

# Consolidated Statements of Income

Pfizer Inc. and Subsidiary Companies

(MILLIONS, EXCEPT PER COMMON SHARE DATA)	Year Ended December 31,		
	2018	2017	2016
Revenues	\$ 53,647	\$ 52,546	\$ 52,824
Costs and expenses:			
Cost of sales <sup>(a)</sup>	11,248	11,228	12,322
Selling, informational and administrative expenses <sup>(a)</sup>	14,455	14,804	14,844
Research and development expenses <sup>(a)</sup>	8,006	7,683	7,892
Amortization of intangible assets	4,893	4,758	4,056
Restructuring charges and certain acquisition-related costs	1,044	351	1,565
Other (income)/deductions—net	2,116	1,416	3,794
Income from continuing operations before provision/(benefit) for taxes on income	11,885	12,305	8,351
Provision/(benefit) for taxes on income	706	(9,049)	1,123
Income from continuing operations	11,179	21,353	7,229
Discontinued operations:			
Income from discontinued operations—net of tax	10	(1)	16
Gain on disposal of discontinued operations—net of tax	—	3	—
Discontinued operations—net of tax	10	2	17
Net income before allocation to noncontrolling interests	11,188	21,355	7,246
Less: Net income attributable to noncontrolling interests	36	47	31
Net income attributable to Pfizer Inc.	\$ 11,153	\$ 21,308	\$ 7,215
Earnings per common share—basic:			
Income from continuing operations attributable to Pfizer Inc. common shareholders	\$ 1.90	\$ 3.57	\$ 1.18
Discontinued operations—net of tax	—	—	—
Net income attributable to Pfizer Inc. common shareholders	\$ 1.90	\$ 3.57	\$ 1.18
Earnings per common share—diluted:			
Income from continuing operations attributable to Pfizer Inc. common shareholders	\$ 1.86	\$ 3.52	\$ 1.17
Discontinued operations—net of tax	—	—	—
Net income attributable to Pfizer Inc. common shareholders	\$ 1.87	\$ 3.52	\$ 1.17
Weighted-average shares—basic	5,872	5,970	6,089
Weighted-average shares—diluted	5,977	6,058	6,159

<sup>(a)</sup> Exclusive of amortization of intangible assets, except as disclosed in Note 1L. Basis of Presentation and Significant Accounting Policies: Amortization of Intangible Assets, Depreciation and Certain Long-Lived Assets.

Amounts may not add due to rounding.

See Notes to Consolidated Financial Statements, which are an integral part of these statements.

# Consolidated Balance Sheets

Pfizer Inc. and Subsidiary Companies

(MILLIONS, EXCEPT PREFERRED STOCK ISSUED AND PER COMMON SHARE DATA)	As of December 31,	
	2018	2017
<b>Assets</b>		
Cash and cash equivalents	\$ 1,139	\$ 1,342
Short-term investments	17,694	18,650
Trade accounts receivable, less allowance for doubtful accounts: 2018—\$541; 2017—\$584	8,025	8,221
Inventories	7,508	7,578
Current tax assets	3,374	3,050
Other current assets	2,461	2,289
Assets held for sale	9,725	12
Total current assets	49,926	41,141
Long-term investments	2,767	7,015
Property, plant and equipment, less accumulated depreciation	13,385	13,865
Identifiable intangible assets, less accumulated amortization	35,211	48,741
Goodwill	53,411	55,952
Noncurrent deferred tax assets and other noncurrent tax assets	1,924	1,855
Other noncurrent assets	2,799	3,227
Total assets	\$ 159,422	\$ 171,797
<b>Liabilities and Equity</b>		
Short-term borrowings, including current portion of long-term debt: 2018—\$4,776; 2017—\$3,546	\$ 8,831	\$ 9,953
Trade accounts payable	4,674	4,656
Dividends payable	2,047	2,029
Income taxes payable	1,265	477
Accrued compensation and related items	2,397	2,196
Other current liabilities	10,753	11,115
Liabilities held for sale	1,890	—
Total current liabilities	31,858	30,427
Long-term debt	32,909	33,538
Pension benefit obligations, net	5,272	5,926
Postretirement benefit obligations, net	1,338	1,504
Noncurrent deferred tax liabilities	3,700	3,900
Other taxes payable	14,737	18,697
Other noncurrent liabilities	5,850	6,149
Total liabilities	95,664	100,141
<b>Commitments and Contingencies</b>		
Preferred stock, no par value, at stated value; 27 shares authorized; issued: 2018—478; 2017—524	19	21
Common stock, \$0.05 par value; 12,000 shares authorized; issued: 2018—9,332; 2017—9,275	467	464
Additional paid-in capital	86,253	84,278
Treasury stock, shares at cost: 2018—3,615; 2017—3,296	(101,610)	(89,425)
Retained earnings	89,554	85,291
Accumulated other comprehensive loss	(11,275)	(9,321)
Total Pfizer Inc. shareholders' equity	63,407	71,308
Equity attributable to noncontrolling interests	351	348
Total equity	63,758	71,656
Total liabilities and equity	\$ 159,422	\$ 171,797

