Margaret M. Madden
Vice President and Corporate Secretary
Chief Governance Counsel

Pfizer Inc. – Legal Division
235 East 42nd Street, New York, NY 10017
Tel [redacted] Fax [redacted]
[redacted]

September 15, 2015

Mr. Brent J. Fields
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Concept Release No. 33-9862; 34-75344; File No. S7-13-15; "Possible Revisions to Audit Committee Disclosures"

Dear Secretary Fields:

Pfizer Inc. ("We", "Pfizer" or the "Company") welcomes the opportunity to share its views on the U.S. Securities and Exchange Commission's (the "Commission") concept release on "Possible Revisions to Audit Committee Disclosures" (the "Release"). We appreciate the Commission's efforts to consider the input of many stakeholders in this process.

Pfizer is a research-based, global biopharmaceutical company headquartered in New York. We discover, develop, manufacture and market leading medicines and vaccines, as well as many of the world's best-known consumer healthcare products. In 2014, we reported revenues of approximately $50 billion and total assets of approximately $169 billion.

Introduction

Pfizer generally supports the Commission's initiatives with respect to enhancing the quality of disclosures when those disclosures also would enhance the effectiveness of audit committees or would be useful to investors in making investment or voting decisions. We agree that investors should understand and appreciate the roles and responsibilities of the Board and its committees and commend the Commission for its efforts to evaluate whether current audit committee disclosure requirements achieve this goal. We also share the view that audit committees play an important role in the governance of companies and that strong, high quality audit committees contribute to the quality and integrity of a company's financial reporting, particularly given the breadth of the audit committee's responsibilities. As the Commission notes, the role of audit committees has expanded over the last several decades in part due to the Sarbanes-Oxley Act of 2002, exchange listing requirements for audit committees and Public Company Accounting Oversight Board ("PCAOB") rules, as well as due to the natural role of audit committees in overseeing certain risk management activities. However, we have reservations and concerns about certain concepts and potential new mandatory disclosures discussed in the Release. The Release does, however, collect various matters that an audit committee should consider when preparing its report. Companies operate in a dynamic environment and audit committees must be responsive to changes in investor expectations. As such, we believe that, should the Commission determine that additional guidance is needed in the area of audit committee disclosures, capturing these elements in a guidance document (guided first and foremost by a materiality concept) that audit committees can consider when preparing their reports would be a more effective method of ensuring that the most important information goes into the report, rather than a prescriptive approach. That less prescriptive approach also would help avoid the negative unintended consequences that we believe would result if the potential mandatory disclosures contemplated by the Release are adopted. Below, we offer our comments and suggestions on certain of these matters, which we hope will be helpful to the Commission in evaluating the next steps with regard to the topics discussed in the Release.

Broadly, we are concerned that some of the concepts discussed in the Release are likely to present unintended adverse consequences, without producing actual substantive benefits to investors. We do not believe that the potential additional disclosures contemplated by the Release would provide valuable information that would be useful to investors in making investment or voting decisions, beyond that which is already provided by the current disclosure requirements and financial statements. With respect to a number of these concepts (as more fully discussed below), we are concerned that this information cannot be provided without exposing audit committees, companies and their shareholders to other negative consequences. We also note that, to date, engagement between companies and stakeholders has resulted in meaningful advances in disclosures not at all driven by mandatory disclosure requirements and that the most meaningful disclosures might best develop through evolving best practices rather than through mandatory disclosure requirements. Moreover, we believe that audit committees are better served by following good disclosure principles and keeping investor interests front and center versus focusing on boilerplate or "check the box" disclosures.

In short, our comments focus on the following key themes:

- Existing disclosure requirements, governance and rules with respect to audit committees and auditors provide sufficient information regarding the audit committee's oversight of the independent auditor, and new disclosure requirements are not needed to achieve strong audit quality and auditor oversight.

- Meaningful disclosures have and can continue to develop through evolving best practices and stakeholder engagement and, generally speaking, our shareholders have not expressed significant interest in additional disclosures of the type discussed in the Release.

- Too many additional, required disclosures could lead to information overload and an unbalanced view of audit committee responsibilities.

- Mandatory disclosures could result in a "one size fits all" approach to audit committee activities and disclosures.

- Mandatory disclosures of the matters discussed in the Release could be detrimental and have unintended consequences, particularly if disclosure of the substance of audit committee-auditor communications is required.

- Any new required disclosures should be guided by principles of materiality, and the potential mandatory disclosures contemplated by the Release would not result in the disclosure of material information to investors.

