

PFIZER INC  
Form DEF 14A  
March 15, 2007

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No.    )**

Filed by the Registrant

Filed by a Party Other Than the Registrant

Check the Appropriate Box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as Permitted by Rule 13a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**Pfizer Inc.**  
**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of filing fee (Check the appropriate box):

No fee required

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Notice of Annual Meeting  
of Shareholders, Proxy Statement,  
2006 Financial Report and  
Peer Group Performance Graph<sup>1</sup>

March 15, 2007

<sup>1</sup>The 2006 Financial Report is not included in this filing. It was previously filed as Exhibit 13 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2006, and is contained in Appendix A to the Proxy Statement mailed to our shareholders beginning on March 15, 2007. The Peer Group Performance Graph is not included in this filing. It is contained in Appendix B to the Proxy Statement mailed to our shareholders beginning on March 15, 2007.

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## HOW TO VOTE

Most shareholders have a choice of voting on the Internet, by telephone, or by mail using a traditional proxy card. Please refer to the proxy card or other voting instructions included with these proxy materials for information on the voting methods available to you. **If you vote by telephone or on the Internet, you do not need to return your proxy card.**

## ANNUAL MEETING ADMISSION

Either an admission ticket or proof of ownership of Pfizer stock, as well as a form of personal photo identification, must be presented in order to be admitted to the Annual Meeting. If you are a shareholder of record, your admission ticket is attached to your proxy card. If your shares are held in the name of a bank, broker or other holder of record, you must bring a brokerage statement or other proof of ownership with you to the Meeting, or you may request an admission ticket in advance. Please see the response to the question Do I need a ticket to attend the Annual Meeting? for further details.

## REDUCE PRINTING AND MAILING COSTS

If you share the same last name with other shareholders living in your household, you may receive only one copy of our Proxy Statement and 2006 Financial Report, Peer Group Performance Graph and the 2006 Annual Review. Please see the response to the question What is householding and how does it affect me? for more information on this important shareholder program.

Shareholders may help us to reduce printing and mailing costs further by opting to receive future proxy materials by e-mail. Please see the response to the question Can I access the Notice of Annual Meeting, Proxy Statement and 2006 Financial Report and accompanying documents on the Internet? for more information on electronic delivery of proxy materials.

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**PFIZER INC.**  
**235 East 42nd Street**  
**New York, NY 10017**

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**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

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- TIME AND DATE** 8:30 a.m., Eastern Daylight Time on Thursday, April 26, 2007.
- PLACE** South Bend Marriott  
123 N St. Joseph Street  
South Bend, Indiana 46601
- WEBCAST** A Webcast of our Annual Meeting will be available on our Website at [www.pfizer.com](http://www.pfizer.com) starting at 8:30 a.m., Eastern Daylight Time on April 26, 2007. An archived copy of the Webcast also will be available on our Website through the first week of May. Information included on our Website, other than our Proxy Statement and form of proxy, is not a part of the proxy soliciting material.
- ITEMS OF BUSINESS**
- To elect 12 members of the Board of Directors, each for a term of one year.
  - To ratify the appointment of KPMG LLP as our independent registered public accounting firm for the 2007 fiscal year.
  - To consider 4 shareholder proposals, if presented at the Meeting. See Table of Contents for a list of the  Shareholder Proposals.
  - To transact such other business as may properly come before the Meeting and any adjournment or postponement.
- RECORD DATE.** You can vote if you are a shareholder of record on March 1, 2007.
- ANNUAL REPORT** Our annual report to shareholders consists of the 2006 Annual Review, the 2006 Financial Report and the Peer Group Performance Graph. The 2006 Annual Review is enclosed with these materials as a separate booklet. The 2006 Financial Report is contained in Appendix A to this Proxy Statement. The Peer Group Performance Graph is contained in Appendix B to this Proxy Statement. These documents are not a part of the proxy solicitation materials. They may also be accessed through our Website at [www.pfizer.com](http://www.pfizer.com).
- PROXY VOTING** It is important that your shares be represented and voted at the Meeting. You can vote your shares by completing and returning your proxy card or by voting on the Internet or by telephone. See details under the heading  How do I vote?.

**March 15, 2007**

Margaret M. Foran  
Senior Vice President-Corporate Governance,  
Associate General Counsel and Corporate Secretary

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**Pfizer Inc.**  
**235 East 42nd Street**  
**New York, New York 10017**

## **PROXY STATEMENT**

### **Questions and Answers About the Annual Meeting and Voting**

#### **Why did I receive these proxy materials?**

We are providing these proxy materials in connection with the solicitation by the Board of Directors of Pfizer Inc. (Pfizer, the Company, we, us or our), a Delaware corporation, of proxies to be voted at our 2007 Annual Meeting Shareholders and at any adjournment or postponement.

You are invited to attend our Annual Meeting of Shareholders on April 26, 2007, beginning at 8:30 a.m., Eastern Daylight Time. The Meeting will be held at South Bend Marriott Hotel. See the inside back cover of this Proxy Statement for directions.

Shareholders will be admitted to the Annual Meeting beginning at 8:00 a.m., Eastern Daylight Time. Seating will be limited.

The South Bend Marriott is accessible to disabled persons and, upon request, we will provide wireless headsets for hearing amplification. Sign interpretation also will be provided upon request. Please mail your request to the address noted below in response to the question "Do I need an admission ticket to attend the Annual Meeting?"

This Notice of Annual Meeting, Proxy Statement, form of proxy and voting instructions are being mailed starting March 15, 2007.

#### **Do I need a ticket to attend the Annual Meeting?**

You will need an admission ticket or proof of ownership to enter the Meeting. An admission ticket is attached to your proxy card if you hold shares directly in your name as a shareholder of record. If you plan to attend the Annual Meeting, please vote your proxy but keep the admission ticket and bring it with you to the Annual Meeting.

