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Ian Read
Chairman and Chief Executive Officer

AstraZeneca plc
2 Kingdom Street
London
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For the attention of: Leif Johansson Esq, Chairman

16 May 2014

Dear Leif,

Further to our conversation yesterday, I have set out below the terms of our substantially improved proposal which we believe provides a clear basis for constructive engagement between our two companies. We continue to believe that the combination of Pfizer and AstraZeneca presents compelling strategic, operational and financial advantages that are in the best interests of all stakeholders. We remain convinced that a recommended transaction will result in the greatest value creation for both sets of shareholders and agree with you that a collaborative approach would be best for both companies and their stakeholders.

Additionally, the concerns AstraZeneca has voiced publicly regarding integration of the combined company under Pfizer's new business structure and its potential impact on the combined company's ability to deliver high quality science suggest a misunderstanding of Pfizer's new structure. I continue to believe the only way to bridge this and other differences in understanding is for AstraZeneca and its board to engage with us.

In formulating our improved proposal, we have taken account of the statements made by AstraZeneca in relation to our prior proposals, together with the perspectives expressed by your key shareholders in our discussions with them over the last several weeks. *Redacted at the request of the UK Takeover Panel:* [REDACTED]

[REDACTED] The improved proposal provides a highly attractive value creation opportunity for AstraZeneca shareholders

through a substantial and immediate premium, a significant and increased cash component, and the longer term ability to participate in the success of the combined company.

Time is now of the essence and prompt engagement is necessary to see if we can establish a basis for a transaction that each of our boards can recommend to their respective shareholders. A period of discussion between Pfizer and AstraZeneca would provide a forum in which Pfizer could better understand your expectations for AstraZeneca's business, including the new long-range targets announced on 6 May, and the potential of your pipeline. During this period, we would also seek to address any questions you may have about our proposal.

We propose meeting with you and Pascal as soon as possible. As I mentioned on the telephone, given the limited time available it is important for us to have a definitive response from you to our improved proposal by 12 noon London time on Sunday 18 May. Of course, I would be pleased to hear from you sooner if you and your board have reached a decision, or if we can provide you with any additional information.

The Improved Proposal

To provide a basis for your engagement, we have both materially increased the price per share of our proposal and significantly increased the cash component of the total consideration to be offered to AstraZeneca shareholders. Under our improved proposal, AstraZeneca shareholders would receive 1.845 shares in the combined entity and 2,157 pence per AstraZeneca share, representing an indicative value today of £53.50¹ per AstraZeneca share. This amounts to:

- an increase of the cash consideration as a proportion of the total consideration from 33% to approximately 40%, representing an increase in the cash consideration per AstraZeneca share of £5.59 and an increase in the total cash consideration of approximately £7.2 billion², whilst maintaining the share exchange ratio;
- a substantial increase of approximately 12% over the current value of our previous proposal; and
- an increase in the current indicative value per AstraZeneca share to £53.50, representing an aggregate increase in the total value of the proposal of approximately £7.2 billion or \$12.1 billion³.

Under the improved proposal, Pfizer and AstraZeneca shareholders would own approximately 73% and 27%, respectively, of the combined company⁴.

¹ On the basis of Pfizer's closing share price of \$29.12 and an exchange rate of \$1.00:£0.5944 on 16 May 2014.

² On the basis of 1,284.1 million AstraZeneca shares outstanding on a fully-diluted basis.

³ On the basis of 1,284.1 million AstraZeneca shares outstanding on a fully-diluted basis and an exchange rate of \$1.00:£0.5944 on 16 May 2014.

The improved proposal values AstraZeneca today at approximately £69 billion⁵ and represents:

- a 20% increase against the current value of our original proposal made on 5 January; and
- a premium of approximately 41.5% to the unaffected closing price of £37.82 on 17 April 2014 (being the date before market speculation of a possible offer by Pfizer for AstraZeneca).

I trust that this proposal provides the basis for immediate engagement in a coordinated effort to reach agreement on the terms of an offer that both our boards can enthusiastically recommend to all our stakeholders.

Offer Implementation

As we have indicated publicly, we have assessed the proposed transaction in detail and are confident it can be implemented successfully and in a way which meets all applicable legal and tax jurisdiction requirements. We have noted AstraZeneca's public comments citing concerns as to certain execution risks and we would welcome the opportunity to discuss the basis of our confidence in implementing the proposed offer.

Non-Binding Nature of Proposal and Other Matters

This letter and our proposal is a non-binding indication of interest intended to encourage you to meet with us to discuss a possible combination. This letter and our proposal do not constitute an offer or impose any obligation to make an offer, nor do they evidence an intention to make an offer within the meaning of the City Code on Takeovers and Mergers (the "Code"). For the avoidance of doubt, this letter and our proposal are not intended to give rise to an obligation to make an announcement under Rule 2 of the Code. In addition, nothing in this letter or our proposal is intended to create a legally binding agreement or obligation on either AstraZeneca or Pfizer.

We reserve the right to terminate, amend or withdraw our proposal at any time and for any reason.

This improved proposal is based on the same Principal Assumptions, Conditions and Due Diligence expectations as outlined in our Letter to Board of Directors of AstraZeneca dated 2 May 2014.

(cont'd from previous page)

⁴ On the basis of 1,284.1 million AstraZeneca shares outstanding on a fully-diluted basis and 6,477.7 million Pfizer shares outstanding on a fully diluted basis.

⁵ On the basis of 1,284.1 million AstraZeneca shares outstanding on a fully-diluted basis.

The ability to explore a unique value creation opportunity for our respective stakeholders now rests upon the AstraZeneca board's constructive engagement to see whether we can reach a recommended transaction. We await your reply.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'I. Read', is positioned above the printed name.

Ian C. Read
Chairman of the Board and Chief Executive Officer of Pfizer