New Disclosure Requirements Are Not Needed to Achieve Strong Audit Committee Oversight of the Independent Auditors; Meaningful Disclosures Can Best Develop Through Evolving Best Practices

While companies and audit committees might be able to provide additional disclosure regarding the role and activities of audit committees, we believe that strong audit committees, such as the Audit Committee of the Company's Board of Directors (the "Pfizer Audit Committee"), do not need disclosure requirements to prompt strong oversight and promote high audit quality. Regardless of the disclosure regime, this oversight role is part of the Pfizer Audit Committee's mandate and is highly regarded and effectively performed by the Pfizer Audit Committee. Moreover, existing disclosure requirements, governance and rules provide sufficient information regarding the role of the audit committee. The ideal path forward would be to allow disclosures regarding audit committees to evolve on their own through voluntary enhancements that result from evolving best practices and healthy issuer/stakeholder engagement. Such an approach would give companies the flexibility to gauge the interests of their stakeholders and, based on this feedback and where appropriate, provide the specific information sought by these groups, as well as to focus on the information companies determine to be material to investors. However, should the Commission choose to require additional disclosures, we believe it would be best to apply a principles-based rather than a prescriptive approach to these types of disclosures.

The Pfizer Audit Committee recognizes its responsibility for strong oversight of, among other things, the Company's independent registered public accounting firm. Pfizer complies with all applicable Commission rules regarding disclosures with respect to audit committees. In addition, the Company, with the support of the Pfizer Audit Committee, has voluntarily included certain enhanced disclosures related to the Pfizer Audit Committee in its proxy statement over the past several years. Among these voluntary disclosures, we provide information regarding the tenure of KPMG LLP, the Company's independent registered public accounting firm, as well as information regarding the requirements for rotation of the lead audit partner and the role of the Pfizer Audit Committee in the selection of the lead audit partner. While we added these voluntary disclosures based on discussions with certain institutional investors, inclusion of this information does not necessarily mean that this disclosure should be mandated or that the information is necessarily important to the majority of investors. Pfizer seeks investor feedback regularly and the decision to provide this information reflects our willingness to implement stakeholder suggestions when deemed appropriate by the Company. The inclusion of this information in our disclosures does not necessarily mean that all, or even most, investors would find this information useful, nor does it follow that companies with a wholly different investor base would receive the same request from their investors.[1]

---

[1] For example, if a company has retained its external auditor for a lengthy period of time, it is likely that there have been multiple predecessor firms, as many audit firms have merged over the years. Such information is not useful in making an investment or voting decision, as audits have been conducted by predecessor firms with different people and different processes. Changes in audit firms are generally infrequent because, among other things, audit committees consider the experience of the auditor they

The current system of robust engagement and healthy dialogue between companies and their investors is effective. Additional prescriptive disclosures are therefore not necessary for the vast majority of engaged companies, nor would prescriptive disclosures necessarily result in the provision of useful information. In this era of already voluminous disclosure documents, the Commission should focus on disclosure requirements for information that reasonable investors of most companies would view as material to an informed investment or voting decision, and we do not believe that the potential disclosures contemplated by the Release meet this criterion. Instead of additional mandatory disclosure requirements, we believe audit committees should continue to evaluate their disclosures in light of evolving best practices, investor interest and materiality.

Too Many Additional Disclosures Could Lead to Information Overload and an Unbalanced View of Audit Committee Responsibilities

The Commission asks whether any of the potential additional disclosure concepts discussed in the Release could result in providing information not useful to investors. While we provide our views on certain specific areas of concern below, we wish to note that overall, we are concerned that if each of the concepts covered in the Release ultimately leads to new disclosure requirements, the result could be information overload and highly standardized disclosures that will not ultimately provide meaningful information to investors. Taking a one size fits all approach likely will only produce voluminous and generic disclosures that will make it more difficult for shareholders to focus on the information that is actually relevant. Such a result would be contrary to the goal of the Commission staff's ongoing Disclosure Effectiveness project to evaluate and improve the overall disclosure regime for public companies. Rather, we believe that issuers, through active engagement with their shareholders, are best positioned to determine whether there are any material aspects of the audit committee-auditor relationship that should be disclosed to their shareholders. As an example, the Release solicits feedback on whether the names of firms (other than the independent registered public accounting firm) or engagement team personnel involved in the audit should be disclosed. Our investors have yet to indicate any interest in disclosures of that nature, and we do not believe this information would be meaningful, nor should it be the responsibility of the audit committee to navigate potential auditor litigation concerns related to such disclosures.

In addition, such a heavy focus on the audit committee-auditor relationship as contemplated by the Release would result in an unbalanced picture of the overall work that audit committees do, which we also believe would be counter to the Disclosure Effectiveness project. Many audit committees, such as the Pfizer Audit Committee, have various responsibilities that extend far beyond the oversight of the independent auditor, such as, among other things, reviewing and discussing company policies with respect to risk assessment and risk management and reviewing and discussing the scope and results of the internal audit program. Given that we believe the audit committee-auditor oversight model works well in its current form, we do not see the value in a disclosure regime so heavily weighted toward this singular role.