If your shares are held beneficially in the name of a bank, broker or other holder of record and you plan to attend the Meeting, you must present proof of your ownership of Pfizer stock, such as a bank or brokerage account statement, to be admitted to the Meeting. If you would rather have an admission ticket, you can obtain one in advance by mailing a written request, along with proof of your ownership of Pfizer stock, to:

Pfizer Shareholder Services  
235 East 42nd Street, 19th Floor  
New York, NY 10017

Shareholders also must present a form of personal photo identification in order to be admitted to the Meeting.

**No cameras, recording equipment, electronic devices, large bags, briefcases or packages will be permitted in the Meeting.**

#### **Will the Annual Meeting be webcast?**

Our Annual Meeting also will be webcast on April 26, 2007. You are invited to visit [www.pfizer.com](http://www.pfizer.com) at 8:30 a.m., Eastern Daylight Time, on April 26, 2007, to access the Webcast of the Meeting. Registration for the Webcast is required. Pre-registration will be available beginning on April 21, 2007. An archived copy of the Webcast also will be available on our Website through the first week of May.

**Who is entitled to vote at the Annual Meeting?**

Holders of Pfizer common stock at the close of business on March 1, 2007, are entitled to receive this Notice and to vote their shares at the Annual Meeting. As of that date, there were 7,076,827,412 shares of common stock outstanding and entitled to vote. In addition, shares of the Company's Preferred Stock having votes equivalent to 8,343,881 shares of common stock were held by one of the Company's employee benefit plan trusts. Each share of common stock is entitled to one vote on each matter properly brought before the Meeting.

## **What is the difference between holding shares as a shareholder of record and as a beneficial owner?**

If your shares are registered directly in your name with Pfizer's transfer agent, Computershare Trust Company, N.A., you are considered, with respect to those shares, the "shareholder of record." The Notice of Annual Meeting, Proxy Statement, 2006 Financial Report, proxy card and accompanying documents have been sent directly to you by Pfizer.

If your shares are held in a stock brokerage account or by a bank or other holder of record, you are considered the "beneficial owner" of shares held in street name. The Notice of Annual Meeting, Proxy Statement, 2006 Financial Report, proxy card and accompanying documents have been forwarded to you by your broker, bank or other holder of record who is considered, with respect to those shares, the shareholder of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of record on how to vote your shares by using the voting instruction card included in the mailing or by following their instructions for voting by telephone or on the Internet.

## **How do I vote?**

You may vote using any of the following methods:

### **□ *By Mail***

Be sure to complete, sign and date the proxy card or voting instruction card and return it in the prepaid envelope. If you are a shareholder of record and you return your signed proxy card but do not indicate your voting preferences, the persons named in the proxy card will vote the shares represented by that proxy as recommended by the Board of Directors.

If you are a shareholder of record, and the prepaid envelope is missing, please mail your completed proxy card to Pfizer Inc., c/o Proxy Services, Computershare, PO Box 43101, Providence, RI 02940.

### **□ *By telephone or on the Internet***

The telephone and Internet voting procedures established by Pfizer for shareholders of record are designed to authenticate your identity, to allow you to give your voting instructions and to confirm that those instructions have been properly recorded.

You can vote by calling the toll-free telephone number on your proxy card. Please have your proxy card in hand when you call. Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded. **If you are located outside the U.S., Puerto Rico and Canada, see your proxy card for additional instructions.**

The Website for Internet voting is [www.investorvote.com/pfe](http://www.investorvote.com/pfe). Please have your proxy card handy when you go online. As with telephone voting, you can confirm that your instructions have been properly recorded. If you vote on the Internet, you also can request electronic delivery of future proxy materials.

Telephone and Internet voting facilities for shareholders of record will be available 24 hours a day, and will close at 11:59 p.m. Eastern Daylight Time on April 25, 2007.

The availability of telephone and Internet voting for beneficial owners will depend on the voting processes of your broker, bank or other holder of record. Therefore, we recommend that you follow the voting instructions in the materials you receive.

If you vote by telephone or on the Internet, you do not have to return your proxy card or voting instruction card.

### **□ *In person at the Annual Meeting***

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All shareholders may vote in person at the Annual Meeting. You may also be represented by another person at the Meeting by executing a proper proxy designating that person. If you are a beneficial owner of shares, you must obtain a legal proxy from your broker, bank or other holder of record and present it to the inspectors of election with your ballot to be able to vote at the Meeting.

Your vote is important. You can save us the expense of a second mailing by voting promptly.

**What can I do if I change my mind after I vote my shares?**

If you are a shareholder of record, you can revoke your proxy before it is exercised by:

- written notice to the Secretary of the Company;
- timely delivery of a valid, later-dated proxy or a later-dated vote by telephone or on the Internet; or
- voting by ballot at the Annual Meeting.

If you are a beneficial owner of shares, you may submit new voting instructions by contacting your bank, broker or other holder of record. You may also vote in person at the Annual Meeting if you obtain a legal proxy as described in the answer to the previous question.

All shares that have been properly voted and not revoked will be voted at the Annual Meeting.

**What shares are included on the proxy card?**

If you are a shareholder of record you will receive only one proxy card for all the shares you hold:

- in certificate form
- in book-entry form
- in book-entry form in the Pfizer Shareholder Investment Program

and if you are a Pfizer employee:

- in the Pfizer Savings Plan
- in the Pharmacia Savings Plan
- in the Pfizer Inc. Employee Benefit Trust.

If you are a U.S. Pfizer employee who currently has outstanding stock options, you are entitled to give voting instructions on a portion of the shares held in the Pfizer Inc. Employee Benefit Trust (the Trust). Your proxy card will serve as a voting instruction card for the trustee.

