSUs, or performance-based awards that may be granted to any one individual during any 36-month period is limited to 20 million shares, and that RSUs count as three shares, PPSs, PSAs and BPAs count as three shares times the maximum potential payout, while TSRUs and stock options count as one share, toward the maximum shares available under the 2019 Plan. As of December 31, 2021, 315 million shares were available for award. Although not required to do so, we have used authorized and unissued shares and, to a lesser extent, treasury stock to satisfy our obligations under these programs.