---

currently have against the significant learning curve involved when hiring a new auditor. In addition, such changes are infrequent given the independence rules around external audit firms. We utilize the services of every Big 4 firm and only one is currently independent under the applicable regulations. For a large multinational company, changing auditors is a significant undertaking that would take considerable time and resources.

Mandatory Disclosures Could Unintentionally Result in a "One Size Fits All" Approach

As the Commission notes, "[t]he ways in which an audit committee discharges its responsibilities can be influenced by ... the environment in which it operates." We fear that an unintended effect of mandating certain of the disclosures discussed in the Release could be a "one size fits all" approach to how certain audit committees may feel they need to conduct their activities. Audit committees may be driven to operate in a restrictive manner due to concern over how it might impact disclosure, rather than continuing to operate as they do now, which is based upon the specific needs of the particular company, industry and environment at hand in a particular year, in addition to applicable rules and regulations. This might result in unnecessary activities on behalf of audit committees to ensure it can "check the box" so as to be able to include a particular disclosure, even if not relevant to the company in a given year, industry or other situation. For example, if several companies include disclosure of a particular activity, but another does not, that could lead to questions regarding the work of the audit committee even when the activity or issue is not relevant to that particular company. It also could cause audit committees to add needless disclosure seeking to defend activities it did not undertake or undertake those activities just for the sake of being able to include disclosure that other companies provide. Such disclosure would not be meaningful to investors or audit quality, and it would be a poor use of company and audit committee resources, which could be better spent protecting shareholder value.

Disclosure of Substance of Audit Committee-Auditor Communications Could Be Detrimental to Companies, Audit Committee and Shareholders

We agree that "strong, competent and vigilant audit committees" are important to helping ensure the integrity of a company's financial statements. However, as noted above, we do not think mandated disclosures of the types under consideration in the Release are necessary to achieve this goal, nor do we think they would meaningfully contribute to an investor's evaluation of the effectiveness of an audit committee's oversight. Instead, the disclosures potentially could have the opposite effect by adversely impacting the openness and effectiveness of the two-way nature of dialogue between audit committees and the independent auditor due to concern that the details of those discussions might be disclosed, such as, for example, in the context of a potential business development transaction or other matter that might not be ripe for disclosure.

In particular, we have significant reservations regarding the concept of requiring disclosure around the nature or substance of communications between audit committees and the auditors. Mandating this type of disclosure could give rise to more questions than it answers and would likely only result in the disclosure of a general list of topics discussed, given confidentiality and other concerns. For example, at a large, complex company such as Pfizer, many topics are considered and discussed, some of which may involve sensitive information; however, we believe that disclosure of the substance of these communications without sufficient context could be misleading and confusing to a reader. Moreover, if information regarding the nature of communications was provided and one subject was omitted in one company's report but included in another's, this might lead investors to assume the matter was not discussed and lead to undue criticism (when, in fact, a company might have simply provided a high level overview of some of the matters without providing an all-inclusive list). Worse, we are concerned that unanticipated adverse impacts could result from a requirement to discuss the specific nature of communications between audit committees and auditors as it seems possible that, at least in some instances, such disclosure requirements about a broad range of sensitive and otherwise confidential matters could change the open nature of certain of these discussions and the way that management teams at some companies and their auditors interact. As a result, mandating disclosures of this nature would likely result, at best, in potentially boilerplate disclosures due to fear that disclosure of the specifics of discussions could result in the disclosure of sensitive information or liability. Finally, it is possible that in our litigious environment, audit committees could become subject to litigation for not disclosing something that an investor thought they should have, which could make it even more difficult to find quality members.

As examples of the foregoing, should these audit committee-auditor communications involve confidential information such as information about proprietary information that would be harmful to the company's competitive position, a significant deficiency not required to be disclosed by the company under the Sarbanes-Oxley Act of 2002, or sensitive information that would prejudice the company's position in respect of potential litigation, these types of disclosures could harm a company's shareholders without providing any tangible benefit. As noted above, many discussions between auditors and audit committees involve complex topics that would be difficult to convey without sufficient context, and it is that context that might, by its very nature, be sensitive information. Additionally, as a result of this need for context, if more than a general list of topics discussed were required to be disclosed, it might take significant time, effort and space to adequately provide a complete picture of the communication, if even possible to do so, and, as a result, give likely immaterial information undue prominence in an issuer's disclosure documents. Existing disclosure requirements regarding critical accounting policies and risk factors, for example, should provide a sufficient framework for investors to receive information regarding any significant risks identified as part of those discussions. Moreover, many of the communications between auditors and audit committees are mandated by PCAOB rules; accordingly, at a minimum, investors have a framework by which they can be assured that these types of communications occur without a specific need for detail in an issuer's disclosure documents. These communications have not been part of the audit failures noted by the PCAOB in its inspections, and thus investors should not need added assurance that these required communications occur.

