Breakthroughs that change patients' lives

Pfizer Inc
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April 24, 2020

Ms. Vanessa Countryman, Secretary
File Number S7-01-20
Securities and Exchange Commission
100 F Street NE
Washington DC 20549-1090

Subject: File No. S7-01-20 Request for Comment, Management's Discussion and Analysis, Selected Financial Data, and Supplementary Financial Information

Dear Ms. Countryman:

Pfizer Inc. is a research-based, global biopharmaceutical company headquartered in New York. We discover, develop, manufacture and market leading medicines and vaccines. In 2019, we reported revenues of $51.8 billion, pre-tax income from continuing operations of $17.7 billion and total assets of $167.5 billion.

Pfizer is pleased that the Securities and Exchange Commission ("the Commission") undertook this project and supports the Commission's efforts to modernize, simplify, and enhance certain financial disclosure requirements in Regulation S-K. We agree with many of the recommendations proposed by the Commission in this request for comment.

Specifically, we support the proposed elimination of Item 301 (Selected Financial Data) and Item 302 (Supplementary Financial Data). Both the five-year table and quarterly information previously required were introduced decades ago when prior public filings, such as Form 10-K, Form 10-Q and other registrant information were not easily accessible. With significant advancements in information technology in recent years, this financial information is much more readily accessible to investors.

In order to promote the principles-based nature of MD&A and to eliminate the overlap with information already required by U.S. GAAP in the financial statements, we also support the proposal to eliminate the tabular disclosure of contractual obligations within Item 303(a)(5). Additionally, we agree with the proposed amendments to Item 303(b) to allow registrants additional flexibility to provide comparative analysis of their most recently completed quarter to either the

corresponding quarter of the prior year (as is currently required) or to the immediately preceding quarter.

Overall, we believe the aforementioned proposals continue to ensure that the MD&A section will provide relevant information to investors while eliminating duplicative disclosures and reducing the costs and complexity to prepare such financial information. However, we do have some concerns over portions of the proposed amendments to Item 303 (Management's Discussion and Analysis) that are discussed below.

Off-balance sheet arrangements

We agree that while many of the requirements in Item 303(a)(4) overlap with U.S. GAAP, some of the requirements in Item 303(a)(4) related to the location, presentation, and nature of the disclosure are not required by U.S. GAAP and therefore should be retained. We do not find the existing requirements of Item 303(a)(4) to be overly burdensome and believe they help provide transparent clarity and understanding to investors. If the proposed changes to principles-based instructions for off-balance sheet arrangements in MD&A were adopted, we would emphasize the need to ensure that these principles are clearly defined by the Commission. For example, we agree with the following proposals in the Request for Comment:

- Proposal to include in the instructions that discussion of commitments or obligations, including contingent obligations, of the registrant arising from arrangements with unconsolidated entities or persons that have or are reasonably likely to have a material current or future effect on a registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, cash requirements, or capital resources shall be provided even when the arrangement results in no obligations being reported in the registrant's consolidated balance
- Proposal to retain the existing MD&A requirements, under which registrants are required to discuss in MD&A any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity decreasing in any material way, even if the known demand did not meet the definition of an off-balance sheet arrangement in Item 303(a)(4); and
- Proposal to Instruction 8 to Item 303(b), under which disclosure of all material off-balance sheet arrangements would continue to be required in annual and quarterly reports.

We would encourage the Commission to include illustrative examples for how these types of arrangements should be discussed as part of the capital resources section in the broader context of MD&A. Without clear instructions and illustrative examples, we would have concerns that the proposed amendments could result in the loss of important information that will allow for investors to understand the nature of the

registrant's off-balance sheet arrangements. We suggest the discussion of commitments or obligations include information that would not be disclosed elsewhere, such as the nature and business purpose of such arrangements and any known event, demand, commitment, trend that will result in or likely to result in a material change in the availability of the off-balance sheet arrangement.

Critical Accounting Estimates (CAEs)

While we support the codification of the SEC's 2003 MD&A Interpretive Release to explicitly require disclosure of CAEs and the elimination of duplicate disclosures around significant accounting policies, we would not support the additional proposed disclosure requirements. As currently written, we would have concerns that the requirements could create too much interpretation on the behalf of registrants as to the level of detail that would be required under the proposed requirement. Specifically, we have concerns about the proposed requirement to discuss "how much each estimate has changed during the reporting period, and the sensitivity of the reported amount to the methods, assumptions and estimates underlying its calculation." We believe these additional disclosures will be burdensome, time consuming and costly to prepare and will not provide meaningful information for investors. In the pharmaceutical industry, CAEs are often based on many complex judgments and assumptions that can be inherently uncertain and unpredictable, including qualitative changes in the healthcare environment and competition. Disclosing the sensitivity of the reported amounts to the assumptions would be highly subjective and would not provide additional insight into the CAEs. Additionally, there will likely be variability in how peer groups evaluate the sensitivity which may be confusing to investors due to a lack of consistency amongst registrants. However, we agree with the proposal in this section "to amend Item 303(a)(3)(ii) to provide that when a registrant knows of events that are *reasonably likely* to cause (as opposed to *will* cause) a material change in the relationship between costs and revenues…would conform the language in this paragraph to other Item 303 disclosure requirements for known trends, and align Item 303(a)(3)(ii) with the Commission's guidance on forward-looking disclosures."

We appreciate the opportunity to provide feedback on these proposed rules and would be pleased to discuss our perspectives on these issues with you at any time.

Very Truly Yours,

/s/ Jennifer B. Damico

Jennifer B. Damico
Senior Vice President and Controller

cc: Frank A. D'Amelio
Chief Financial Officer and Executive Vice President, Global Supply and Business Operations