UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE PFIZER INC. SHAREHOLDER DERIVATIVE LITIGATION	No. 09 Civ. 7822 (JSR) ECF Case

DEFENDANTS' MEMORANDUM OF LAW
IN SUPPORT OF PRELIMINARY SETTLEMENT APPROVAL

TABLE OF CONTENTS

PAGE

TABLE OF AUTHORITIES

PAGE(S)

CASES

STATUES

Defendants[1] respectfully submit this memorandum in support of the preliminary approval of the proposed settlement (the "Settlement") of derivative litigation against certain current and former directors and officers of Pfizer, as set forth in the accompanying Proposed Stipulation of Settlement.

PRELIMINARY STATEMENT

This action involves claims that the Individual Defendants breached their duty of loyalty regarding the alleged sales and marketing activities of non-management personnel who – within an organization of approximately 100,000 employees – had no reporting lines to any of the Defendants. By alleging duty of loyalty violations against the Individual Defendants, Plaintiffs' claims involve "possibly the most difficult theory in corporation law upon which a Plaintiff might hope to win a judgment." In re Caremark Int'l Inc. Derivative Litig., 698 A.2d 959, 967 (Del. Ch. 1996). After extensive discovery encompassing the production of approximately 12 million pages of documents and over thirty depositions, Defendants' view is that the record squarely refutes Plaintiffs' claims. Defendants, however, are amenable to resolve the case by settlement in recognition of the burdens and risks inherent in continuing to litigate.

Based on the extensive discovery, both Plaintiffs and Defendants are well-positioned to evaluate the prospects of the case and reach agreement on terms clearly satisfying the requisite standard of "fair, reasonable and adequate." In re AOL Time Warner S'holder Deriv. Litig., No. 02 Civ. 6302 (SWK), 2006 WL 2572114 at *6 (S.D.N.Y. Sep. 6, 2006). Under the proposed Settlement, the Individual Defendants' insurers will provide substantial funding for

[1] Pfizer Inc. ("Pfizer") and Dennis A. Ausiello, Michael S. Brown, M. Anthony Burns, Robert N. Burt, W. Don Cornwell, William H. Gray III, Constance J. Horner, James M. Kilts, Jeffrey B. Kindler, George A. Lorch, Suzanne Nora Johnson, Dana G. Mead, William C. Steere, Jr., Henry A. McKinnell, Joseph M. Feczko, Douglas M. Lankler and Ian Read (collectively, "Individual Defendants," and collectively with Pfizer, "Defendants.")

five years for certain healthcare law and regulatory compliance enhancements to Pfizer's already robust procedures, including, among other things, the creation of a new Regulatory and Compliance Committee of the Board of Directors. As further addressed below, these initiatives will facilitate Pfizer's continuing efforts to optimize the Company's compliance procedures and will thereby bestow a substantial benefit on the Company and its stockholders. The corporate benefit from the Settlement is also explained in the accompanying declarations of two former Chairmen of the U.S. Securities and Exchange Commission, Harvey L. Pitt ("Pitt Declaration" attached as Exhibit "A") and Richard C. Breeden ("Breeden Declaration" attached as Exhibit "B"), who each have assessed the relief agreed to in the Settlement.

I. Background

A. Description of the Action

On September 2, 2009, Pfizer announced that it had finalized a previously disclosed agreement in principle with the Department of Justice to resolve certain government investigations regarding the marketing and promotion of Bextra, Geodon, Zyvox and Lyrica, as well as certain other medicines. Despite an extensive government investigation dating back over five years, none of the charges related to any of the Individual Defendants. As part of the resolution, Pfizer agreed to pay a criminal fine, and a Pfizer subsidiary, Pharmacia & Upjohn Company, Inc., agreed to plead guilty to one count of violating the U.S. Food, Drug, and Cosmetic Act related to off-label promotion of Bextra. Pfizer also entered into a civil settlement agreement, in which it expressly denied all allegations of wrongdoing, and only acknowledged certain facts related to Zyvox.

Beginning on September 10, 2009, nine shareholder derivative actions, purportedly brought on behalf of Pfizer and asserting essentially the same causes of action, were commenced against certain present and former Pfizer directors and officers. These actions were

consolidated and Plaintiffs filed a consolidated, amended complaint (the "Complaint").[2] The Complaint asserted breach of fiduciary duty claims against the Individual Defendants for their alleged failure to prevent Pfizer from promoting certain drugs for off-label use and/or engaging in other allegedly improper marketing activities, a Section 14(a) claim against present and former directors, and an unjust enrichment claim.

The Pfizer Board consists of a diverse group of experienced, highly-credentialed individuals, who were all – with the exception of the current and former Chief Executive Officer – independent of Company management throughout the relevant time period. The Board defendants include:

- Dennis A. Ausiello, M.D. [Pfizer Board 2006-present]: Jackson Professor of Clinical Medicine at Harvard Medical School and Chief of Medicine at Massachusetts General Hospital.
- Michael S. Brown, M.D. [Pfizer Board 1996-present]: Co-recipient of the Nobel Prize in Physiology or Medicine, a Distinguished Chair in Biomedical Sciences and Regental Professor since 1985 at the University of Texas Southwestern Medical Center at Dallas. Dr. Brown is also the recipient of the Lasker Award,

[2] Other related litigation has been filed in both Delaware and New York state courts (the "Related Actions"), including a shareholder derivative action captioned Donald Golden ex rel. Pfizer, Inc. v. Dennis A. Ausiello, et al., Index No. 650616/2009E (N.Y. Sup. Ct.) pending in the Supreme Court of New York and two shareholder derivative actions captioned Bricklayers Local 8 & Plasterers Local 233 Pension Fund ex rel. Pfizer, Inc. v. Dennis A. Ausiello, et al., C.A. No. 5631-VCL (Del. Ch.) and Nora Vides ex rel. Pfizer, Inc. v. Dennis A. Ausiello, et al., C.A. No. 5690-VCN (Del. Ch.), which were filed in the Delaware Court of Chancery. These actions assert claims for breach of fiduciary duty that are based upon the same underlying factual allegations as those asserted here. In addition, three actions pursuant to Section 220 of the Delaware General Corporation Law styled James Groen v. Pfizer, Inc., C.A. No. 4351-VCN (Del. Ch.), James Groen v. Pfizer, Inc., C.A. No. 4924-VCN (Del. Ch.), and Nora Vides v. Pfizer, Inc., C.A. No. 5134-VCN (Del. Ch.) were filed in the Delaware Court seeking to inspect certain books and records of Pfizer for the purpose of investigating potential wrongdoing, mismanagement and breaches of fiduciary duty by members of the Board and others in connection with, among other things, the same underlying factual allegations as those asserted in the Derivative Action. In recognition of the overlapping allegations, each of the derivative actions has been stayed pending the outcome of this action. As the court found in the New York state action, the "action should be stayed, based on the substantial identity between the instant action and the consolidated federal action as to the parties, the claims, the relief sought, and the common questions of law and fact." See Golden July 1, 2010 Order Granting Motion to Stay.

the National Medal of Science and the Woodrow Wilson Award for Public Service.

- M. Anthony Burns [Pfizer Board 1988-present]: Former Chairman of the Board and Chief Executive Officer of Ryder System, Inc., former director of Stanley Black & Decker, Inc. and the Black & Decker Corporation. Mr. Burns currently sits on the boards of Huntsman Corporation and J.C. Penney Company.

- Robert N. Burt [Pfizer Board 2000-present]: Former Chairman and Chief Executive Officer of FMC Corporation and FMC Technologies, Inc. Mr. Burt previously served as a director of Phelps Dodge Corporation and Janus Capital Group Inc.

- W. Don Cornwell [Pfizer Board 1997-present]: After graduating from Harvard Business School, Mr. Cornwell joined Goldman Sachs, where he eventually became Vice President of the corporate finance department. Mr. Cornwell then formed Granite Broadcasting Corporation, where he was the Chairman and CEO from 1988 until 2009. He is also a director of Avon Products, Inc. and the Wallace Foundation and former director of CVS Caremark Corporation.

- William H. Gray, III [Pfizer Board 2000-present]: Practicing minister for many years, served as a U.S. Congressman for the Second District of Pennsylvania from 1979 to 1991, including service at various times as Budget Committee Chair and House Majority Whip. He is a director of Dell Inc., J.P. Morgan Chase & Co., and Prudential Financial, Inc. and former director of Union Pacific, Scott Paper, CBS, Viacom and Rockwell International.

- Constance J. Horner [Pfizer Board 1993-present]: Former Commissioner of the U.S. Commission on Civil Rights and a former Deputy Secretary of the U.S. Department of Health and Human Services. Ms. Horner formerly served at the White House as Assistant to President George H. W. Bush and as Director of Presidential Personnel. Ms. Horner sits on the Boards of Ingersoll-Rand Company Limited and Prudential Financial, Inc.

- James M. Kilts [Pfizer Board 2007-present]: Founding Partner of Centerview Partners Management, LLC, Chairman of The Nielson Company Supervisory Board, director of Meadwestvaco Corporation and MetLife, Inc., and formerly served as Chairman and Chief Executive Officer of The Gillette Company and President and Chief Executive Officer of Nabisco Group Holdings Corporation.