If you do not vote your shares or specify your voting instructions on your proxy card, the administrators of the Pfizer Savings Plan and of the Pharmacia Savings Plan (collectively, the Plans) or the trustee of the Trust will vote your shares in the same proportion as the shares for which voting instructions have been received. **To allow sufficient time for voting by the trustee of the Trust and the administrators of the Plans, your voting instructions must be received by April 23, 2007.**

If you hold Pfizer shares through any other Company plan, you will receive voting instructions from that plan's administrator.

If you are a beneficial owner, you will receive voting instructions, and information regarding consolidation of your vote, from your bank, broker or other holder of record.

**What is "householding" and how does it affect me?**

We have adopted a procedure approved by the Securities and Exchange Commission ("SEC") called "householding." Under this procedure, shareholders of record who have the same address and last name and do not participate in electronic delivery of proxy materials will receive only one copy of our Notice of Annual Meeting, Proxy Statement, Financial Report and accompanying documents, unless one or more of these shareholders notifies us that they

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wish to continue receiving individual copies. This procedure will reduce our printing costs and postage fees.

Shareholders who participate in householding will continue to receive separate proxy cards. Also, householding will not in any way affect dividend check mailings.

If you are eligible for householding, but you and other shareholders of record with whom you share an address currently receive multiple copies of the Notice of Annual Meeting, Proxy Statement and accompanying documents, or if you hold stock in more than one account, and in either case you wish to receive only a single copy of each of these documents for your household, please contact our transfer agent, Computershare Trust Company, N.A. (in writing: 250 Royall Street, Canton, MA 02021; by telephone: in the U.S., Puerto Rico and Canada, 1-800-733-9393; outside the U.S., Puerto Rico and Canada, 1-781-575-4591).

If you participate in householding and wish to receive a separate copy of this Notice of Annual Meeting, Proxy Statement and the accompanying documents, or if you do not wish to participate in householding and prefer to receive separate copies of these documents in the future, please contact Computershare as indicated above.

Beneficial owners can request information about householding from their banks, brokers or other holders of record.

**Is there a list of shareholders entitled to vote at the Annual Meeting?**

The names of shareholders of record entitled to vote at the Annual Meeting will be available at the Annual Meeting and for ten days prior to the Meeting for any purpose germane to the meeting, between the hours of 8:45 a.m. and 4:30 p.m., at our principal executive offices at 235 East 42nd Street, New York, New York, by contacting the Secretary of the Company.

**What are the voting requirements to elect the Directors and to approve each of the proposals discussed in this Proxy Statement?**

<b>Proposal</b>	<b>Vote Required</b>	<b>Discretionary Voting Allowed?</b>
Election of Directors	Plurality	Yes
Ratification of KPMG	Majority	Yes
Shareholder Proposals	Majority	No

The presence of the holders of a majority of the outstanding shares of common stock entitled to vote at the Annual Meeting, present in person or represented by proxy, is necessary to constitute a quorum. Abstentions and broker non-votes are counted as present and entitled to vote for purposes of determining a quorum. A broker non-vote occurs when a bank, broker or other holder of record holding shares for a beneficial owner does not vote on a particular proposal because that holder does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner.

If you are a beneficial owner, your bank, broker or other holder of record is permitted to vote your shares on the election of Directors and the ratification of KPMG LLP as our independent registered public accounting firm, even if the record holder does not receive voting instructions from you. The record holder may not vote on any of the shareholder proposals absent instructions from you. Without your voting instructions, a broker non-vote will occur.

**Election of Directors**

A plurality of the votes cast is required for the election of Directors. This means that the Director nominee with the most votes for a particular slot is elected for that slot. You may vote for or withheld with respect to the election of directors. Only votes for or withheld are counted in determining whether a plurality has been cast in favor of a Director. Abstentions are not counted for purposes of the election of Directors.

**Majority Vote Policy**

Our Corporate Governance Principles, which appear later in this Proxy Statement, set forth our procedures if a director-nominee is elected, but receives a majority of withheld votes. In an uncontested election, any nominee for Director who receives a greater number of votes withheld from his or her election than votes for such election is required to tender his or her resignation following certification of the shareholder vote.

The Corporate Governance Committee is required to make recommendations to the Board with respect to any such letter of resignation. The Board is required to take action with respect to this recommendation and to disclose their decision-making process. Full details of this Policy are set out in our Corporate Governance Principles and



under Item 1 Election of Directors.

**Ratification of KPMG**

Under the Company's By-laws, the votes cast for must exceed the votes cast against to approve the ratification of KPMG LLP as our independent registered public accounting firm. Abstentions and, if applicable, broker non-votes, are not counted as votes for or against these proposals.

**□ Shareholder Proposals**

The votes cast for must exceed the votes cast against each of the shareholder proposals. Abstentions and, if applicable, broker non-votes, are not counted as votes for or against these proposals.

**Could other matters be decided at the Annual Meeting?**

At the date this Proxy Statement went to press, we did not know of any matters to be raised at the Annual Meeting other than those referred to in this Proxy Statement.

If you have returned your signed and completed proxy card and other matters are properly presented at the Annual Meeting for consideration, the Proxy Committee appointed by the Board of Directors (the persons named in your proxy card if you are a shareholder of record) will have the discretion to vote on those matters for you.

**Can I access the Notice of Annual Meeting, Proxy Statement, 2006 Financial Report and accompanying documents on the Internet?**

The Notice of Annual Meeting, Proxy Statement, 2006 Financial Report, Peer Group Performance Graph and the 2006 Annual Review, are available on our Website at [www.pfizer.com](http://www.pfizer.com). Instead of receiving future copies of our Proxy Statement and Annual Report materials by mail, most shareholders can elect to receive an e-mail that will provide electronic links to them. Opting to receive your proxy materials online will save us the cost of producing and mailing documents to your home or business, and also will give you an electronic link to the proxy voting site.

*Shareholders of Record:* If you vote on the Internet at [www.investorvote.com/pfe](http://www.investorvote.com/pfe), simply follow the prompts for enrolling in the electronic proxy delivery service. You also may enroll in the electronic proxy delivery service at any time in the future by going directly to [www.computershare.com/us/ecomms](http://www.computershare.com/us/ecomms) and following the enrollment instructions.

