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November 7, 2011

Global Policy Board
Institutional Shareholder Services Inc.
2099 Gaither Road
Rockville, Maryland 20850

Re: 2012 Proxy Voting Policies

Ladies and Gentlemen:

On behalf of Pfizer Inc., I am writing to comment on certain of ISS's draft 2012 Proxy Voting Policies.

General

We have a general concern that, unlike in prior years, ISS has chosen to disclose only the number of institutions and corporate issuers that have responded to its 2011-2012 Policy Survey (138 total), and not the total number of institutions asked to participate in the survey. This provides no indication of the percentage of ISS's total institutional client base the responders represent. (In contrast, last year ISS reported that 201, or 15%, of ISS's approximately 1,700 institutional clients responded.) This omission makes it impossible to assess the level of support for the policy changes.

We suggest that this information be disclosed and that the comment period be extended to permit interested parties to comment following such disclosure. ISS should not modify policies without substantial client support, but we have no way of judging this under the current circumstances.

Board Response to Say on Pay Vote

ISS notes that "on a cumulative basis 86 percent of investors...believe that an explicit response is warranted" in cases where a Say on Pay vote generated specified levels of opposition.

In addition to the reference to 86% support being unclear (per our earlier comment), the reference to "a cumulative basis" is vague and should be clarified.

As ISS is well aware, approval of most matters voted on by shareholders – including Say on Pay and precatory and other shareholder proposals under SEC Rule 14a-8 – requires the affirmative vote of a majority of the votes cast. The proposed definition of "significant opposition" would, in effect, impose a higher voting standard (e.g., 70% support) for Say on Pay proposals. We think this change is inappropriate, inadvisable and, in the case of Pfizer and other companies that engage in robust shareholder outreach activities, unnecessary.

The final policy also should clarify what is meant by "explicit response." In particular, the draft Policy calls for "[d]isclosure of engagement efforts," including "disclosure of its outreach efforts to major institutional investors." We would agree that a company's engagement with investors following a Say on Pay vote is important – indeed, Pfizer believes engagement is vastly superior to a general up or down vote. However, we believe that the ISS policy should consider issues such as the usefulness of the information to shareholders, privacy concerns related to investors with which companies speak, and other factors.

Evaluation of Executive Pay

The summary of the proposed changes in the methodology used by ISS to evaluate executive pay is vague and unclear. For example, it appears that the new methodology may place less reliance upon a company's GICS industry group (which we would support), but it is not possible to determine whether this is, in fact, the case.

As indicated above, we believe that ISS should not rely upon a company's GICS industry group. GICS-based peer selection is arbitrary and results in the use of peer data that may have little or no relationship to a company or even its industry. For example, we understand that Pfizer is used as a peer of Merck, but Merck is not included as a peer of Pfizer. Instead, we strongly support the use of company-selected peers. Company-selected peers are generally determined by compensation committees based on a detailed analysis of relevant factors, and are more closely matched to a company than 4-digit GICS "peers." In any case, ISS needs to provide clear, robust disclosure of the peers it uses as well as the methodology used to select them and how their numbers are developed.

Clear and comprehensive disclosure should be provided for other aspects of executive pay evaluations. For example, it is not at all clear from the summary how ISS will determine the mix between relative and absolute alignment of pay with performance.

Finally, while the summary suggests that the proposed new methodology will result in improvement in certain aspects of ISS's analysis of executive pay, the methodology continues to ignore various factors that are critical to evaluating pay. For example, the methodology does not appear to take into account an executive's tenure in his or her position, which can affect pay. Also, given that ISS's criteria include a comparison of compensation to the median of a company's peer group, it appears that a company may be penalized if it outperforms the peer group.

Political Contribution Proposals

The proposed change in policy – from case-by-case voting to general support of shareholder proposals on disclosure of political contributions – is premature. Based on our engagement on this issue, we know that policies and internal processes regarding corporate political contributions are evolving rapidly in the wake of the *Citizens United* decision and other matters. Companies are revising their policies; investors are considering their own internal policies; and external entities are indexing companies and otherwise engaged in debate and discussion around appropriate processes and disclosures related to corporate political contributions. Because so much change is underway, a revision to ISS's policy is premature. The far better approach is for ISS to continue to consider each shareholder proposal using a case-by-case method based upon each company's policies and practices regarding political contributions. Otherwise, ISS could find itself supporting proposals in this area without regard to their merit. For example, a number of companies received shareholder proposals last year that sought to require (1) extensive disclosure of lobbying priorities and related matters (including proprietary information, the disclosure of which could damage the company and its owners) and (2) publication in numerous daily newspapers of extensive information regarding each and every political contribution. Under the current policy, these proposals would not have been (and were not) endorsed by ISS; under the proposed new policy, it appears that both proposals would receive ISS approval despite their questionable merit.

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Thank you for the opportunity to comment on the proposed changes in the Policies. We are available to answer any questions you may have.

Very truly yours,

A handwritten signature in black ink that reads "Matt Lepore". The signature is written in a cursive style with a long horizontal flourish at the end.

Matthew Lepore
Vice President and Corporate Secretary