- George A. Lorch [Pfizer Board 2000-present]: Chairman Emeritus and former Chairman and CEO of Armstrong Holdings, Inc. and its predecessor, Armstrong World Industries, Inc. He is a director of Autoliv, Inc., Masonite, International, Inc., The Williams Companies, Inc., and HSBC Finance Co., HSBC North America Holding Company and is a former director of The Stanley Works, Household International and RR Donnelly.

- Suzanne Nora Johnson [Pfizer Board 2007-present]: After graduating Harvard Law School, Ms. Johnson served as a law clerk for the United States Court of Appeals for the Fourth Circuit and later worked as an attorney at Simpson, Thatcher & Bartlett. Ms. Johnson formerly was the Vice Chairman at Goldman Sachs Group, Inc., and during her 21-year tenure with Goldman Sachs, served in various leadership roles. Ms. Johnson now devotes her time to philanthropic activities.

- Dana G. Mead [Pfizer Board 1998-2010]: Former Chairman of the Massachusetts Institute of Technology Corporation and a former Chairman and CEO of Tenneco, Inc. Dr. Mead is a director of the Boys and Girls Club of America, the Pardee Rand Graduate School, the School of Public Affairs and Environmental Sciences at the University of Indiana and the MIT Corporation. Dr. Mead retired from Pfizer's Board in April 2010.

- William C. Steere [Pfizer Board 1987-present]: Chairman Emeritus of Pfizer Inc. He was Chairman of Pfizer's Board from 1992 until 2001 and the CEO from 1991 until 2000. He is also a board member of Health Management Associates, Inc., New York University Medical Center, and Memorial Sloan-Kettering Cancer Center and a former director of Dow Jones & Co., Inc. and MetLife, Inc.

The senior management defendants include:[3]

- Jeffrey B. Kindler: Mr. Kindler joined Pfizer in 2002 as General Counsel and Chief Compliance Officer. He then became the Chief Executive Officer in 2006 and became the Chairman of the Board in December 2006. Mr. Kindler comes from a strong law compliance background: after serving as a law clerk to U.S. Supreme Court Justice William J. Brennan, Jr., Mr. Kindler was a partner at Williams & Connolly, Vice-President of Litigation and Legal Policy at General Electric, and Executive Vice-President, General Counsel and later the President of Partner Brands at McDonald's Corporation.

- Douglas Lankler: Mr. Lankler, a former Assistant U.S. Attorney in the Southern District of New York, joined Pfizer in late 1999 as Corporate Counsel. In 2002 Mr. Kindler promoted him to Deputy Compliance Officer and in 2006, he became Chief Compliance Officer. Mr. Lankler has overseen the development and enhancement of Pfizer's compliance program whose budget has increased from approximately $4.8 million in 2002 to approximately $70 million in 2009.

[3] Plaintiffs also name as defendants Frank D'Amelio and Joseph M. Feczko, neither of whom had any direct responsibility for overseeing drug marketing or promotional activities. Mr. D'Amelio became the Chief Financial Officer in 2007, which postdates any of the alleged conduct at issue. The record demonstrates that Dr. Feczko, formerly the Chief Medical Officer until 2009, did not have any responsibility for monitoring or enforcing compliance within the sales force of the Company.

- Ian Read: Mr: Read joined Pfizer in 1978 and later became President of Worldwide Pharmaceuticals Operations in mid-2006, after holding positions responsible solely for Europe, Canada, Latin America and Africa/Middle East Operations.

In response to the Complaint, the Defendants brought a motion to dismiss. Following briefing and oral argument, the Court issued an order dated March 17, 2010, granting the motion to dismiss claims alleging that Pfizer disseminated materially inaccurate and incomplete proxy statements in violation of federal and Delaware law and a claim alleging the Defendants were unjustly enriched. The Court denied the motion with respect to the breach of fiduciary duty claims. The Individual Defendants moved for summary judgment on October 22, 2010 to dismiss all remaining claims before trial.

B. Discovery Record

The parties engaged in extensive fact and expert discovery over a six month period. Over 12 million pages of documents were produced by the parties and various third parties. The parties took over 30 depositions of the Individual Defendants, Rule 30(b)(6) witnesses, current and former Pfizer employees, third parties, and the named Plaintiffs. The Defendants additionally produced extensive interrogatory responses. Plaintiffs served three expert reports in support of their claims. Defendants served four expert reports in opposition to Plaintiffs' claims, and depositions were taken of each of the Defendants' experts.

The discovery record demonstrates that Pfizer's Board and senior management were responsibly engaged in compliance matters at the Company, and did not breach their fiduciary duties. Rather, the Board and senior management were actively involved in continually enhancing the Company's compliance programs, proactively implementing precautions and promptly responding to any compliance issues. The Audit Committee – which exercised oversight responsibility for regulatory compliance matters generally – typically met 10-12 times

per year during the relevant period. (See Shaftel Decl. Ex. 47 at 15; 48 at 15; 49 at 12; 50 at 12; and 1 at 16.) At virtually every meeting, the Board and the Audit Committee, in conjunction with management, discussed healthcare compliance efforts. (See Shaftel Decl. Ex 1 at 10-11, 16-17; Ex. 1 annex 2 at iii – v; Ex. 25-45.) In advance of Board and Audit meetings, directors received detailed pre-read packages containing detailed information regarding compliance issues. (See Shaftel Decl. Ex. 18 – 22; Ex. 24 at 63:23 – 65:15.) Further, at nearly every meeting of the Audit Committee, the members received compliance related reports from the General Counsel and Pfizer's legal team, members of the Internal Audit Group, and the Chief Compliance Officer. (See Shaftel Decl. Ex 1 at 10-11, 16-17; Ex. 1 annex 2 at iii – v; Ex. 25 - 45.) Every year, the Chief Compliance Officer also submitted to the Audit Committee a comprehensive overview of the state of the Company's compliance program. (See Shaftel Decl. Ex. 18 – 22.) This certification provided a review of current key matters, the structure and organization of the compliance group, proactive measures implemented, and investigatory steps. Id. Further, the Chief Compliance Officer confirmed the sufficiency of resources made available to the compliance program and his assessment of the state of the program. Id.

The evidence further demonstrates that management promptly notified the Audit Committee of any significant compliance investigations and that the Audit Committee reasonably relied on that information. For example, management devised a threshold to ascertain which compliance matters should be reported to the Audit Committee. Further, the Audit Committee continued to receive updates of ongoing matters through tracking charts. (See Shaftel Decl. Ex. 2.) The Audit Committee and management also were regularly involved in the discussions regarding enhancements to existing compliance programs and policies, as well as the implementation of remedial and disciplinary measures. (See Shaftel Decl. Ex. 36 – 45.)

John Chapman of KPMG, acting as the Company's external auditor, described the Audit Committee – in rebuttal testimony – as "extremely engaged" and "demanding" and noted that "you did not want to go into that Audit Committee room without being prepared . . . [because of] the very high standard that that Audit Committee put forth." (See Shaftel Decl. Ex. 51 at 118, 211.)

In addition, the Audit Committee and management promptly notified the full Board of internal and government investigations. (See Shaftel Decl. Ex. 36 – 45.) The Board was kept apprised of the Company's response to these issues, including the Company's prompt retention of counsel to oversee investigations. (See Shaftel Decl. Ex. 6 at 37:7 – 37-14, 70:10 – 71:10, 179:18 – 181:9, 218:10 – 221:13, 270:15 – 272:11; 13 at 52:2 – 53:16, 70:4 – 70:15, 351:9 – 351:13, 381:7 – 381:15.) The Board directed that corrective measures be implemented even before certain investigations were complete. (See Shaftel Decl. Ex. 3; 8; 28; 45; 46 and 51 at 127:4 – 127:17.) The Board, through management and the Audit Committee, was actively involved in disciplinary measures for any violations of Pfizer policies and procedures. (See Shaftel Decl. Ex. 51 at 118:8 – 118:19, 210:12 – 211:17.) In addition, the Company's compliance programs were regularly reviewed by internal and external auditors. The discovery record also reflects that the Board, Audit Committee and management responded to all concerns raised by auditors. (See Shaftel Decl. Ex. 51 at 118:8 – 118:19, 210:12 – 211:17, 127:4 – 127:17; 23 at 38:13 – 39:13.)

C. Terms of the Settlement

The principle terms of the Settlement include:

- Pfizer shall establish and operate for a term of at least five (5) years from the date of implementation, a Regulatory Committee of the Board of Directors (the "Regulatory Committee").

- The Regulatory Committee will exercise oversight responsibility on significant healthcare related regulatory and compliance issues based on criteria to be developed by the Regulatory Committee, including: (a) oversight with respect to law and regulatory compliance; (b) oversight with respect to external complaints alleging significant concerns regarding Pfizer's regulatory and compliance related activities; (c) oversight with respect to internal messaging to employees regarding Pfizer's commitment to law and regulatory compliant conduct; and (d) oversight with respect to supervision of compliance programs implemented in newly acquired companies. To that end, the Regulatory Committee may take all actions it deems consistent with its charter, including, among other things, the retention of outside advisors and other professionals, commissioning of internal or external reviews, studies and audits, and consultation with management.

