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February 26, 2007

Nancy M. Morris, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

Reference: File Number S7-24-06
Proposed Interpretive Guidance, Management's Report on Internal Control Over Financial Reporting

Dear Ms. Morris,

Pfizer is a research-based, global pharmaceutical company with its principal place of business in New York. We discover, develop, manufacture and market leading prescription medicines for humans and animals. The Company's 2006 total revenues were $48.4 billion and its assets were $114.8 billion. We appreciate the opportunity to present our comments and observations in response to the Proposed Interpretive Guidance, as we firmly believe that strong internal controls over financial reporting are essential to the integrity of an entity's financial statements.

We applaud the SEC for being so responsive to the feedback provided by registrants, investors and others to ensure that issuers have sufficient guidance to support efficient compliance with the requirements of Section 404. Last September we indicated a need for interpretive guidance that was not overarching and prescriptive, as many issuers have already developed robust processes for performing their assessment of internal controls. Overall, we feel this proposal strikes a reasonable balance, providing adequate latitude for management to consider risk and other relevant factors in designing its assessment process.

Pfizer has adopted a reliance model whereby our external auditors rely on the work of our internal auditors. Under this model, our internal auditors' work follows the requirements of Auditing Standard 2, *An Audit of Internal Control over Financial Reporting in Conjunction with an Audit of Financial Statements* (AS2). Unfortunately, the proposed auditing standard released in December by the Public Company Accounting Oversight Board (PCAOB), *An Audit of Internal Control over Financial Reporting that is Integrated with an Audit of Financial Statements*, appears more stringent than guidance issued by the SEC. We have reviewed the SEC guidance and are anticipating changes in our planned scope and testing approach for 2007, but our auditors have not shared our enthusiasm. One example of the perceived gap is in the significance of prior experience in designing a testing approach. We see the SEC guidance as supporting the reduction of testing in areas where previous test results have been good, especially if controls have not changed. We are looking at an approach under which we would identify areas that have consistently performed well under SOX testing and, if there were no significant people, process or system changes, we would modify our testing approach to reflect the lower risk. That might entail reliance on walkthroughs or other less intensive procedures. However, we do not find clear support for this type of a change in the PCAOB proposed auditing standard. More importantly, the SEC guidance supports a top-down approach that should enable issuers to place reliance on strong entity-level controls to reduce process-level testing, but the PCAOB standard does not provide an unambiguous basis for such reliance by auditors. We will most likely follow the new PCAOB guidance, if adopted, so as to not incur incremental costs by doing management's assessment one way and having the external auditors perform their assessment in another way.

Our external auditors have communicated that they cannot make any commitment as to potential changes in their work or fee savings as they are anticipating guidance from their national office which is waiting to see what feedback is received as part of this comment process. We believe that it would be beneficial for the PCAOB to actively monitor guidance delivered by the firms' national offices to ensure that they are adopting an approach consistent with the spirit and letter of the proposed standard.

Our comments related to specific questions posed in the proposed interpretive guidance are included in the attachment to this letter. We respectfully request that the proposed guidance be issued as soon as possible. We have completed much of our planning for 2007 and are just beginning our management testing. We would appreciate the opportunity to implement the proposed guidance early enough to allow us to achieve additional efficiencies this year. From a practical standpoint, it will be difficult for us to gain additional efficiencies in our 2007 management testing if the guidance is issued much later than June 30, 2007.

Once again, we appreciate this opportunity to comment and encourage the Commission to continue to engage its constituents. We would be pleased to discuss our observations with you at any time.

Very truly yours,

Loretta V. Cangialosi

Loretta V. Cangialosi
Vice President and Controller

cc: Alan Levin
Senior Vice President and Chief Financial Officer

David Shedlarz
Vice Chairman

Attachment
Proposed Interpretive Guidance, Management's Report on Internal Control Over Financial Reporting

Will the proposed interpretive guidance be helpful to management in completing its annual evaluation process? Does the proposed guidance allow for management to conduct an efficient and effective evaluation? If not, why not?

Yes, the proposed guidance provided will be helpful, particularly the guidance regarding identifying financial reporting risks and controls and the determination of the sufficiency of evidence. Additionally, we support the approach taken with regard to multi-location considerations and are hopeful that the prevalence of required audit coverage ratios adopted by external audit firms will diminish or be dropped entirely.

