

PFIZER INC  
Form DEF 14A  
March 14, 2013

**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**

Filed by the Registrant  x

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 14a-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

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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Proxy Statement for  
**2013 Annual Meeting**  
**of Shareholders**  
2012 Financial Report<sup>1</sup>

The 2012 Financial Report is not included in this filing. The portions of the 2012 Financial Report that are incorporated by reference in our Annual Report on Form 10-K for the fiscal year ended December 31, 2012, as amended by our Annual Report on Form 10-K/A (the 2012 Form 10-K/A ) were filed, and the other portions of the 2012 Financial Report were furnished, solely for the information of the SEC on Exhibit 13 to the 2012 Form 10-K/A. The 2012 Financial Report is contained in Appendix A to the Proxy Statement being mailed to our shareholders beginning on or about March 14, 2013. The Letter to Shareholders and Corporate and Shareholder Information contained in the materials being mailed to our shareholders beginning on or about March 14, 2013 are not included in this filing.

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## **VOTING**

Shareholders will vote on the following items at the Annual Meeting:

- the election of Directors;
- the ratification of the selection of our independent registered public accounting firm;
- the advisory approval of our executive compensation program; and
- shareholder proposals.

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 method(s) available to you. If you vote by telephone or on the Internet, you do not need to return your proxy card.

## **PFIZER'S ANNUAL REVIEW AVAILABLE ONLINE**

Since Pfizer is working hard to be a greener company, we no longer print paper copies of the Pfizer Annual Review. If you would like to view the 2012 Annual Review, visit [www.pfizer.com/annual](http://www.pfizer.com/annual).

## **HOUSEHOLDING**

If you and other Pfizer shareholders living in your household do not receive your proxy materials electronically, you may opt to receive only one copy of future proxy statements and financial reports. Please see [What is householding and how does it affect me?](#) under [Annual Meeting Information Questions and Answers about the Annual Meeting and Voting](#) for more information on this important shareholder program.

## **ANNUAL MEETING ATTENDANCE**

To be admitted to the Annual Meeting, you must present an admission ticket or proof of ownership of Pfizer stock, as well as a form of government-issued photo identification. If you are a shareholder of record, your admission ticket is attached to your proxy card or the [Notice of Internet Availability of Proxy Materials](#) referred to below. If your shares are held in the name of a broker, bank or other holder of record, you must bring a brokerage statement or other proof of ownership with you to the Meeting. For further details, please see [What do I need to do to attend the Annual Meeting?](#) under [Annual Meeting Information Questions and Answers about the Annual Meeting and Voting](#).

## **NOTICE AND ACCESS; ELECTRONIC DELIVERY OF PROXY MATERIALS**

We are distributing our proxy materials to certain shareholders via the Internet under the Notice and Access rules of the Securities and Exchange Commission. This approach saves natural resources and reduces the cost to print and distribute the proxy materials, while providing a convenient way to access the materials and vote. On March 14, 2013, we mailed a Notice of Internet Availability of Proxy Materials to participating shareholders, containing instructions on how to access the proxy materials on the Internet.

Shareholders who are not participating in Notice and Access can still help us reduce costs and conserve resources by opting to receive future proxy materials electronically. Shareholders of record may enroll in the electronic proxy delivery service at any time by going directly to [www.computershare-na.com/green](http://www.computershare-na.com/green). Beneficial owners should contact their broker, bank or other holder of record regarding the availability of this service. We encourage all of our shareholders to consider this option and help us save resources and reduce expenses.

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# Proxy Statement Summary

Here are highlights of important information you will find in this Proxy Statement. As it is only a summary, please review the complete Proxy Statement before you vote.

## PFIZER 2012 HIGHLIGHTS

### BUSINESS PERFORMANCE

2012 was a milestone year for the patients we serve and for our shareholders. We brought five new therapies to patients for treating kidney cancer, leukemia, rheumatoid arthritis, stroke prevention in atrial fibrillation, and the rare Gaucher disease. We also drove solid revenue growth in many of our key, patent-protected products and achieved double-digit revenue growth in emerging markets. Despite an industry record \$7.4 billion operational loss in sales due to patent expirations, we maintained relatively flat adjusted earnings per share\* and we returned nearly \$15 billion to shareholders through dividends and share repurchases.