Disclosure of Number of Audit Committee-Auditor Meetings Could Have Unintended Consequences

The Pfizer Audit Committee meets regularly with the Company's auditors, both as part of regularly scheduled Pfizer Audit Committee meetings, as well as outside of those meetings. However, mandatory disclosure of the number of times an audit committee meets with the auditor could have a detrimental result and would not provide meaningful information to investors. For example, the number of meetings could vary from company to company or within a company from year to year based on many facts and circumstances. The fact that one company meets with its auditor five times in a given year while another meets 10 times does not mean that one audit committee has fulfilled its oversight responsibilities more effectively. The number of times an audit committee and a company's auditor meet could depend on many factors, including accounting or audit issues in a particular year, difficult decisions around contingent liabilities, issues associated with other risk areas or, in some circumstances, whether business development activity might be in progress. This disclosure could result in undue speculation as to the drivers of the variations in the number of meetings, without actually providing any meaningful information to investors or giving any true indication of the quality of an audit committee's oversight of a company's auditors. Similarly, with regard to the scope of an audit, locations visited and similar items, we caution that this type of information also may be misconstrued by readers, as these types of metrics will vary from company to company based on the nature and breadth of that company's business. With these or any indicators or metrics including those recently provided as audit quality indicators, context is the key to understanding what might be good or bad, and, as discussed above, it is that context that might, by its nature, be sensitive information. To us, it is unclear how this type of additional information will enable investors to differentiate between companies and evaluate the effectiveness of audit committees.

Evaluation of Oversight Role Should Focus on Process/Key Factors

We thought it might be helpful to the Commission to understand, in brief, the annual process the Pfizer Audit Committee undertakes in selecting the Company's independent auditor. As background, the Pfizer Audit Committee typically dedicates a portion of two separate meetings specifically to considering the appointment of the Company's auditor for the following fiscal year. A discussion typically occurs at the Pfizer Audit Committee's September meeting and includes robust information and an evaluation and discussion of various factors, during which an initial determination regarding the auditor for the following year is made. This September evaluation is typically followed by an additional discussion at the Pfizer Audit Committee's December meeting, at which the formal appointment of the auditor is made. The Company's Board of Directors ratifies this selection and, at the Company's annual meeting (generally in April), the Company's shareholders then vote on the ratification of the auditor.

While we are not opposed to adding disclosure regarding this process, we believe that the focus of the disclosure should be a high level description of the process and the overall recommendation, rather than any particular details regarding the evaluation or audit quality indicators. In other words, we believe that the process, as opposed to the substance of the discussions, would be most useful to investors in determining whether an audit committee effectively fulfills its oversight role, as we do not believe the specifics of those discussions would provide meaningful information to investors in making a voting or investment decision.

Conclusion

While we do not believe disclosure reforms in this area are necessary, should the Commission determine to move forward with changes to the audit committee disclosure requirements, we urge the Commission to apply a principles-based approach to ensure companies and audit committees have the flexibility they need to share what they view as most meaningful to investors, while at the same time avoiding the potential pitfalls of requiring disclosures around matters such as the nature or substance of communications between audit committees and the auditors and similar potentially concerning disclosures. Audit committees play an important role in the oversight of financial reporting and risk areas. It is important for them to be able to continue to operate effectively and balance meaningful disclosures that would be useful to investors in making investment or voting decisions.

In closing, we thank the Commission for allowing us the opportunity to share our views on the matters raised by the Release on possible revisions to audit committee disclosures. Our comments result from our experience with a strong, independent and engaged Audit Committee, as well as our experience as a large, multinational public company that has made voluntary enhancements to its disclosures over the years, and are intended to help advance the dialogue regarding this topic in a meaningful way. We would be pleased to discuss any aspects of this letter on which you may have questions or comments.

Very truly yours,

Margaret M. Madden

Margaret M. Madden

cc: Loretta V. Cangialosi, Senior Vice President and Controller, Pfizer Inc.
W. Don Cornwell, Chairman of the Pfizer Inc. Audit Committee
Frank A. D'Amelio, Executive Vice President, Business Operations and Chief Financial Officer, Pfizer Inc.
Jennifer Damico, Vice President - Audit, Pfizer Inc.
Douglas M. Lankler, Executive Vice President, General Counsel, Pfizer Inc.
Tara Gabbai, Assistant General Counsel, Pfizer Inc.