*Beneficial Owners:* If you hold your shares in a brokerage account, you also may have the opportunity to receive copies of these documents electronically. Please check the information provided in the proxy materials mailed to you by your bank or other holder of record regarding the availability of this service.

**Who will pay for the cost of this proxy solicitation?**

We will pay the cost of soliciting proxies. Proxies may be solicited on our behalf by Directors, officers or employees in person or by telephone, electronic transmission and facsimile transmission. We have hired Morrow & Co. to distribute and solicit proxies. We will pay Morrow & Co. a fee of \$35,000, plus reasonable expenses, for these services.

**Who will count the vote?**

Representatives of our transfer agent, Computershare Trust Company, N.A., will tabulate the votes and act as inspectors of election.

## GOVERNANCE OF THE COMPANY

### Our Corporate Governance Principles

#### Role and Composition of the Board of Directors

**1. General.** The Board of Directors, which is elected by the shareholders, is the ultimate decision-making body of the Company except with respect to those matters reserved to the shareholders. It selects the senior management team, which is charged with the conduct of the Company's business. Having selected the senior management team, the Board acts as an advisor and counselor to senior management and ultimately monitors its performance.

**2. Succession Planning.** The Board also plans for succession to the position of Chairman of the Board and Chief Executive Officer as well as certain other senior management positions. To assist the Board, the Chairman and CEO annually provides the Board with an assessment of senior managers and of their potential to succeed him or her. He or she also provides the Board with an assessment of persons considered potential successors to certain senior management positions.

**3. Chairman and CEO.** It is the policy of the Company that the positions of Chairman of the Board and Chief Executive Officer be held by the same person, except in unusual circumstances. This combination has served the Company well over a great many years. The function of the Board in monitoring the performance of the senior management of the Company is fulfilled by the presence of outside Directors of stature who have a substantive knowledge of the business.

**4. Director Independence.** It is the policy of the Company that the Board consist of a majority of independent Directors. The Corporate Governance Committee of the Board has established Director Qualification Standards to assist it in determining director independence, which either meet or exceed the independence requirements of the New York Stock Exchange (NYSE) corporate governance listing standards. The Board will consider all relevant facts and circumstances in making an independence determination, and not merely from the standpoint of the Director, but also from that of persons or organizations with which the director has an affiliation.

**5. Board Size.** It is the policy of the Company that the number of Directors not exceed a number that can function efficiently as a body. The Corporate Governance Committee considers and makes recommendations to the Board concerning the appropriate size and needs of the Board. The Corporate Governance Committee considers candidates to fill new positions created by expansion and vacancies that occur by resignation, by retirement or for any other reason.

**6. Selection Criteria.** Candidates are selected for, among other things, their integrity, independence, diversity of experience, leadership and their ability to exercise sound judgment. Scientific expertise, prior government service and experience at policy-making levels involving issues affecting business, government, education, technology, as well as areas relevant to the Company's global business are among the most significant criteria. Final approval of a candidate is determined by the full Board.

**7. Voting for Directors.** In an uncontested election, any nominee for Director who receives a greater number of votes withheld from his or her election than votes for such election (a Majority Withheld Vote) shall promptly tender his or her resignation following certification of the shareholder vote.

The Corporate Governance Committee shall promptly consider the resignation offer and a range of possible responses based on the circumstances that led to the Majority Withheld Vote, if known, and make a recommendation to the Board. The Board will act on the Corporate Governance Committee's recommendation within 90 days following certification of the shareholder vote.

Thereafter, the board will promptly disclose its decision-making process and decision regarding whether to accept the Director's resignation offer (or the reason(s) for rejecting the resignation offer, if applicable) in a Form 8-K furnished to the Securities and Exchange Commission.

Any Director who tenders his or her resignation pursuant to this provision shall not participate in the Corporate Governance Committee recommendation or Board action regarding whether to accept the resignation offer.

However, if each member of the Corporate Governance Committee received a Majority Withheld Vote at the same election, then the independent Directors who did not receive a Majority Withheld Vote shall appoint a committee amongst themselves to consider the resignation offers and recommend to the Board whether to accept them.

However, if the only Directors who did not receive a Majority Withheld Vote in the same election constitute three or fewer Directors, all Directors may participate in the action regarding whether to accept the resignation offers.

**8. Director Service on Other Public Boards.** Ordinarily, Directors should not serve on more than four other boards of public companies in addition to the Company's Board. Current positions in excess of these limits may be maintained unless the Board of Directors determines that doing so would impair the Director's service on the Company's Board.

**9. Former CEO as Director.** Effective 2001, upon retirement from the Company, the former CEO will not retain Board membership.

**10. Change in Director Occupation.** When a Director's principal occupation or business association changes substantially during his or her tenure as a Director, that Director shall tender his or her resignation for consideration by the Corporate Governance Committee. The Corporate Governance Committee will recommend to the Board the action, if any, to be taken with respect to the resignation.

**11. Director Compensation.** The Corporate Governance Committee annually reviews the compensation of Directors.

**12. Ownership Requirements.** All non-employee Directors are required to hold at least \$300,000 worth of Pfizer stock, and/or the units issued as compensation for Board service, while serving as a Director of the Company. New Directors will have five years to attain this ownership threshold. Shares or units held by a Director under any deferral plan, are included in calculating the value of ownership to determine whether this minimum ownership requirement has been met.

**13. Director Retirement.** Directors are required to retire from the Board when they reach the age of 72.

**14. Board and Committee Self-Evaluation.** The Board, and each Committee, are required to conduct a self-evaluation of their performance at least annually.

**15. Term Limits.** The Board does not endorse arbitrary term limits on Directors' service, nor does it believe in automatic annual re-nomination until Directors reach the mandatory retirement age. The Board self-evaluation process is an important determinant for continuing service.