Are there particular areas within the proposed interpretive guidance where further clarification is needed? If yes, what clarification is necessary?

The proposed guidance does not clearly provide a methodology to ensure that the benefits of strong company-level controls translate into efficiencies in the Section 404 effort. It is clear that the most serious and well-known failures of controls that precipitated the introduction of Section 404 have occurred at the top, but we find that testing of controls at lower levels remains the major focus of the compliance effort. There is insufficient detailed guidance to enable companies with strong entity-level controls to significantly reduce account and transactional control testing. While we understand that indirect controls may be less effective in preventing or detecting a misstatement, real world evidence supports the fact that without such controls, the risk of misstatement increases significantly. We struggle with the fact that the guidance does not seem to give credit to this fact in the amount of testwork necessary.

The proposed guidance should include specific examples of how strong entity level controls could reduce or eliminate further testing in certain areas. For example, how does a strong compliance mindset by senior management result in reduced testing in the procure-to-pay transaction cycle? Further, this year we plan to more thoroughly document our IT entity-level controls as we feel we have the opportunity to modify our scope and testing approach to reflect the strength of these controls. However, the proposed guidance provides little support for us to cite to our management or our externals auditors that the modifications we propose are appropriate.

Are there aspects of management's annual evaluation process that have not been addressed by the proposed interpretive guidance that commenters believe should be addressed by the Commission? If so, what are those areas and what type of guidance would be beneficial?

There is still a lack of guidance for management regarding evaluation of deficient controls with an indirect relationship to a specific account or disclosure. For example, periodically our internal auditors identify deficiencies in our operating procedures in non-financial statement areas that do not have a direct relationship to any financial statement account, but relate more directly to our compliance with laws and regulations as we operate in a highly-regulated industry. If these non-financial statement controls became severely deficient, it could result in fines, penalties or issues with ability to provide products. In the absence of guidance, we have evaluated all findings identified by our internal auditors in the same manner, whether they directly impact significant accounts or not. We do not feel this is appropriate as the impact on controls over financial reporting is not consistent nor do we believe that these types of controls have an effect on the reliability of financial reporting, but we have no guidance to assist us in developing an alternate approach that would be acceptable.

Will the proposed guidance require unnecessary changes to evaluation processes that companies have already established? If yes, please describe.

No, it will not. Rather, we feel the proposed guidance provides us the opportunity to properly consider risk and other relevant factors in designing our assessment process and become more efficient and effective.

Considering the PCAOB's proposed new auditing standards, An Audit of Internal Control Over Financial Reporting that is Integrated with an Audit of Financial Statements and Considering and Using the Work of Others In an Audit, are there any areas of incompatibility that limit the effectiveness or efficiency of an evaluation conducted in accordance with the proposed guidance? If so, what are those areas and how would you propose to resolve the incompatibility?

The proposed auditing standard released in December by the Public Company Accounting Oversight Board (PCAOB), *An Audit of Internal Control over Financial Reporting that is Integrated with an Audit of Financial Statements* (AS5), appears more stringent than guidance issued by the SEC. We have reviewed the SEC guidance and are anticipating changes in our planned scope and testing approach for 2007, but our auditors have not shared our enthusiasm, generally taking a wait and see approach. One example of the perceived gap is in the significance of prior experience in designing a testing approach. We see the SEC guidance as supporting the reduction of testing in areas where previous test results have been good, especially if controls have not changed. Some issuers will want to use a rotational testing approach or rely on walkthroughs in such cases, but we do not find support for this in the PCAOB proposed auditing standard. More importantly, the SEC guidance supports a top-down approach that should enable issuers to place reliance on strong entity-level controls to reduce process-level testing, but the PCAOB standard does not provide a clear basis for such reliance by auditors.

One approach to resolving this could be having AS5 include specific reference to, and incorporate, the new SEC guidance. The PCAOB actively monitoring guidance delivered by the firms' national offices to ensure that they are adopting an approach consistent with the spirit and letter of the proposed standard could also have a significant impact in aligning their execution with the guidance.

Should the guidance be issued as an interpretation or should it, or any part, be codified as a Commission rule?

Most companies have invested substantially in the development of SOX compliance programs, and it is important that new guidance not present new burdens – both in terms of cost and effort. Guidance for management should therefore not be required for issuers to adopt, but rather be considered an option for issuers to consider. Therefore, we do not believe it is necessary to codify it as a Commission rule.