- The Individual Defendants' insurers will create a fund of $75 million, which will be the source of funding for the activities of the Regulatory Committee for its initial five (5) year term (the "Regulatory Committee Fund"). If such funds are exhausted during the five (5) year term, funding as requested by the Regulatory Committee shall be provided by Pfizer. Any unused portion of the Regulatory Committee Fund at the end of the initial five (5) year term shall revert to the insurers. For the avoidance of any doubt, no monetary liability shall be imposed on any of the Individual Defendants with respect to the Regulatory Committee Fund.

- The Regulatory Committee will meet at least quarterly and provide a full report to the Board of Directors at least annually. The Committee will prepare a yearly overview of its activities generally for inclusion in Pfizer's Annual Report (or Proxy Statement).

- The Regulatory Committee will be comprised of at least a majority of independent directors, and may include senior Pfizer employees ex-officio, and others. The independent directors on the Committee may meet in executive session. The Chair of the Committee shall be an independent director elected since January 1, 2007, who has relevant experience in law, corporate compliance, regulatory or governmental affairs, academia or service on the Board of a healthcare institution or highly regulated company.

- The Regulatory Committee will make a written recommendation to the Compensation Committee of the Board of Directors concerning the extent, if any, that the incentive based compensation should be reduced or extinguished of any executive, senior manager, compliance personnel and/or attorney involved in regulatory or compliance related misconduct. In addition, the Regulatory Committee, in consultation with the Compensation Committee, will discuss with management an evaluation of compensation procedures in relation to alignment with compliance incentives.

- Pfizer will implement an Ombudsman Program managed by and under the direction of the Chief Compliance Officer, providing an additional channel for

employees to address work-related concerns, including conduct inconsistent with Pfizer's policies, practices and standards. The Program will be available to all employees and is designed to provide an additional "safe haven" where concerns can be addressed in confidence. Although the program will provide confidentiality procedures, the Ombudsman will be subject to laws applicable to corporate disclosure requirements, and will provide to the Company all information related to its disclosure obligations, including any information requested by the Chief Compliance Officer with respect to issues that may require disclosure or that may represent any employee misconduct.

- The Settlement terms do not expand the liabilities of any officers or directors beyond any liabilities otherwise imposed by law.

Under the Settlement, appropriate notice of the terms of the Settlement shall be provided to Pfizer stockholders and to counsel in the Related Actions.

II. Argument

A. Applicable Legal Standards

1. The Settlement of Complex Litigation, Including Shareholder Derivative Actions, Is Highly Favored

Although Rule 23.1 of the Federal Rules of Civil Procedure makes the settlement of a derivative claim subject to judicial approval, "[p]ublic policy, of course, favors settlement." In re Metropolitan Life Deriv. Litig., 935 F. Supp. 286, 291 (S.D.N.Y. 1996). The Second Circuit has recognized that "[t]here are weighty justifications, such as the reduction of litigation and related expenses, for the general public policy favoring the settlement of litigation." Weinberger v. Kendrick, 698 F.2d 61, 73 (2d Cir. 1982). This policy is especially true in the derivative litigation context "because shareholder derivative actions are 'notoriously difficult and unpredictable [and therefore] settlements are favored.'" AOL Time Warner, 2006 WL 2572114 at *3 (quoting Mathes v. Roberts, 85 F.R.D. 710, 713 (S.D.N.Y. 1980)); see also In re General Motors Corp. Pick-up Truck Fuel Tank Prods. Liab. Litig., 55 F.3d 768, 784 (3d Cir. 1995) ("the law favors settlement, particularly in class actions and other complex cases where substantial judicial resources can be conserved by avoiding formal litigation.").

2. The Role of the Court in Evaluating a Proposed Settlement of a Derivative Action

In evaluating a settlement, the court must consider whether it "'fairly and adequately serves the interests of the corporation on whose behalf the derivative action was instituted.'" Mathes, 85 F.R.D. at 713 (quoting Republic Nat'l Life Ins. Co. v. Beasley, 73 F.R.D. 658, 667 (S.D.N.Y. 1977)). The trial court should approve a derivative settlement if it is fair, reasonable, and adequate. AOL Time Warner, 2006 WL 2572114 at *6-7. However, while "a court should not engage in mere 'rubber stamp' approval of the settlement, [] it must 'stop short of the detailed and thorough investigation that it would undertake if it were actually trying the case.'" Id. at *2 (quoting City of Detroit v. Grinnell Corp., 495 F.2d 448, 462 (2d. Cir. 1974)).

In assessing whether the settlement is fair, reasonable, and adequate, the trial court should consider both procedural and substantive fairness. AOL Time Warner, 2006 WL 2572114 at *3-4. As shown below, both prongs are clearly met.

a. Procedural Fairness

When considering procedural fairness, a court "must pay close attention to the negotiating process, to ensure that the settlement resulted from 'arms-length negotiations'" and that the parties "'have engaged in the discovery necessary to effective representation of the [plaintiffs'] interests.'" AOL Time Warner, 2006 WL 2572114 at *3 (quoting D'Amato v. Deutsche Bank, 236, F.3d 78, 85 (2d. Cir. 2001)). "Absent fraud or collusion, [courts] should be hesitant to substitute [their] judgment, for that of the parties who negotiated the settlement." Clark v. Ecolab, Nos. 07 Civ. 8623 (PAC), 04 Civ. 4488 (PAC), 06 Civ. 5672 (PAC), 2010 WL 1948198 at *4 (S.D.N.Y. May 11, 2010) (quoting In re EVCI Career Colls. Holding Corp. Sec. Litig., No. 05 Civ. 10240, 2007 WL 2230177 (S.D.N.Y. July 27, 2010)).

Here, in reaching the Settlement, the parties engaged in arms-length negotiations following an exhaustive fact witness discovery process, which involved the production of many millions of pages of documents and 30 depositions (over 100 hours of deposition testimony). During this time, all parties have developed a realistic view of the case. Under the circumstances here, there is no basis to challenge the procedural fairness of the Settlement. Nor is there any suggestion of collusion: (1) the parties reached Settlement only after extensive discovery, which gave all parties a substantive factual basis to assess the merits of the case and the Settlement; (2) Plaintiffs' counsel included multiple firms, including Lead Counsel as designated by the Court on April 6, 2010; (3) the Defendants fall into three separate groups (director Defendants, officer Defendants and the Company), each of which is represented by its own law firm; and (4) the parties engaged in a lengthy, arms-length negotiation of the terms of the Settlement. In this context, the procedural posture of the case reflects that the Settlement was reached by knowledgeable and experienced counsel only after vigorous litigation and good-faith negotiation.

b. Substantive Fairness

To assess the substantive fairness, a court should consider: "(1) the reasonableness of the benefits achieved by the settlement in light of the potential recovery at trial; (2) the likelihood of success in light of the risks posed by continued litigation; (3) the likely duration and cost of continued litigation; and (4) any shareholder objections to the proposed settlement." AOL Time Warner, 2006 WL 2572114 at *3 (citing Metropolitan Life, 935 F. Supp. at 292). Each of these considerations is clearly met.

i. The Reasonableness of the Benefits Achieved by the Settlement in Light of Potential Recovery at Trial

"When considering the benefits achieved by a settlement, courts must keep in mind that 'there is a range of reasonableness with respect to a settlement – a range which

recognizes the uncertainties of law and fact in any particular case and the concomitant risks and costs necessarily inherent in taking any litigation to completion.'" AOL Time Warner, 2006 WL 2572114 at *4 (quoting Newman v. Stein, 464 F.2d 689, 693 (2d. Cir. 1972)). Even though Plaintiffs have a high burden to meet and further litigation may yield little or no relief, the Individual Defendants' insurers are providing funds that will provide a meaningful benefit to the Company and its shareholders. See infra Section C.

The Settlement contains many governance enhancements which will benefit the Company and its shareholders. As set forth in the accompanying Breeden and Pitt declarations, the contemplated compliance enhancements, including the new Regulatory and Compliance Committee, constitute a meaningful benefit for the Company. See Exs. A and B. Specifically, Mr. Pitt strongly believes that the creation of the Regulatory Committee, with a significant five year budget dedicated to oversight of Pfizer's compliance with applicable healthcare law requirements, will provide Pfizer and its shareholders with significant additional benefits. See Ex. A at 1-2, 4-10. Likewise, Mr. Breeden concurs that "the proposed settlement is a fair and reasonable resolution of the Pfizer Litigation and will benefit the Company and its shareholders in several important respects." See Ex. B at 1, 3-9.

In addition, the Settlement provides for a substantial monetary fund that is to be used to support these compliance enhancements. These policies and procedures will not only enhance Pfizer's already robust compliance program, but will aid in preventing and detecting any potential compliance issues in the future.