At the core of our 2012 performance were the actions we took resulting from the four imperatives we put in place in early 2011:

**Improving the Performance of our Innovative Core****Making the Right Capital Allocation Decisions****Earning Greater Respect from Society****Creating a Culture of Ownership**

During 2012, we made decisions and took actions that enabled us to allocate our capital in ways that enhanced shareholder value. We continued to make progress in our companywide program to reduce expenses; realized significant value for our shareholders through the sale of our Nutrition business; and started to unlock value from our Animal Health business, now called Zoetis.

We are committed to creating an ownership culture that unleashes the creativity of our colleagues around the world through new tools and companywide training. We are seeing early signs that this ownership culture is taking hold as employees become more entrepreneurial and seize opportunities to make a difference in the business.

In 2013, we will seek to maintain momentum by continuing to demonstrate fiscal discipline in how we use our capital, by delivering on the potential within our pipeline, and by executing our business plans while maintaining the highest standards of compliance and ethics.

\* See the Company's Annual Report on Form 10-K, as amended, for the year ended December 31, 2012 for the definition of adjusted income and for reconciliations of 2012 adjusted income and adjusted diluted earnings per share to 2012 net income attributable to Pfizer Inc. and diluted earnings per share attributable to Pfizer Inc. common shareholders, respectively. Adjusted diluted earnings per share, adjusted cost of sales, adjusted selling, informational and administrative expenses and adjusted research and development expenses are income statement line items prepared on the same basis as, and are components of, the adjusted income measure.

### FINANCIAL PERFORMANCE

The following table contains key financial data for each of the last three fiscal years, including data as of each year end.

Three-Year Summary				
Millions (except per common share data)				
		2012	2011 <sup>(a)</sup>	2010
Revenues	\$	58,986	\$ 65,259	\$ 65,165
Research and development expenses	\$	7,870	\$ 9,074	\$ 9,483

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<b>Restructuring charges and certain acquisition-related costs</b>	\$ 1,880	\$ 2,930	\$ 3,145
<b>Income from continuing operations</b>	\$ 9,518	\$ 8,395	\$ 8,318
<b>Discontinued operations net of tax<sup>(a)</sup></b>	\$ 5,080	\$ 1,654	\$ (30)
<b>Net income attributable to Pfizer Inc.</b>	\$ 14,570	\$ 10,009	\$ 8,257
<b>Diluted earnings per common share attributable to Pfizer Inc. shareholders</b>	\$ 1.94	\$ 1.27	\$ 1.02
<b>Weighted-average shares diluted</b>	7,508	7,870	8,074
<b>Number of common shares outstanding</b>	7,276	7,575	8,012
<b>Working capital</b>	\$ 32,796	\$ 31,908	\$ 35,764
<b>Goodwill &amp; other identifiable intangible assets, net</b>	\$ 90,685	\$ 95,753	\$ 98,335
<b>Total assets</b>	\$ 185,798	\$ 188,002	\$ 195,014
<b>Total debt</b>	\$ 37,460	\$ 38,942	\$ 44,007
<b>Total Pfizer Inc. shareholders' equity</b>	\$ 81,260	\$ 82,190	\$ 87,813
<b>Shareholders' equity per common share</b>	\$ 11.17	\$ 10.85	\$ 10.96
<b>Net cash provided by operating activities</b>	\$ 17,054	\$ 20,240	\$ 11,454
<b>Property, plant and equipment additions</b>	\$ 1,327	\$ 1,660	\$ 1,513
<b>Purchases of common stock</b>	\$ 8,228	\$ 9,000	\$ 1,000
<b>Cash dividends paid</b>	\$ 6,534	\$ 6,234	\$ 6,088

(a) For 2011, includes King Pharmaceuticals Inc. commencing on the acquisition date of January 31, 2011.