Amounts may not add due to rounding.

See Notes to Consolidated Financial Statements, which are an integral part of these statements.

# Consolidated Statements of Cash Flows

Pfizer Inc. and Subsidiary Companies

(MILLIONS)	Year Ended December 31,		
	2018	2017	2016
<b>Operating Activities</b>			
Net income before allocation to noncontrolling interests	\$ 11,188	\$ 21,355	\$ 7,246
Adjustments to reconcile net income before allocation to noncontrolling interests to net cash provided by operating activities:			
Depreciation and amortization	6,384	6,269	5,757
Asset write-offs and impairments	3,398	634	1,613
Loss on sale of HIS net assets	(1)	55	1,712
TCJA impact <sup>(a)</sup>	(596)	(10,660)	—
Deferred taxes from continuing operations	(2,205)	(2,410)	(700)
Share-based compensation expense	949	840	691
Benefit plan contributions in excess of expense	(1,095)	(961)	(712)
Other adjustments, net	(1,268)	344	487
Other changes in assets and liabilities, net of acquisitions and divestitures:			
Trade accounts receivable	(644)	259	(134)
Inventories	(717)	(357)	365
Other assets	(16)	7	(47)
Trade accounts payable	431	46	871
Other liabilities	98	(67)	(223)
Other tax accounts, net	(78)	1,446	(734)
Net cash provided by operating activities	15,827	16,802	16,192
<b>Investing Activities</b>			
Purchases of property, plant and equipment	(2,042)	(1,956)	(1,823)
Purchases of short-term investments	(11,677)	(14,596)	(15,957)
Proceeds from redemptions/sales of short-term investments	17,581	10,302	29,414
Net (purchases of)/proceeds from redemptions/sales of short-term investments with original maturities of three months or less	(3,917)	2,058	(4,218)
Purchases of long-term investments	(1,797)	(3,537)	(8,011)
Proceeds from redemptions/sales of long-term investments	6,244	3,579	11,268
Acquisitions of businesses, net of cash acquired	—	(1,000)	(18,368)
Acquisitions of intangible assets	(154)	(261)	(176)
Other investing activities, net <sup>(b)</sup>	288	671	80
Net cash provided by/(used in) investing activities	4,525	(4,740)	(7,791)
<b>Financing Activities</b>			
Proceeds from short-term borrowings	3,711	8,464	7,472
Principal payments on short-term borrowings	(4,437)	(9,947)	(5,093)
Net (payments on)/proceeds from short-term borrowings with original maturities of three months or less	(1,617)	1,422	(3,060)
Proceeds from issuance of long-term debt	4,974	5,274	10,976
Principal payments on long-term debt	(3,566)	(6,154)	(7,689)
Purchases of common stock	(12,198)	(5,000)	(5,000)
Cash dividends paid	(7,978)	(7,659)	(7,317)
Proceeds from exercise of stock options	1,259	862	1,019
Other financing activities, net	(588)	(611)	(536)
Net cash used in financing activities	(20,441)	(13,350)	(9,228)
Effect of exchange-rate changes on cash and cash equivalents and restricted cash and cash equivalents	(116)	53	(215)
Net decrease in cash and cash equivalents and restricted cash and cash equivalents	(205)	(1,235)	(1,041)
Cash and cash equivalents and restricted cash and cash equivalents, beginning	1,431	2,666	3,707
Cash and cash equivalents and restricted cash and cash equivalents, end	\$ 1,225	\$ 1,431	\$ 2,666

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