Thus, the Settlement provides for the Company to receive the benefit of substantial insurance proceeds to fund meaningful and further governance enhancements to oversee an already well-funded compliance program. Even if the governance enhancements are considered non-monetary (although funds to support the enhancements are being provided to the

Company), courts have recognized that "a corporation may receive a substantial benefit from a derivative suit . . . regardless of whether the benefit is pecuniary in nature." Mills v. Electric Auto-Lite Co., 396 U.S. 375, 395 (1970); see also AOL Time Warner, 2006 WL 2572114 at *4 (holding that non-monetary benefits alone can be "substantial enough to merit approval" of a settlement). When analyzing whether a non-monetary benefit may be "substantial" enough to be considered fair and reasonable, a court should to look to see if it is "something more than technical in its consequence and . . . that [it] accomplishes a result which corrects or prevents an abuse which would be prejudicial to the rights and interests of the corporation or affect the enjoyment or protection of an essential right to stockholder's interest." Mills, 396 U.S. at 396 (1970) (quoting Bosch v. Meeker Coop. Light & Power Ass'n 257 Minn. 362, 366-67 (1960)).

Were this case to be litigated further, it would not only impose burdens on the parties, but could involve a lengthy process subject to one or more appeals, thus further delaying a resolution. Moreover, even if Plaintiffs were to prevail in whole or in part at trial, that outcome would not necessarily produce the enhanced corporate governance and internal control reforms set forth in the Settlement. By contrast, the Settlement will ensure that the Company receives these benefits. These factors favor approval of the Settlement.

Accordingly, Defendants submit that both the immediate and long-term value of the Settlement, and the corresponding elimination of the risks associated with protracted litigation, unequivocally warrant this Court's approval of the Settlement. See, e.g. AOL Time Warner., 2006 WL 2572114 at *4 (finding substantial benefit where instituting direct board involvement with compliance and internal controls provides for greater management accountability in the case of future misconduct).

ii. In View of Plaintiffs' High Burden Under Delaware Law, Their Likelihood of Success is Remote

In evaluating the fairness, reasonableness and adequacy of the Settlement, the Court must weigh the Plaintiffs' likelihood of success, and consider the various difficulties Plaintiffs would have had in establishing liability against Defendants. See Zimmerman v. Bell, 800 F.2d 386, 392 (4th Cir. 1986) (finding that a court should "assess[] the derivative plaintiffs' prospects of prevailing at trial . . ."); Mautner v. Hirsch, No. 91 Civ. 4928, 1992 WL 106318, at *3 S.D.N.Y. May 4, 1992) (court approving a derivative settlement should consider "the likelihood of the claimant's success after trial against the amount offered the claimant in settlement"); Metropolitan Life, 935 F. Supp. at 292.

Where, as here, a plaintiff's derivative claim faces substantial defenses and other hurdles, the approval of settlement is favored. See AOL Time Warner, 2006 WL 2572114, at *5 (finding settlement was appropriate where there were "considerable barriers to any potential recovery at trial"); Metropolitan Life, 935 F. Supp. at 292-93; Weisberg v. Coastal States Gas Corp., No. 78 Civ. 5942, 1982 WL 1311, at *1 (S.D.N.Y. June 16, 1982) (settlement approved in light of "plaintiffs' rather remote likelihood of success"). Here, the burden on Plaintiffs is exceptionally high.

Plaintiffs' central allegation, that Defendants breached their duty of loyalty, is "possibly the most difficult theory in corporation law upon which a plaintiff might hope to win a judgment." In re Caremark, 698 A.2d at 967. Under Delaware law, in order to plead a claim for breach of fiduciary duty based on an alleged failure of oversight, a plaintiff must allege that "(a) the directors utterly failed to implement any reporting or information system or controls; or (b) having implemented such a system or controls, consciously failed to monitor or oversee its operations thus disabling themselves from being informed of risks or problems requiring their

attention." Stone ex rel. Amsouth Bancorp. v. Ritter, 911 A.2d 362, 370 (Del. 2006). Under either scenario, Plaintiffs must prove – as an essential element of their claim – that Defendants acted with knowledge that their action or non-action was wrongful. Moreover, in a case premised upon conscious disregard such as this one, where Plaintiffs do not claim either that Defendants utterly failed to implement a reporting system or that they intentionally disabled the system to prevent learning of issues, Plaintiffs must show that the Defendants completely and entirely disregarded issues once they came to their attention; evidence that the response to the issues was inadequate is insufficient. See Lyondell Chem. Co. v. Ryan, 970 A.2d 235, 242-44 (Del. 2009).

In addition to the high legal threshold for any breach of loyalty claim, Plaintiffs also confront an absolute defense based on the Individual Defendants' reasonable reliance on those reporting to them. In light of the allocation of responsibilities, the full board was entitled to rely on the reports it received from the Audit Committee and other recommendations from senior management, and senior management was entitled to rely on persons within the organization with direct responsibilities for managing the sales, marketing and other activities at issue. See In re Citigroup Inc. S'holder Deriv. Litig., 964 A.2d 106, 132 (Del. Ch. 2009) ("directors of Delaware corporations are fully protected in relying in good faith on the reports of officers and experts"). Under the Delaware Code: "A member of the board of directors, or a member of any committee designated by the board of directors, shall, in the performance of such member's duties, be fully protected in relying in good faith upon the records of the corporation and upon such information, opinions, reports or statements presented to the corporation by any of the corporation's officers or employees, or committees of the board of directors . . ." 8 Del. C. § 141(e); see also In re Walt Disney Co. Deriv. Litig. 906 A.2d 27, 59 (Del. 2006) (applied protections of § 141(e) based on reliance upon advice); In re Am. Int'l Group, Inc., 965 A.2d

763, 828 n.246 (Del. Ch. 2009) (reliance on auditors); In re Healthsouth Corp. S'holders Litig., 845 A.2d 1096, 1106 (Del. Ch. 2003) (reliance on reports and recommendations of the CEO).

In their Complaint, Plaintiffs concede (and Pfizer's proxy statements make clear) that Pfizer had extensive reporting systems and controls. See Plaintiffs' Consolidated and Amended Complaint at ¶ 151 ("The 2002 and 2004 CIAs contained extensive reporting requirements to make senior management and the Board aware of non-compliance . . ."); see also id. ¶¶ 131, 181. That admission leaves Plaintiffs to argue that Defendants consciously disregarded or affirmatively encouraged violations of the law, and that they did so both intentionally and in bad faith. However, Plaintiffs have failed to adduce proof of conscious disregard; in fact, the direct evidence is to the contrary. As clear – indeed, uncontroverted – evidence demonstrates, the Individual Defendants vigorously and faithfully discharged their oversight responsibilities:

- The Board of Directors and Audit Committee, which had responsibilities for compliance matters, frequently met and regularly addressed compliance issues. (See Shaftel Decl. Ex 1 at 10-11, 16-17; Ex. 1 annex 2 at iii – v; Ex. 25 - 45.) The Chief Compliance Officer, General Counsel and internal and external auditors provided reports at nearly every Audit Committee meeting. (See Shaftel Decl. Ex. 18 – 22; 26 – 35.) Indeed, each year, the Audit Committee insisted that the Chief Compliance Officer certify that the compliance group had adequate resources to keep the Board and management updated on the operations and effectiveness of the compliance program. (See Shaftel Decl. Ex. 18 – 22.) Further, the Board received reports discussing significant legal matters in advance of each meeting.

- The Audit Committee was promptly advised of compliance matters warranting investigations, including qui tam actions, and required that it regularly be provided with a "tracking chart" to monitor the progress of these matters. (See Shaftel Decl. Ex. 2; 23 at 38:13 – 39:13; 51 at 127:4 – 127:17.)

- As soon as compliance-related concerns arose with respect to the relevant products, the Board and senior management promptly initiated thorough, diligent investigations which included the retainer of competent, outside counsel in connection with investigations, as well as Pfizer's in-house lawyers. (See Shaftel Decl. Ex. 6 at 37:7 – 37-14, 70:10 – 71:10, 179:18 – 181:9, 218:10 – 221:13,

270:15 – 272:11; 13 at 52:2 – 53:16, 70:4 – 70:15, 351:9 – 351:13, 381:7 – 381:15; 6 at 178:12 – 178:17; 9 at EOUSA 1442; 10 at 2; 12 at PFE DERIV A 00007159; 46 at PFE DERIV A 00000538; 54 at PFE DERIV A 0008321.)

- As the investigations proceeded, the Board and senior management regularly monitored outside counsel's investigation. (See Shaftel Decl. Ex. 51 at 118:8 – 118:19, 210:12 – 211:17, 127:4 – 127:17; 23 at 38:13 – 39:13; 2; 26 – 45.) After an issue was raised, the status of the pending matter was raised regularly at subsequent meetings. (See Shaftel Decl. Ex. 6 at 53:22 – 54:22.)

- Pfizer also self-reported alleged compliance violations as soon as they came to light, including upon learning of alleged conduct related to the medicines at issue. (See Shaftel Decl. Ex. 11 at BEX004352721; 17.)

- Together with the commencement of investigations, the Board and senior management promptly implemented corrective actions even before investigations ran course. (See Shaftel Decl. Ex. 3; 8; 28; 45; 46 and 51 at 127:4 – 127:17.). For example, the Board and Audit Committee oversaw improvements to Pfizer's monitoring and prevention of off-label promotion during the course of the Genotropin investigation. (See Shaftel Decl. Ex. 5 at PFE DERIV 00077301 – 11; 46 at PFE DERIV A 00000538; 52 at PFE DERIV A 00010111; 53 at PFE DERIV A 00008794; 55 at PFE DERIV A 00006626.) Further, numerous communications and retraining was conducted for the Bextra sales force shortly after Pfizer learned of the qui tam allegations. (See Shaftel Decl. Ex. 15; 16 at PFE DERIV 00072995, 97-98.)

