RESOLVED, that shareholders of Pfizer, Inc. ("Pfizer" or the "Company") recommend that the Board of Directors take the steps necessary to strengthen Board oversight of prescription drug pricing risk by formalizing oversight responsibility, which could take the form of creating a new Board committee or assigning responsibility to an existing committee, and by adding drug pricing risk expertise to the director qualifications skills matrix.

SUPPORTING STATEMENT

High prescription drug prices are the subject of widespread public debate in the United States. Public outrage over high prices and the impact on patient access garner substantial media attention and scrutiny from policymakers. Even the head of industry trade association PhRMA recently admitted that "patients are increasingly facing affordability challenges in the marketplace."[1]

Stories of patients delaying treatment due to drug costs appear regularly in national media outlets. A March 2018 Kaiser Family Foundation poll found that 52% of respondents ranked lowering drug prices as a "top priority" for the President and Congress.

The White House released a "Blueprint" for lowering prices in May 2018, which included removing barriers to generics. In October 2017, California began requiring companies to notify regulators when they intend to raise a drug's price by 16% or more over two years and explain why the increase is necessary. Other states have enacted measures addressing pricing transparency, importation and price-gouging.

Accordingly, high drug prices are an important business risk facing pharmaceutical companies; we believe Pfizer is especially vulnerable. Unlike some competitors, Pfizer has been unwilling to commit to single-digit annual price increases. A 2018 Credit Suisse report characterized Pfizer's 2017 10% net price increase as above-average for the industry and noted that its list price increases were the second highest.[2] President Trump singled out Pfizer in a July 2018 tweet, prompting the Company to postpone price increases intended to take effect that month.[3] Pfizer was fined in 2016 by the UK Competition and Markets Authority for raising the price of an epilepsy drug by 2600%.[4]

In our view, robust Board oversight of risks related to drug pricing would provide a valuable outside perspective and help ensure that those risks are being managed for the long term. Currently, no Board committee charter explicitly assigns responsibility for oversight of drug pricing risk, but we believe that mounting pressures justify formalizing oversight responsibility. Doing so, either by creating a new committee or designating an existing committee, would permit additional time to be devoted to the issue without burdening all directors and could allow for more frequent communication with management. To ensure that the relevant committee includes one or more directors with appropriate expertise, we advocate adding expertise related to drug pricing risk, such as previous work for a payer or purchaser, pharmacoeconomics expertise or relevant public policy experience, to the director "skills matrix" used to select new nominees.

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[1] https://www.biopharmadive.com/news/gottlieb-rebuffs-pharma-ceo-nostrum-labs-price-hikes-moral-imperative/532194/

[2] "Global Pharmaceuticals: Scoring Sensitivity to Trump Reforms," May 25, 2018, at 15, 20.

[3] https://www.nytimes.com/2018/07/10/us/politics/pfizer-trump-drug-prices.html

[4] https://www.bloomberg.com/news/articles/2016-12-07/pfizer-flynn-pharma-fined-record-106-million-by-u-k-regulator

We urge shareholders to vote for this proposal.