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Global Policy Board
Institutional Shareholder Services Inc.
702 King Farm Boulevard
Suite 400
Rockville, MD 20850

Re: 2013 Proxy Voting Policies

Ladies and Gentlemen:

On behalf of Pfizer Inc., I am writing to comment on certain of ISS's draft 2013 Proxy Voting Policies.

General

We have real concerns with the proposed change in ISS's Policy on Board Response to Majority-Supported Shareholder Proposals. This is a significant change that merits thoughtful consideration that's not feasible in a brief comment period. We appreciate that ISS has granted a one-week extension of the comment period, but we ask that ISS further extend the comment period to permit a more reasonable level of comment and consideration, particularly given the disruptions caused by Hurricane Sandy and its aftermath.

We also continue to be concerned that year after year ISS's revised policies are based on very low response levels, and this year's level of 97 responding institutions seems exceedingly low in comparison to past years. (Two years ago, the reported response level was 201 institutions.) We appreciate that the low and declining level of institutional responses is not something over which ISS has control. Nonetheless, it's an important factor that should be considered as all of ISS's proposed changes are discussed.

Board Response to Majority-Supported Shareholder Proposals

We oppose the change to this Policy for these reasons:

- The Policy runs the risk that Boards would be coerced to abdicate their fiduciary duties, which do not disappear or become less significant when a majority of the votes cast at a meeting support a particular proposal. Boards should not feel compelled to act where they believe that such action is not in the best interests of the company. It certainly would make sense to disclose the Board's rationale, but an automatic vote against all directors is inappropriate and inadvisable.

- The Policy is silent on what would constitute “implementation” of a proposal that receives a majority of the votes cast. As ISS is aware from its recommendations in the past, Boards can implement a proposal in different ways, and not every way involves adopting the proposal in full. There are, for example, circumstances where a proposal may pass by a slim margin, and due to abstentions by large holders or other circumstances – which the Board may be aware of due to engagement – it may make more sense for the Board to take a direction other than full adoption. But ISS’s strict proposed Policy not only would discourage this sort of thoughtful assessment, it would also undermine these situations entirely. (Disclosure, on the other hand, would allow a Board to explain the nuances in this type of decision-making.)
- The proposed change is inconsistent with ISS policy in other areas. In particular, ISS recently adopted a policy that a negative vote of 30% or more of the votes cast on a “say on pay” proposal constitutes “significant opposition” that, in turn, triggers a higher level of scrutiny, additional disclosure and other consequences. But as to shareholder proposals, ISS intends to recommend a vote against all Directors if a proposal receives a majority of the votes cast without regard to the size of the majority, or the opposition. In other words, a shareholder proposal vote that passes 50.01% to 49.99% will get the same treatment as one that passes by a vote of 99.99% to 00.01%.
- Negative vote recommendations are serious and should be made in specific and significant circumstances. These circumstances certainly can include a Board’s failure to take action in the face of significant and consistent shareholder support for a certain measure. But given the prevalence of majority voting and annual elections, the elimination of broker discretionary voting in the election of directors, and other recent governance initiatives, a negative vote recommendation can have a serious impact. ISS’s current Policy properly takes these considerations into account; the proposed Policy risks the application of a harsh result in far more circumstances, many of which may not call for it. Indeed, the proposed Policy ignores whether the shareholder proposal in question bears any reasonable relationship to the election of directors.

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, appearing to read "Matt Lepore". The signature is fluid and cursive, with a long horizontal stroke at the end.