- Board members requested, and were provided with information related to discipline for non-compliant conduct. (See Shaftel Decl. Ex. 51 at 118:8 – 118:19, 210:12 – 211:17.) Whenever warranted, strict disciplinary measures were implemented.

- The Board and senior management aggressively implemented enhancements to Pfizer's compliance program to discourage violations of Pfizer's policies and procedures. For example, it placed restrictions on payments to physicians for speaker programs and imposed limits on the content of those programs, removed sales and marketing personnel from the continuing medical education and charitable grants process, imposed limits on advisory boards, eliminated physician mentorships, restricted detailing, made changes to sales quotas and credit, and revised the process for publishing and disclosure related to medical research. (See Shaftel Decl. Ex. 4 at 77:18 – 80:18, 90:23 – 91:2; 5 at PFE DERIV 00077301 – 02; 6 at 338:14 – 339:17.)

In addition, on a review of the record, both Mr. Pitt and Mr. Breeden found that:

- Throughout the period relevant to plaintiffs' claims . . . the Pfizer Directors were diligent and attentive in the exercise of their oversight duties and, in many

instances took pro-active steps to enhance Pfizer's compliance function beyond those recommended or previously implemented by management. Ex. A at 1.

- The Directors' belief that they were acting consistent with their fiduciary duties was reasonable because, among other things, the processes that the Pfizer Board and Audit Committee employed were consistent with best practices in corporate governance. Ex. A at 1.

- [T]his was a highly responsible board that took its compliance responsibilities seriously. . . . [I]t was my opinion that Pfizer's board and senior management faithfully executed their respective roles in overseeing, implementing and continuously enhancing Pfizer's healthcare compliance system, and the record does not support a conclusion that either management or the board consciously disregarded their respective duties. Ex. B at 3.

The propriety of the Defendants' conduct is further corroborated by the fact that the government essentially continued Pfizer's existing compliance procedures and policies after reaching compliance-related Corporate Integrity Agreements ("CIAs") with the Company in 2002 and 2004 – both of which related to legacy conduct of predecessor entities and not Pfizer itself – and also in 2009. Specifically, each of the three CIAs essentially codified existing Pfizer policies. (See Shaftel Decl. Ex. 7; 14 at 1-2, 5, 7-10, 18; 6 at 21:22 – 22:3; 56 at 74.) Defendants' regulatory compliance expert, Lori S. Richardson Pellicioni, testified that in her experience as a former Assistant U.S. Attorney, the fact that the government "adopt[ed] and allow[ed] Pfizer to operate the compliance program they had in place [under the CIAs] . . . [demonstrated] that they were comfortable with what was in place and therefore deemed it to be an effective compliance program." Id. at 93. In addition, the government, despite exhaustive investigations spanning literally years, never made any charges against any of the Individual Defendants.

In light of the exceedingly high legal standard under Delaware law and Defendants' extensive record of discouraging, preventing and punishing compliance violations, Defendants contend that Plaintiffs are unlikely to prevail should this action proceed.

iii. Likely Duration and Cost of Continued Litigation is High

Courts are also required to consider the likely duration and cost of continued litigation in assessing whether a proposed settlement is reasonable. See AOL Time Warner, 2006 WL 2572114 at *3. Where, as here, the continued prosecution of an action would require the company to incur substantial costs and expenses, settlement is favored. See id., (finding that settlement "obviates the expenditure of any future time and expense in connection with [the] action, and will allow the Company to direct its full attention to its substantive business") (internal citations omitted); Metropolitan Life, 935 F. Supp. at 293-94 (finding settlement in the best interest of all parties "[i]n view of the effort and expense that would be required to take this case to and through trial").

The continued prosecution of this action would require the parties to incur substantial costs, particularly given that the case involves 15 individual defendants, plus numerous other non-party fact and expert witnesses and a voluminous documentary record. Settlement at this point in time further benefits the Company because it would not only obviate the expenditures of any future time and expense in connection with this litigation, but it will also favorably resolve the related, overlapping matters pending in other jurisdictions, and will allow the Company to direct its full attention to substantive business. See AOL Time Warner, 2006 WL 2572114 at *3; see also Wal-Mart Stores, Inc. v. Visa U.S.A. Inc., 396 F.3d 96, 107 (2d Cir. 2005) (quoting TBK Partners, Ltd. v. W. Union Corp., 675 F.2d 456, 460 (2d. 1982)) (allowing settlement of related claims, even if not asserted in the complaint, as long as they arose from the "'identical factual predicate' as the settled conduct"); In re Global Crossing Sec. and ERISA Litig., 225 F.R.D. 436, 458 (S.D.N.Y. 2004) (same).

iv. Shareholder Objections to this Settlement are Likely to Be Minimal

At this point, Defendants do not foresee that a substantial number of Pfizer shareholders will object to this Settlement. The proposal supplements the Company's program with additional oversight from a newly formed Regulatory Committee, and includes the addition of a corporate ombudsman, a neutral party charged with disclosure of any employee misconduct. Furthermore, the terms of this settlement have created a substantial monetary fund from which the Regulatory Committee can make additional compliance enhancements, should they become necessary at some point in the future. These structural changes can only improve Pfizer's already world-class compliance program, and thus will likely draw few objections from shareholders.

CONCLUSION

For all of the foregoing reasons, Defendants respectfully request that this Court approve the Settlement in its entirety.

Dated: New York, New York
December 2, 2010

CADWALADER, WICKERSHAM & TAFT LLP

By: /s/ Dennis J. Block
Dennis J. Block
Hal S. Shaftel
One World Financial Center
New York, New York 10281
Telephone: (212) 504-6000
Facsimile: (212) 504-6666

Counsel for Director Defendants

DAVIS POLK & WARDWELL LLP

By: /s/ Robert B. Fiske, Jr.
Robert B. Fiske, Jr.
James P. Rouhandeh
450 Lexington Avenue
New York, New York 10017
Telephone: (212) 450-4000
Facsimile: (212) 701-5800

Counsel for Executive Defendants

DLA PIPER LLP (US)

By: /s/ John R. Wellschlager
John R. Wellschlager
John C. Dougherty
6225 Smith Avenue
Baltimore, Maryland 21209
Telephone: (410) 580-4140
Facsimile: (410) 580-3140

Counsel for Nominal Defendant Pfizer Inc.

EXHIBIT A

United States District Court
Southern District of New York

In re Pfizer Inc. Shareholder Derivative Litigation	:	No. 09-CV-7822

DECLARATION OF HARVEY L. PITT

Harvey L. Pitt, an attorney admitted to practice before this Court, declares under penalty of perjury, pursuant to 28 U.S.C. §1746:

1. This is a Declaration in support of the proposed settlement between the parties in the civil action In re Pfizer Inc. Shareholder Derivative Litigation, United States District Court for the Southern District of New York, No. 09-CV-7822 (JSR).

2. I was previously retained by Cadwalader, Wickersham & Taft, LLP ("CWT"), counsel to the defendant independent directors (collectively, the "Directors") of the Board of Pfizer, Inc. ("Pfizer") in this litigation, as an expert witness regarding corporate governance matters, and in that capacity reviewed the relevant record.

3. Throughout the period relevant to plaintiffs' claims, I believe the Pfizer Directors were diligent and attentive in the exercise of their oversight duties and, in many instances took pro-active steps to enhance Pfizer's compliance function beyond those recommended or previously implemented by management. The Directors' belief that they were acting consistent with their fiduciary duties was reasonable because, among other things, the processes that the Pfizer Board and Audit Committee employed were consistent with best practices in corporate governance.

4. I now have been asked to express my opinion whether the terms of the proposed settlement of this action—which include, among other things, the proposed creation of a

Regulatory and Compliance Committee (the "Regulatory Committee") with a significant five year budget dedicated to oversight of Pfizer's compliance with applicable healthcare law requirements—would provide Pfizer and its shareholders with significant additional benefits. For the reasons discussed herein, I believe that the terms of the proposed settlement, including creation of a Regulatory Committee, will materially enhance Pfizer's already sound corporate governance and compliance functions.

5. The views expressed in this Declaration are solely my own, based upon my work over the past four decades with boards of directors, audit committees and corporate compliance personnel. This Declaration has been drafted by me, with assistance from certain of my colleagues who work under my supervision.

I. Experience and Background

6. I am currently (and for the past seven years have been) the Chief Executive Officer of Kalorama Partners, LLC, a global consulting firm, and its law firm affiliate, Kalorama Legal Services, PLLC (together, "Kalorama"). Over the past forty-two years, I have worked with many public companies and their boards of directors, as a practicing attorney, as a government regulator, and most recently as a corporate governance consultant.

7. I am an attorney at law, admitted to practice in the State of New York and the District of Columbia. I am currently the Chief Executive Officer and founder of Kalorama Partners, LLC, a global strategic business consulting firm, specializing in corporate governance, regulatory, accounting, economic and risk/crisis issues. I am also currently the Chief Executive Officer of Kalorama Legal Services, PLLC, the law firm affiliate of Kalorama Partners.