**16. Committees.** It is the general policy of the Company that all major decisions be considered by the Board as a whole. As a consequence, the Committee structure of the Board is limited to those Committees considered to be basic to, or required for, the operation of a publicly owned company. Currently these Committees are the Executive Committee, Audit Committee, Compensation Committee, Corporate Governance Committee and Science and Technology Committee.

The members and chairs of these Committees are recommended to the Board by the Corporate Governance Committee. The Audit Committee, Compensation Committee and Corporate Governance Committee are made up of only independent Directors. The membership of these Committees is rotated from time to time. In addition to the requirement that a majority of the Board satisfy the independence standards noted above in Paragraph 4, Director Independence, members of the Audit Committee also must satisfy an additional NYSE independence standard. Specifically, they may not accept directly or indirectly any consulting, advisory or other compensatory fee from Pfizer or any of its subsidiaries other than their Director compensation. As a matter of policy, the Board also will apply a separate and heightened independence standard to members of both the Compensation and Corporate Governance Committees. No member of either Committee may be a partner, member or principal of a law firm, accounting firm or investment banking firm that accepts consulting or advisory fees from Pfizer or any of its subsidiaries.

**17. Director Orientation and Continuing Education.** In furtherance of its policy of having major decisions made by the Board as a whole, the Company has a full orientation and continuing education process for Board members that includes extensive materials, meetings with key management and visits to Company facilities.

**18. CEO Performance Goals and Annual Evaluation.** The Compensation Committee is responsible for setting annual and long-term performance goals for the Chairman and CEO and for evaluating his or her performance against such goals. The Committee meets annually with the Chairman and CEO to receive his or her recommendations concerning such goals. Both the goals and the evaluation are then submitted for consideration by the outside Directors of the Board at a meeting or executive session of that group. The Committee then meets with the Chairman and CEO to evaluate his or her performance against such goals.

**19. Senior Management Performance Goals.** The Compensation Committee also is responsible for setting annual and long-term performance goals and compensation for the direct reports to the Chairman and CEO. These decisions are approved or ratified by action of the outside Directors of the Board at a meeting or executive session of that group.

**20. Communication with Stakeholders.** The Chairman and CEO is responsible for establishing effective communications with the Company's stakeholder groups, i.e., shareholders, customers, company associates, communities, suppliers, creditors, governments and corporate partners.

It is the policy of the Company that management speaks for the Company. This policy does not preclude outside Directors, including the Lead Independent Director, from meeting with shareholders, but it is suggested that in most circumstances any such meetings be held with management present.

**21. Annual Meeting Attendance.** All Board members are expected to attend our Annual Meeting of Shareholders unless an emergency prevents them from doing so.

## Board Functions

**22. Agenda.** The Chairman of the Board and Chief Executive Officer sets the agenda for Board meetings with the understanding that the Board is responsible for providing suggestions for agenda items that are aligned with the advisory and monitoring functions of the Board. Agenda items that fall within the scope of responsibilities of a Board Committee are reviewed with the chair of that Committee. Any member of the Board may request that an item be included on the agenda.

**23. Board Materials.** Board materials related to agenda items are provided to Board members sufficiently in advance of Board meetings to allow the Directors to prepare for discussion of the items at the meeting.

**24 Board Meetings.** At the invitation of the Board, members of senior management recommended by the Chairman and CEO attend Board meetings or portions thereof for the purpose of participating in discussions. Generally, presentations of matters to be considered by the Board are made by the manager responsible for that area of the Company's operations.

**25. Director Access to Corporate and Independent Advisors.** In addition, Board members have free access to all other members of management and employees of the Company and, as necessary and appropriate, Board members may consult with independent legal, financial and accounting advisors to assist in their duties to the Company and its shareholders.

**26. Executive Sessions.** Executive sessions or meetings of outside Directors without management present are held regularly (at least four times a year) to review the report of the independent registered public accounting firm, the criteria upon which the performance of the Chairman and CEO and other senior managers is based, the performance of the Chairman and CEO against such criteria, the compensation of the Chairman and CEO and other senior managers, and any other relevant matter. Meetings are held from time to time with the Chairman and CEO for a general discussion of relevant subjects.

**27. Lead Independent Director.** It is the policy of the Company that a Lead Independent Director shall be elected annually to preside over executive sessions of Pfizer's independent Directors, facilitate information flow and communication between the Directors and the Chairman, and to perform such other duties specified by the Board and outlined in the Charter of the Lead Independent Director.

**28. Annual Board Self-Evaluation.** The Board, under the direction of the Corporate Governance Committee, will prepare an annual performance self-evaluation.

## Committee Functions

**29. Independence.** The Audit, Compensation and Corporate Governance Committees consist only of independent Directors.

**30. Meeting Conduct.** The frequency, length and agenda of meetings of each of the Committees are determined by the chair of the Committee. Sufficient time to consider the agenda items is provided. Materials related to agenda items are provided to the Committee members sufficiently in advance of the meeting where necessary to allow the members to prepare for discussion of the items at the meeting.

**31. Scope of Responsibilities.** The responsibilities of each of the Committees are determined by the Board from time to time.

**32. Annual Committee Self-Evaluation.** Each Committee is responsible for preparing an annual performance self-evaluation.

## Policy on Poison Pills

**33. Expiration of Rights Agreement.** The Board amended Pfizer's Rights Agreement, or "Poison Pill," to cause the Agreement to expire on December 31, 2003. The term Poison Pill refers to a type of shareholder rights plan that some companies adopt to provide an opportunity for negotiation during a hostile takeover attempt.

The Board has adopted a statement of policy that it shall seek and obtain shareholder approval before adopting a Poison Pill; provided, however, that the Board may determine to act on its own to adopt a Poison Pill, if, under the circumstances, the Board, including the majority of the independent members of the Board, in its exercise of its fiduciary responsibilities, deems it to be in the best interest of Pfizer's shareholders to adopt a Poison Pill without the delay in adoption that would come from the time reasonably anticipated to seek shareholder approval.