(b) The sale of our Nutrition business closed on November 30, 2012. 2012, 2011 and 2010 reflect the Nutrition business, which was acquired in 2009, as a discontinued operation. All financial information before 2012 reflects Capsugel (the sale of which closed on August 1, 2011) as a discontinued operation.

Detailed information on our financial and operational performance can be found in the 2012 Financial Report.

**For additional information about Pfizer, please view our 2012 Financial Report (see Appendix A) and our 2012 Annual Review at [www.pfizer.com/annual](http://www.pfizer.com/annual). Neither our 2012 Financial Report nor our 2012 Annual Review is a part of our proxy solicitation materials.**

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Good governance remains a critical component of our corporate culture. We place great value on shareholder outreach, which is an essential part of our corporate governance profile. Through engagement, we are able to identify mutual perspectives and goals and implement changes in our governance and related practices.

**Corporate Governance Facts**

<b>Board and Other Governance Information</b>	<b>2013*</b>
Size of Board	13
Average Age of Directors	65
Number of Independent Directors	12
Diverse Board (as to Gender, Ethnicity, Experience and Skills)	Yes
Annual Election of All Directors	Yes
Majority Voting for Directors	Yes
Separate Chairman & CEO	No
Lead Independent Director	Yes
Independent Directors Meet Without Management Present	Yes
Annual Board and Committee Self-Evaluations	Yes
Annual Independent Director Evaluation of Chairman and CEO, including His Interactions with Board	Yes
Annual Equity Grant to Non-Employee Directors	Yes
Board Orientation/Education Program	Yes
Number of Board Meetings Held in 2012	8
Code of Business Conduct and Ethics for Directors	Yes
Corporate Compliance Program	Yes
Board-Level Regulatory and Compliance Committee	Yes
Disclosure Committee for Financial Reporting	Yes
Annual Advisory Approval of Executive Compensation	Yes
Shareholder Ability to Call Special Meetings (20% Threshold)	Yes
Policy Prohibiting Use of Corporate Funds for Direct Independent Expenditures in Federal and State Elections	Yes
Rigorous Process and Expanded Disclosure Related to Corporate Political Expenditures	Yes

\* As of April 25, 2013

**EXECUTIVE COMPENSATION PHILOSOPHY, GOALS AND ACTIONS**

The objectives of Pfizer's compensation philosophy, set by the Compensation Committee of the Board, are to align each executive's compensation with Pfizer's short-term and long-term performance and to provide the compensation and incentives needed to attract, motivate and retain key executives who are crucial to Pfizer's long-term success. To achieve these objectives:

We position total direct compensation and each compensation element at approximately the median of our peer companies, with emphasis on pharmaceutical companies with large market capitalization.

We align annual short-term incentive awards with annual operating financial objectives based on our performance on total revenue, adjusted diluted earnings per share and cash flow from operations, as well as Business Unit/Function and individual performance.



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Our long-term incentive awards are aligned with the interests of our shareholders because they deliver value based on absolute and relative shareholder return.

We base a significant portion of the total compensation opportunity for each of our executives (including the Named Executive Officers, or NEOs ) on Pfizer's stock price performance and other performance factors that measure our progress against the goals of our strategic and operating plans, as well as our performance against that of our pharmaceutical peer group.

We compensate our executives using the following elements:

Element	Type
Annual Long-Term Incentive Compensation (100% Equity)	<b>Restricted Stock Units</b> (representing 25% of total annual grant value)
	<b>5- and 7-Year Total Shareholder Return Units</b> (each representing 25% of total annual grant value)
	<b>Performance Share Awards</b> (representing 25% of total annual grant value)
Cash	<b>Salary</b>
Retirement	<b>Annual Short-Term Incentive Pension Plan</b>
	<b>Supplemental Pension Plan</b>
	<b>Savings Plan</b>
Other	<b>Supplemental Savings Plan</b>
	<b>Perquisites</b>

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PROXY STATEMENT SUMMARY

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### SUMMARY OF SHAREHOLDER VOTING MATTERS

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