8. I graduated with a Bachelor of Arts degree in 1965 from the City University of New York (Brooklyn College), and received my J.D. degree from St. John's University Law School in 1968. In 2002, I was awarded an LL.D. (Hon.) from St. John's and in 2003, I was awarded the Brooklyn College President's Medal of Distinction. I have been admitted in, and have argued before, all the federal appellate courts as well as the U.S. Supreme Court.

9. In addition to my position as CEO of both Kalorama firms, I am currently a director of GWU Medical Faculty Associates, Inc. ("MFA"), a not-for-profit corporation organized pursuant to §501(c)(3) of the Internal Revenue Code, that provides comprehensive health care to patients in the Washington, D.C. metropolitan area. I am also an advisor to the Global Advisory Forum for CQS (UK) LLP and CQS Investment Management Limited, an international group of alternative asset management funds principally operating out of London, England. Further, I am an independent director of the hedge fund firm Paulson & Co, Inc., and I am a member of the Advisory Forum for the hedge fund firm Millennium Management.

10. I previously served for three years (2006-2009) on the National Cathedral School's ("NCS") Board of Trustees, and was, at various times, Board Vice-Chair, Co-Chair of the NCS Board's Governance Committee and Chair of the NCS Audit and Compensation Committees. I also previously served for four years (2004-2008) on the Board of Directors of Approva Corporation, a manufacturer of software solutions that assist corporations in improving their internal controls and compliance with the requirements of the Sarbanes-Oxley Act of 2002 ("S-Ox"). I was a member of Approva's Audit and Strategic Planning Committees.

11. Upon graduating from law school, I served on the Staff of the Securities and Exchange Commission ("SEC") from 1968 until 1978, the last three years of which I served as General Counsel, the Agency's Chief Legal Officer. In my role as General Counsel, I provided advice to the Commission, its senior Staff and to federal and state courts as *amicus curiae*, on a broad scope of securities, corporate and administrative legal and policy issues. A significant part of my responsibilities involved the fiduciary and compliance obligations of public companies, like Pfizer, and their boards, managers and outside advisors.

12. After concluding my tenure as General Counsel of the SEC, for nearly a quarter of a century (1978-2001), I was a senior corporate partner at the international law firm of Fried, Frank, Harris, Shriver & Jacobson ("Fried Frank"). From 1998-2001, I was Co-Chairman of Fried Frank, responsible for all facets of the administration of a global law

firm. Prior to 2001, I chaired Fried Frank's Washington, D.C. office, headed the Firm's securities and regulatory practice group, and served as Chair of the Firm's Policy Planning Committee.

13. In my second tour of duty with the SEC, from 2001 to 2003, I was privileged to serve as the Agency's 26th Chairman. During my tenure as Chairman, among other things, I oversaw the SEC's response to market disruptions resulting from the terrorist attacks of 9/11, I created the SEC's "real time enforcement" program, a policy geared towards making the SEC's enforcement initiatives more timely, efficient and effective for the benefit of investors, and I also led the SEC's adoption of dozens of rules affecting corporate governance in response to the corporate and accounting crises generated by the excesses of the 1990s.

II. The Terms of the Proposed Settlement Will Confer a Significant Benefit on Pfizer and Its Shareholders

14. I understand that the parties to this action have recently reached a preliminary agreement to settle this action. I have read the corporate governance-related settlement terms. A key term of the proposed settlement is the establishment and funding of a new Regulatory Committee that would assume oversight responsibilities with respect to healthcare marketing law compliance that are currently borne by the Audit Committee.

15. I believe that the record in this case is replete with evidence that the Directors acted diligently, consistent with well-established principles of corporate governance, and in good faith in exercising their responsibilities. However, it is always possible to do better. It is my opinion that establishing a Regulatory Committee will provide Pfizer and its various constituencies with significant and enduring benefits, and will place Pfizer at the cutting edge of corporate governance practices. In stating this opinion, I do not suggest that the Directors breached their duties by not having such a committee in place during the time period relevant to plaintiffs' claims.

16. I have long recommended, as a regulator, in my professional private practice matters, and in lectures and articles, that corporate boards consider establishing committees, separate and apart from their audit committees, dedicated to the oversight

of legal and regulatory issues. The proposal for the creation of a Regulatory Committee embodied in the corporate governance-related settlement terms contains all the significant features that I have recommended over the years. In my opinion, the establishment of the proposed Regulatory Committee, as set forth in the settlement terms, will confer a significant benefit on Pfizer and its shareholders, especially in light of the provision of a segregated source of funding for the committee's activities over the next five years.

a. Establishment of a Regulatory Committee and Creation of a Corporate Ombudsman

17. The corporate governance-related settlement terms provide that Pfizer will establish and operate a Regulatory Committee of the Board. The Regulatory Committee would consist of at least five members "who will exercise oversight responsibility on significant healthcare related regulatory and compliance issues, based on criteria to be developed by the Regulatory Committee. . . ." The Regulatory Committee must be comprised of at least a majority of independent directors, and may include senior Pfizer employees ex-officio. The Chair of the Regulatory Committee must not only be an independent director, he or she must have first been elected to the Pfizer Board since January 1, 2007, possess relevant experience in law, corporate compliance, regulatory or government affairs, academia or service on the board of a healthcare institution or other highly regulated company. At least one member of the Regulatory Committee will have a significant background in healthcare, and at least one member must also be a member of the Audit Committee.

18. The corporate governance-related settlement terms provide for the establishment of a $75 million fund that, after payment of Court-approved fees and expenses of plaintiffs' counsel in connection with this action, would be placed in escrow and subject to the control of the Regulatory Committee as a source of additional funding for its activities during its initial five year term.

19. The Regulatory Committee would meet at least quarterly, and the scope of its oversight responsibilities would include:

- Substantive regulatory and compliance obligations, including

  * Medicare/Medicaid funding regulations;

  * drug marketing, including off-label marketing restrictions, and safety, superiority and efficacy claims;

  * FCPA compliance;

  * Clinical studies and drug manufacturing quality control; and

  * Required reporting to the FDA of drug safety;

- Review and evaluation of significant external complaints, including *qui tam* suits, government investigations, FDA warning letters and retaliation claims, concerning regulatory or compliance behavior; and

- Internal messaging to and training of Pfizer employees concerning compliance.

20. The Regulatory Committee would have the authority, in its discretion, to require management to conduct audits on compliance, regulatory or legal concerns, to commission external reviews, and to retain its own outside counsel, consultants or experts.

21. The Regulatory Committee will be authorized to report to the full Board on the adequacy of compliance staffing. In addition, in consultation with the Compensation Committee, the Regulatory Committee will be authorized to review and discuss with management such compensation practices, including sales incentives, as might not be aligned with compliance incentives; as appropriate, the Regulatory Committee will also be authorized to recommend clawbacks of compensation to the Compensation Committee.

22. The settlement terms also provide for the appointment of an Ombudsman, operating under the direction of the Chief Compliance Officer, to provide an alternative channel for employees to address work-related concerns, including conduct believed to be inconsistent with Pfizer's policies, practices, standards or values. The Ombudsman would be an independent party, with confidentiality obligations to those who bring concerns to him or her, although he or she would also be subject to applicable

corporate disclosure requirements. The Ombudsman would report directly to the Compliance Group and would also report directly to the Regulatory Committee.

b. Benefits of Establishing the Regulatory Committee

23. The development of audit committees was a truly inspired idea. And, over the years, the idea has been honed and massaged to the point where audit committees perform critical functions and provide a measure of protection for public shareholders that every corporation requires and deserves. After starting out as a best practice of corporate governance, audit committees are now statutorily mandated by federal law for all public companies.

24. But, the very success of audit committees has led many companies to assign them functions in addition to overseeing public company financial reporting and related accounting practices. In addition to oversight of the corporation's financial reporting and systems of internal control—responsibilities that have grown more complex and time consuming, especially since the adoption of S-Ox and the recent Dodd-Frank Act—audit committees have often also been given responsibility for risk management, disclosure obligations and corporate legal and regulatory compliance. The attributes that define audit committee members make them well-suited for many of these responsibilities. However, in light of the many functions that audit committees are now required to perform, for corporations with a sufficient number of directors, it would be optimal to create a separate committee to devote exclusive focus and energy on legal and regulatory compliance matters. I have therefore long advocated the creation of such a separate committee in addition to the audit committee.

25. I acknowledge and believe that an audit committee can shoulder both responsibilities and, indeed, in my estimation the Pfizer Audit Committee did so quite adroitly, and with diligence and good faith.

26. Going forward, however, in my experience there are real benefits to creating a separate board committee with primary responsibility for legal and regulatory oversight. This is especially true where a corporation, like Pfizer, operates in a highly regulated industry. By taking responsibility for some of the oversight responsibilities currently

borne by the Audit Committee, the creation of a separate Regulatory Committee would further enhance both the Board's ability to exercise its oversight responsibilities with respect to healthcare law compliance and its ability to oversee Pfizer's financial reporting and financial controls.