If the Board were ever to adopt a Poison Pill without prior shareholder approval, the Board would either submit the Poison Pill to shareholders for ratification, or would cause the Poison Pill to expire within one year.

The Corporate Governance Committee will review this Poison Pill policy statement on an annual basis, including the stipulation which addresses the Board's fiduciary responsibility to act in the best interest of the shareholders without prior shareholder approval, and report to the Board any recommendations it may have concerning the policy.

## Periodic Review of Corporate Governance Principles

**34.** These principles are reviewed by the Board at least annually.

## Pfizer Corporate Governance Website

From time to time we revise our Corporate Governance Principles in response to changing regulatory requirements, evolving best practices and the concerns of our shareholders and other constituents. Our Corporate Governance Principles are published on our Website at [http://pfizer.com/pfizer/are/mn\\_investors\\_corporate.jsp](http://pfizer.com/pfizer/are/mn_investors_corporate.jsp).

In addition to our Corporate Governance Principles, other information relating to corporate governance at Pfizer, is available on our Website, including:

- Board of Directors' Background and Experience
- Board Committees' Description of Committees, Charters and Current Members
- Charter of Lead Independent Director
- Code of Business Conduct and Ethics for Directors
- How to Communicate with Our Directors
- Director Qualification Standards
- Board Policy on Executive Pension Benefits
- Certifications of Chief Executive Officer and Chief Financial Officer
- Standards of Business Conduct for all Pfizer colleagues, including our Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer
- Political Action Committee Report
- By-Laws of Pfizer Inc.



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- Restated Certificate of Incorporation
- Frequently Asked Questions about Pfizer Corporate Governance

We will provide any of the foregoing information without charge upon written request to Margaret M. Foran, Senior Vice President-Corporate Governance, Associate General Counsel and Corporate Secretary, Pfizer Inc., 235 East 42nd Street, New York, NY 10017-5755.

## Governance Information

### Executive Sessions of Directors

Executive sessions or meetings of outside (non-management) Directors without management present are held regularly (at least four times a year) to review the report of the independent registered public accounting firm, the criteria upon which the performance of the Chairman and CEO and other senior managers is based, the performance of the Chairman and CEO against such criteria, the compensation of the Chairman and CEO and other senior managers and any other relevant matter. Meetings are held from time to time with the Chairman and CEO for a general discussion of relevant subjects. In 2006, the Directors met in executive session eight times.

### Lead Independent Director

The Pfizer Board of Directors has elected a non-management director to serve in a lead capacity (□Lead Independent Director□) to coordinate the activities of the other non-management directors, and to perform such other duties and responsibilities as the Board of Directors may determine. Stanley O. Ikenberry served as Lead Independent Director until February 22, 2007. Constance J. Horner was elected to serve as Lead Independent Director effective February 23, 2007.

The role of the Lead Independent Director includes:

- presiding at executive sessions, with the authority to call meetings of the independent directors;
- functioning as principal liaison on Board- wide issues between the independent directors and the Chairman;
- participating in the flow of information to the Board, i.e., meeting agenda items and meeting schedules to assure that there is sufficient time for discussion of all items;
- recommending to the Chairman the retention of outside advisors and consultants who report directly to the Board of Directors; and
- if requested by shareholders, ensuring that he/she is available, when appropriate, for consultation and direct communication.

The Charter of the Lead Independent Director is found in this proxy statement as Annex 6 and on our Website at [http://pfizer.com/pfizer/are/mn\\_investors\\_corporate.jsp](http://pfizer.com/pfizer/are/mn_investors_corporate.jsp).

### Communications with Directors

Shareholders and other interested parties may communicate with the Lead Independent Director or the Chairs of our Audit, Compensation and Corporate Governance Committees on board-related issues by sending an e-mail to the appropriate address below:

- [leaddirector@ pfizer.com](mailto:leaddirector@pfizer.com)
- [auditchair@ pfizer.com](mailto:auditchair@ pfizer.com)
- [compchair@ pfizer.com](mailto:compchair@ pfizer.com) or
- [corpgovchair@ pfizer.com](mailto:corpgovchair@ pfizer.com).

You also may write to any of the Committee Chairs or to the outside Directors as a group c/o Margaret M. Foran, Senior Vice President□Corporate Governance, Associate General Counsel and Corporate Secretary at Pfizer Inc., 235 East 42nd Street, New York, New York 10017.

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Relevant communications are distributed to the Board, or to any individual Director or Directors as appropriate, depending on the facts and circumstances outlined in the communication. In that regard, the Pfizer Board of Directors has requested that certain items that are unrelated to the duties and responsibilities of the Board should be excluded, such as:

- business solicitations or advertisements
- junk mail and mass mailings
- new product suggestions
- product complaints
- product inquiries
- resumes and other forms of job inquiries
- spam
- surveys

In addition, material that is unduly hostile, threatening, illegal or similarly unsuitable will be excluded, with the provision that any communication that is filtered out must be made available to any outside Director upon request.

### **Director Qualification Standards**

Pursuant to New York Stock Exchange listing standards, our Board of Directors has adopted a formal set of categorical Director Qualification Standards with respect to the determination of Director independence, which either meet or exceed the independence requirements of the New York Stock Exchange corporate governance listing standards. In accordance with our Standards, a Director must be determined to have no material relationship with the Company other than as a Director. The Standards specify the criteria by which the independence of our Directors will be determined, including strict guidelines for Directors and their immediate families with respect to past employment or affiliation with the Company or its independent registered public accounting firm. The Standards also prohibit Audit Committee members from having any direct or indirect financial relationship with the Company, and restrict both commercial and not-for-profit relationships of all Directors with the Company. Directors may not be given personal loans or extensions of credit by the Company, and all Directors are required to deal at arm's length with the Company and its subsidiaries, and to disclose any circumstance that might be perceived as a conflict of interest.

### **Director Independence**

With the assistance of legal counsel to the Company, the Corporate Governance Committee reviewed the applicable legal standards for Board member and Board committee independence, our Director Qualification Standards, and the criteria applied to determine "audit committee financial expert" status. The committee also reviewed a summary of the answers to annual questionnaires completed by each of the Independent Directors and a report of transactions with Director affiliated entities. On the basis of this review, the Corporate Governance Committee delivered a report to the full Board of Directors and the Board made its independence and "audit committee financial expert" determinations based upon the Corporate Governance Committee's report and the supporting information.

As a result of this review, the Board affirmatively determined that the following Directors nominated for election at the annual meeting are independent of the Company and its management under the standards set forth in the *Director Qualification Standards*: Drs. Dennis A. Ausiello, Michael S. Brown, Dana G. Mead; Ms. Constance J. Horner, Messrs. M. Anthony Burns, Robert N. Burt, W. Don Cornwell, William H. Gray III, William R. Howell and George A. Lorch; and that Mr. Jeffrey B. Kindler and Mr. William C. Steere, Jr. are not independent under these Standards. Mr. Kindler is not considered an independent outside Director because of his employment as Chairman and Chief Executive Officer of the Company. Mr. Steere is not considered an independent outside Director as a result of his former status as Chairman and Chief Executive Officer of the Company.

In making these determinations, the Board considered that in the ordinary course of business, transactions may occur between the Company and its subsidiaries and companies or other entities at which some of our Directors are or have been officers. Under Pfizer's Director Qualification Standards, business transactions meeting the following criteria are not considered to be material transactions that would impair a director's independence:

- The director is an employee or executive officer of another company that does business with Pfizer and our annual sales to or purchases from that company in each of the last three fiscal years are in an amount less than 1% of the annual revenues of the company in which the director serves, or our indebtedness to that company or that company's indebtedness to Pfizer is an amount less than 1% of the total consolidated assets of the company in which the director serves.

There was no indebtedness in 2006 between Pfizer and any entity with which a Director is affiliated.

Dr. Ausiello and Dr. Brown are employed at medical institutions with which Pfizer engages in ordinary course of business transactions. Mr. Cornwell is an executive officer and Chairman of a corporation with which Pfizer engages in ordinary course of business transactions. We reviewed all transactions with each of these entities and found that these transactions were made in the ordinary course of business and were below the threshold set forth in our Director Qualification Standards of 1% of the annual revenues of these entities in each of the last three years.

Under Pfizer's Director Qualification Standards, contributions to not-for-profit entities in which a director of the Company, or a director's spouse, serves as an executive officer, amounting to less than two percent (or \$1,000,000, whichever is greater) of that organization's latest publicly available total revenues, will not serve as a bar to the director's independence. None of the Directors or their spouses are executive officers of not-for-profit organizations to which Pfizer contributes. Nonetheless, the Board reviewed charitable contributions to not-for-profit organizations with which our Directors or spouses are affiliated. None of the transactions reported approached the levels set forth in our Director Qualification Standards.

The full text of our *Director Qualification Standards* is attached as Annex 1 to this Proxy Statement. These Standards also are published on our Website at [http://pfizer.com/pfizer/are/mn\\_investors\\_corporate.jsp](http://pfizer.com/pfizer/are/mn_investors_corporate.jsp).

### **Criteria for Board Membership**

To fulfill its responsibility to recruit and recommend to the full Board nominees for election as Directors, the Corporate Governance Committee reviews the composition of the full Board to determine the qualifications and areas of expertise needed to further enhance the composition of the Board and works with management in attracting candidates with those qualifications. Appropriate criteria for Board membership include the following:

- Members of the Board should be individuals of high integrity and independence, substantial accomplishments, and have prior or current association with institutions noted for their excellence.
- Members of the Board should have demonstrated leadership ability, with broad experience, diverse perspectives, and the ability to exercise sound business judgment.
- The background and experience of members of the Board should be in areas important to the operation of the Company such as business, education, finance, government, law, medicine or science.
- The composition of the Board should reflect sensitivity to the need for diversity as to gender, ethnic background and experience.

In addition, pursuant to our Corporate Governance Principles, the Committee considers the number of other boards of public companies on which a candidate serves. Moreover, Directors are expected to act ethically at all times and adhere to the Company's Code of Business Conduct and Ethics for members of the Board of Directors.

The Governance Committee currently retains two third party search firms to assist the Committee members in identifying and evaluating potential nominees for the Board. A third-party search firm initially identified Dr. Ausiello as a Board candidate to the Corporate Governance Committee and after a screening process and recommendation by the Committee, the Board elected Dr. Ausiello as a new director effective December 1, 2006.

The Committee considers candidates for Director suggested by our shareholders, provided that the recommendations are made in accordance with the procedures required under our By-laws and described in this Proxy Statement under the heading "Requirements, Including Deadlines, for Submission of Proxy Proposals, Nomination of Directors and Other Business of Shareholders." Shareholder nominees whose nominations comply with these procedures and who meet the criteria

outlined above, in the Committee's Charter, and in our Corporate Governance Principles, will be evaluated by the Corporate Governance Committee in the same manner as the Committee's nominees.

### **Pfizer Policies on Business Ethics and Conduct**

All of our employees, including our Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer (Officers), are required to abide by Pfizer's Policies on Business Conduct to ensure that our business is conducted in a consistently legal and ethical manner. These Policies form the foundation of a comprehensive process that includes compliance with all corporate policies and procedures, an open relationship among colleagues that contributes to good business conduct, and the high integrity level of our employees. Our Policies and procedures cover all areas of professional conduct, including employment policies, conflicts of interest, intellectual property and the protection of confidential information, as well as strict adherence to all laws and regulations applicable to the conduct of our business.