27. The terms outlined in the corporate governance-related settlement terms are, in my experience, well-designed to achieve the benefits of having a separate legal and regulatory oversight committee. The settlement terms provide for something that I have long recommended: the wisdom of having at least one member of the Audit Committee also sit on the Regulatory Committee, in order to promote coordination between the two committees and avoid the risk of matters "falling through cracks." Legal and regulatory matters can have an impact on the corporation's financial statements, and it is therefore important that the Regulatory Committee not function in a vacuum.

28. The corporate governance-related settlement terms also envision coordination between the Regulatory and Audit Committees, to delineate the division of responsibilities between them, as well as reporting lines between external and internal auditors and the committees. This is especially important given that the 2009 CIA currently allocates certain responsibilities to the Audit Committee which might more logically be assumed by the Regulatory Committee. The settlement terms provide that the two committees, either through their chairs or otherwise at the committees' discretion, shall confer to assign such responsibilities under the 2009 CIA as annual certifications and annual reporting to the full Board on the state of compliance functions, compliance problems that have come to light, pending investigations and disciplinary actions touching on compliance matters, and any other issues that may potentially reflect systemic or widespread compliance issues exposing Pfizer to substantial compliance risk.

29. The corporate governance-related settlement terms envision a number of matters on which the Regulatory and Compensation Committees will work jointly. With its focus on legal and regulatory matters, the Regulatory Committee will be able to assist the

Compensation Committee by bringing more focused compliance expertise to all compensation decisions.

30. When Rule 205 of S-Ox, was promulgated, I envisioned that the safe-harbor provisions for attorney reporting would create a significant incentive for boards to create QLCCs. Fewer corporations than I had expected have done so, however. The most frequently cited reasons have been an insufficient number of directors—a concern that does not apply to Pfizer—and the financial costs of establishing a separate committee with significant oversight responsibilities. The proposed settlement not only commits but segregates a significant sum of money to fund the Regulatory Committee's activities for up to five years, eliminating at the outset any concerns about the committee's ability to conduct whatever operations, including the retention of outside counsel or other experts and advisors, as it sees fit.

31. While Pfizer already maintains confidential channels for employees to report compliance-related concerns, providing for the appointment of an Ombudsman will also provide significant benefits to Pfizer and its shareholders. As proposed, the Ombudsman would provide an alternative channel of reporting for employees that goes directly to the Regulatory Committee. This should increase employee confidence in all of Pfizer's internal reporting mechanisms. One unfortunate consequence of recently-enacted whistle-blowing statutes is that they create incentives for employees to report externally without seriously considering reporting internally, regardless of the actual receptivity of the corporation to employee reports. When employees are persuaded that their company really does care about ethical and lawful behavior, they will buy into the process and will take their concerns, in the all-important first instance, to internal mechanisms rather than feeling compelled to take their concerns to external bodies. Companies that encourage their employees to raise problems internally give themselves that all important critical step — finding out about a problem before it has become a crisis—and demonstrating to all their constituencies that they are committed to effective compliance, and discourage any departure from their policies, procedures and high ethical standards.

III. Conclusion

32. In my experience, both as a regulator and as a corporate advisor, shareholders fare the best when boards exercise independent judgment, insist on learning all the significant facts pertaining to important issues, and exercise good faith business judgment in deciding how to respond to the matters of which they become aware. In my opinion, Pfizer's shareholders received the benefit of those efforts in the matters at issue in this case.

33. That does not mean that benefits cannot be achieved by continuing to enhance Pfizer's compliance-related programs. In my opinion, the terms of the proposed settlement will provide Pfizer and its shareholders with significant benefits that further enhance its legal and regulatory compliance programs.

December 2, 2010

/s/ Harvey L. Pitt

EXHIBIT B

Affidavit in Support of Proposed Settlement

of

RICHARD C. BREEDEN

In Re Pfizer Inc. Shareholder Derivative Litigation

United States District Court
Southern District of New York
No. 09-CV-7822 (JSR)

December 2, 2010

AFFIDAVIT OF RICHARD C. BREEDEN

Richard C. Breeden, being duly sworn, deposes and says as follows:

Introduction

1. This is an Affidavit in support of the proposed settlement between the parties in the civil action In Re Pfizer Inc. Shareholder Derivative Litigation, United States District Court for the Southern District of New York, No. 09-CV-7822 (JSR) (the "Pfizer Litigation").

2. I was previously engaged to provide an expert opinion on behalf of the independent director-defendants of Pfizer Inc. ("Pfizer" or the "Company") concerning the manner in which they discharged their fiduciary duties relating to their stewardship of compliance matters during a prolonged period from 2001-2009.[1] As reflected more fully in this Affidavit, in my opinion the proposed settlement is a fair and reasonable resolution of the Pfizer Litigation and will benefit the Company and its shareholders in several important respects.

Experience

3. I graduated from Stanford University in 1972 and from the Harvard Law School in 1975. During my career I have been a legal or strategic advisor to many companies and boards of directors. I have also consulted with companies on corporate governance practices, internal controls, financial reporting, risk management, ethics and compliance training and controls, and many similar issues. For approximately four years I served as a senior economic,

---

[1] My Affidavit concerning the terms of the proposed settlement of the Pfizer Litigation is submitted on behalf of the individual director defendants. I have had access to the entire discovery record in this case, and I have reviewed extensive documentary materials in the record, including those listed on Appendix I hereto. In formulating this Affidavit, I have carefully reviewed the claims of the plaintiffs regarding asserted deficiencies in the overall governance practices at Pfizer, and in particular alleged failures by the directors to respond adequately to Pfizer's compliance obligations. In evaluating these claims, I have considered both the record of this case and my personal experience with matters of corporate governance as a legal counsel, regulator, corporate monitor, advisor, director and shareholder over a period of more than 30 years.

financial and policy advisor to George H.W. Bush during his tenure as both Vice President and President of the United States. From 1989-1993, I served as Chairman of the U.S. Securities and Exchange Commission following unanimous confirmation by the United States Senate. During my tenure at the Commission we initiated more than 1,200 individual enforcement actions for violations of the federal securities laws.[2] Following government service I have consulted widely with companies, as well as serving as a corporate monitor in three companies that experienced serious legal and ethical issues.[3] I currently manage more than $1 billion in assets invested in equity securities on behalf of major institutional investors.

4. Of particular relevance to this case, over the past 15 years I have been a director of a dozen companies in both the U.S. and Europe. These companies have been both large and small, with up to 123,000 employees and operations in more than 60 countries. Several of these companies (both domestic and foreign) have had significant regulatory compliance obligations, including, in different companies, rules of the Securities and Exchange Commission, Federal Reserve Board, Office of Thrift Supervision, the Bank of Spain, and the U.S. Food and Drug

---

[2] In my former capacity as Chairman of the U.S. Securities and Exchange Commission I had extensive experience evaluating the compliance record of many companies, senior executives and corporate directors. In scores of litigated enforcement cases or matters under investigation, the Commission had to decide whether the actions or inactions of senior corporate officials made it appropriate for charges to be brought against senior management or the corporate entity in addition to charges against individuals who had initially violated the law. Among the sanctions the SEC can impose are lifetime bars on individuals serving as an officer or director of any publicly traded company (or participation in the securities business), and such cases frequently require evaluation of the conduct of individuals in the face of known or potential violations of law. On the facts I have seen, I would never have even considered an SEC enforcement action against the Pfizer directors as a result of the Bextra matter.

[3] In these three assignments spanning a total of seven years, I reviewed the actions of hundreds of officers, directors or partners at firms where major compliance failures took place. In each of these assignments, I was required to evaluate both corporate and individual conduct under a wide variety of compliance standards. These included various statutory requirements as well as the U.S. Sentencing Guidelines, a Deferred Prosecution Agreement, several Temporary or Permanent Injunctions, Enforcement Orders and Delaware fiduciary standards. In two of these situations the conduct of directors was far more questionable than anything in the Pfizer Litigation. The Pfizer directors may not have perceived weaknesses in the compliance system that allowed the Bextra situation to develop, but they devoted enormous time, business skill and manifest good faith to their work. This was not a group willing to play a compliance version of Russian roulette.

Administration ("FDA"), as well as the Department of Justice and the IRS.[4] I have chaired or served as a member of several audit committees, and I have on numerous occasions had to evaluate compliance matters or material litigation as a director, including an enforcement proceeding involving the FDA.

Evaluation of the Terms of the Proposed Settlement

5. One strong factor in the reasonableness of the proposed settlement is the fact that this was a highly responsible board that took its compliance responsibilities seriously. Indeed, the Pfizer Audit Committee devoted as many meetings each year, and as much aggregate time to presentations and discussions on compliance matters, as any Audit Committee I have seen. The Audit Committee and the full Board routinely received extensive written reports devoted to healthcare law compliance matters, regular briefings from the legal, compliance and internal and external auditor, and had at its disposal a wealth of information that would have given them a reasonable basis to conclude that Pfizer's management was taking concrete and affirmative steps to create a culture of compliance, to prevent and detect healthcare compliance issues and to respond vigorously, through investigation, remediation and most notably by self-reporting to its regulators incidents of compliance violations. In short, it was my opinion that Pfizer's board and senior management faithfully executed their respective roles in overseeing, implementing and continuously enhancing Pfizer's healthcare compliance system, and that the record does not support a conclusion that either management or the board consciously disregarded their respective duties.