Employees are required to report any conduct that they believe in good faith to be an actual or apparent violation of Pfizer's Policies on Business Conduct. The Sarbanes-Oxley Act of 2002 requires audit committees to have procedures to receive, retain and treat complaints received regarding accounting, internal accounting controls or auditing matters and to allow for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters. We have such procedures in place. In addition, the Pfizer Policy regarding Compliance with SEC Attorney Conduct Rules requires all Pfizer lawyers to report to the appropriate persons at the Company evidence of any actual, potential or suspected material violation of state or federal law or breach of fiduciary duty by Pfizer or any of its officers, Directors, employees or agents.

### **Code of Conduct for Directors**

The members of our Board of Directors also are required to comply with a Code of Business Conduct and Ethics (the Code). The Code is intended to focus the Board and the individual Directors on areas of ethical risk, help Directors recognize and deal with ethical issues, provide mechanisms to report unethical conduct, and foster a culture of honesty and accountability. The Code covers all areas of professional conduct relating to service on the Pfizer Board, including conflicts of interest, unfair or unethical use of corporate opportunities, strict protection of confidential information, compliance with all applicable laws and regulations and oversight of ethics and compliance by employees of the Company.

The full texts of both Pfizer's Policies on Business Conduct and of the Code of Business Conduct and Ethics for our Directors are published on our Website at [http://pfizer.com/pfizer/are/mn\\_investors\\_corporate.jsp](http://pfizer.com/pfizer/are/mn_investors_corporate.jsp). We will disclose any future amendments to, or waivers from, certain provisions of these ethical policies and standards for Officers and Directors on our Website within two business days following the date of such amendment or waiver.

## Board and Committee Membership

Our business, property and affairs are managed under the direction of our Board of Directors. Members of our Board are kept informed of our business through discussions with our Chairman and Chief Executive Officer and other officers, by reviewing materials provided to them, by visiting our offices and plants and by participating in meetings of the Board and its Committees.

All Board members are expected to attend our Annual Meetings of Shareholders, unless an emergency prevents them from doing so. At our 2006 Annual Meeting, all members of the Board were present.

During 2006, the Board of Directors met nine times and had five Committees. Those Committees consisted of an Audit Committee, a Corporate Governance Committee, a Compensation Committee, a Science and Technology Committee and an Executive Committee. Each of our incumbent Directors attended at least 90 percent of the regularly scheduled and special meetings of the Board and Board Committees on which they served in 2006.

The table below provides 2006 membership and meeting information for each of the Board Committees.

Name	Audit	Corporate Governance	Compensation	Science & Technology	Executive
Dr. Ausiello <sup>(1)</sup>				X	
Dr. Brown		X		X*	
Mr. Burns	X				X
Mr. Burt			X		
Mr. Cornwell	X				
Mr. Gray		X			
Ms. Horner		X*			X
Mr. Howell	X*				
Dr. Ikenberry <sup>(2)</sup>			X	X	X
Mr. Kindler <sup>(3)</sup>					X*
Mr. Lorch			X		
Dr. McKinnell <sup>(4)</sup>					
Dr. Mead			X*	X	
Dr. Simmons <sup>(5)</sup>		X			
Mr. Steere				X	
2006 Meetings	12	10	16	1	0
* Committee Chair					

(1) Dr. Ausiello was elected to the Board of Directors on December 1, 2006.

(2) Dr. Ikenberry will retire from the Board as of March 22, 2007.

(3) Mr. Kindler was elected to the Board of Directors and appointed Chairman of the Executive Committee effective July 31, 2006.

(4) Dr. McKinnell has retired from the Board as of February 28, 2007.

(5) Dr. Simmons will not stand for re-election at the 2007 Meeting of Shareholders.

### The Audit Committee

The Audit Committee is comprised of independent directors and is governed by a Board-approved charter stating its responsibilities. The Audit Committee met 12 times in 2006. Under its Charter, the Audit Committee is responsible for reviewing with the independent registered public accounting firm, Internal Audit and management the adequacy and effectiveness of internal controls over financial reporting. The Committee reviews and consults with management, the internal auditors and the independent registered public accounting firm on matters related to the annual audit, the published financial statements, earnings releases and the accounting principles applied. The Audit Committee is also responsible for appointing,

retaining and evaluating the Company's independent auditors. The Committee is directly responsible for the compensation, retention and oversight of the Company's independent auditors and evaluates the independent auditors' qualifications, performance and independence. The Committee reviews reports from management relating to the status of compliance with laws, regulations and internal procedures.

The Committee is also responsible for reviewing and discussing with management the Company's policies with respect to risk assessment and risk management.

The Audit Committee has established policies and procedures for the pre-approval of all services provided by the independent auditors. The Audit Committee has also established procedures for the receipt, retention and treatment, on a confidential basis, of complaints received by the Company. Further detail about the role of the Audit Committee may be found in the section entitled "Audit Committee Report" later in this Proxy Statement.

A copy of the Audit Committee Charter is attached as Annex 2 to this Proxy Statement, and is also available on our Website at [http://pfizer.com/pfizer/are/mn\\_investors\\_corporate.jsp](http://pfizer.com/pfizer/are/mn_investors_corporate.jsp).

### **Audit Committee Financial Experts**

The Board of Directors has determined that each of the members of the Audit Committee—Mr. Howell, Mr. Cornwell and Mr. Burns—is an "audit committee financial expert" for purposes of the SEC's rules.

The Board of Directors also has determined that each of the members of the Audit Committee is independent, as defined by the rules of the New York Stock Exchange.

### **The Corporate Governance Committee**

The Corporate Governance Committee is comprised of independent directors and is governed by a Board-approved charter stating its responsibilities. The Corporate Governance Committee met 10 times in 2006. Under the terms of its Charter, the Corporate Governance Committee is responsible for ma