6. The proposed settlement calls for the creation of a new Regulatory and Compliance Committee (the "Regulatory Committee") of the Pfizer board. The Audit

---

[4] Obviously these are only the federal or other national regulators for such companies. In virtually every case, the companies on whose boards I served also had compliance obligations to one or more state regulatory bodies.

Committee would cease to have responsibility for compliance matters, all of which will be transferred to the new Regulatory Committee. The new committee would specialize in reviewing all compliance matters, without the need to spend substantial time worried about the myriad accounting issues (including, for example, changes in accounting policies, reserve assumptions, and depreciation methodologies) that audit committees must focus on continuously.

7. Under the Settlement, the Regulatory Committee would have a mandate to review an extremely broad spectrum of issues including Medicare/Medicaid rules, drug marketing rules and company programs, Foreign Corrupt Practices Act issues for non-U.S. marketing, manufacturing quality control, clinical studies quality control and drug safety reporting. Beyond these issues of substantive regulatory obligations, the Regulatory Committee would be charged with oversight of Pfizer's review and evaluation of external complaints or criticisms. This would include reviewing FDA warning letters, *qui tam* suits, government investigations and similar matters, as well as reviewing data on drug usage to determine if further management analysis is appropriate. In performing work in these areas, the Regulatory Committee would receive reports from Internal Audit, the Chief Compliance Officer, the Executive Compliance Committee, and others. The Regulatory Committee would also reviewing "internal messaging" to employees about compliance, and the oversight of acquired companies and bringing them into line with Pfizer compliance policies.

8. Separating the current Audit Committee into two committees will produce several immediate benefits for Pfizer and its shareholders. First, the Regulatory Committee will focus exclusively on monitoring compliance activities, including efforts to improve the overall system as well as reviewing regulatory or compliance cases and individual issues. This will further enhance attention on compliance matters, particularly at times of the year when the attention of

the former Audit Committee will need to be focused on completing the annual independent audit and related financial disclosures.

9. While the Audit Committee formerly devoted one meeting per year exclusively to compliance issues, in the future the Regulatory Committee will devote every meeting exclusively to compliance issues. This is no small change, and it will produce even greater focus within the board on compliance questions. It will also allow a significant expansion of board time devoted to reviewing compliance matters, as the committee members will focus solely on these issues. Committee reports at board meetings will also be free to go into greater depth, as they will not also be covering audit and compliance issues in the same report.

10. By expanding the time and focus of the board on compliance matters, the settlement will also enhance the internal focus on such issues within management even though such issues already command a very high priority. Each board committee develops its own staff, effectively, within management to support its operations. Audit committees rely heavily on corporate controllers, treasurers and CFOs, for example, in doing the work to prepare for meetings. The new Regulatory Committee will foster an even more focused and dedicated staff support function embracing a wider group of internal experts such as compliance, General Counsel, human resources, Internal Audit, sales and marketing and perhaps others.

11. Beyond the greater availability of time, the fact that a board committee exists solely for compliance matters will give greater importance and stature internally to the compliance function and its associated career path. This will be an intangible but not

insubstantial boost for compliance personnel and will reinforce the stature they will have within the organization.[5]

12. Another benefit of the new structure should be an improved Audit Committee. While the members of the Audit Committee have been indefatigable in terms of workload in the past, the separation of the two committees will allow the Audit Committee to focus exclusively on audit issues. This should allow the Audit Committee to focus in even more depth on accounting and audit issues that might have had lesser attention in the past to make room for compliance and regulatory issues.

13. Separating the two committees will also allow the board to staff each committee with members with relevant backgrounds. It is noteworthy that the proposed settlement requires that the Chair of the Regulatory Committee should have "relevant experience in law, corporate compliance, regulatory or governmental affairs, academia or service on the Board of a healthcare institution or highly regulated company." In my opinion, defining the criteria for the Chair of this committee in this way is an important step.

14. I serve on the board of a medical device manufacturer that has a dedicated compliance committee that is separate from the audit committee. The committee is chaired by an experienced healthcare executive who understands the company's overall compliance environment extremely well from her own company's experiences. The dedicated committee has built tracking systems for regulatory issues that are sophisticated, and that help the board focus on areas of regulatory risk as well as simple compliance questions. In my experience, the compliance committee of this board has added enormously to the depth and quality of board

---

[5] Of course when the board promoted Jeffrey B. Kindler, former head of compliance, to be the Company's CEO they sent a ringing message about the critical importance of compliance within Pfizer, and its support within the board. The new committee will reinforce that message every time it meets.

oversight of compliance and regulatory questions. It has allowed a far more robust interaction between the committee members and management than could possibly occur within an audit committee. Having seen such a committee at work for more than two years, in my experience this is a far, far more important change than the simple description of two committees rather than one. Having a dedicated compliance committee unquestionably elevates the importance of compliance questions, and has many other positive attributes.[6]

15. The establishment of the new Regulatory Committee should prove beneficial to Pfizer. Moreover, based on a review of the proxy statements of all U.S. pharmaceutical companies, it is evident that the proposed settlement will also help advance compliance initiatives within the broader industry. The proposed Pfizer committee has a far more extensive mandate than any other pharmaceutical company currently provides for similar board committees. I have reviewed recent proxy statements and other governance materials relating to Pfizer's major U.S. competitors, including Abbott Laboratories, Amgen Inc., Bristol-Myers Squibb Co., Eli Lilly & Co., Johnson & Johnson, and Merck. Based on this review, it appears that the governance improvements resulting from both the formation of the Regulatory Committee and the proposed scope of its oversight responsibilities will cause Pfizer to be an industry leader with respect to board oversight of regulatory, legal and compliance matters.

16. As an initial matter, only two of Pfizer's competitors (Amgen and Eli Lilly) have a board committee that is charged solely with oversight of regulatory and compliance matters. A third company, Abbott Labs, has a board-level Public Policy Committee that is also charged with

---

[6] Another positive aspect is that such a committee results in several members of the board becoming experts in appreciating regulatory risks. Having sat in on hundreds of audit committee meetings, I have found the discussions of this compliance committee refreshingly different. There is a much closer business focus, and less time wasted on relatively trivial questions of accounting process. That frees up the time to track and evaluate regulatory inspections and their related reports in far more detail.

compliance oversight. Pfizer's other U.S. competitors include compliance oversight among the responsibilities of the Audit Committee, as Pfizer does at present.

17. In addition, none of the three companies that vest compliance oversight in committees other than the Audit Committee describes the committee's responsibilities with the level of breadth, detail and focus that is reflected in the proposed scope of responsibility of Pfizer's Regulatory Committee. For example, the charter of Amgen's Corporate Responsibility and Compliance Committee Charter describes the committee's responsibilities in mostly general terms and with a focus almost exclusively on oversight of management's implementation of the company's compliance program. Unlike the proposed Regulatory Committee charter, it does not list specific areas of law and regulation to which the committee's oversight responsibility extends, nor does it require committee members to review external regulatory and compliance complaints or the company's internal messaging relating to compliance matters. It also does not require the committee to oversee the integration of acquired companies into Amgen's compliance program, a role specifically assigned to the Pfizer Regulatory Committee.

18. The formation of a Regulatory Committee of the Pfizer board with a detailed scope of responsibility and relevant qualification requirements should also provide a benefit to shareholders in other companies who choose to emulate Pfizer's system, and also to the public. It could also prove beneficial to Pfizer shareholders if the end result of this process is for Pfizer to build a regulatory/compliance control process that proves to be a positive differentiator in terms of having reduced regulatory event risks compared with peer companies. It will help every company justify enhanced compliance costs if investors place greater importance on control of regulatory/compliance risks, and Pfizer's example in this regard could provide a catalyst for others.

19. The proposed settlement also provides for a $75 million payment from Pfizer's insurers to create a fund that will pay for fees awarded to counsel for plaintiffs, with the net remaining balance to be devoted to the establishment and operation of the Regulatory Committee for a five-year period. This is in addition to the ongoing compliance expenditures at Pfizer, which run in the tens of millions of dollars annually.

20. The escrow fund to be established under the proposed settlement will provide meaningful resources to fund the work of the Regulatory Committee over the first five years of its existence. This is especially so in view of the fact that the proposed settlement terms do not indicate that the escrow fund will be the sole source of funding available to the Committee. In other words, it appears that Pfizer's resources will be available to fund any initiatives of the Regulatory Committee that may require additional resources in the event that the escrow fund is fully expended.

21. Based on a consideration of all the facts and circumstances presented to me, I believe that the terms of the proposed settlement – and in particular the establishment of a $75 million escrow fund (net of fee reductions) for the use of a newly established Regulatory Committee of the board – are fair and reasonable, especially when considered in view of what I believe to be the many significant weaknesses of plaintiffs' case in light of all relevant facts and the governing provisions of Delaware law.

Richard C. Breeden

DISTRICT OF COLUMBIA:ss:

Sworn and subscribed to before me this 2nd day of December, 2010.

Paula R. Martin
Notary public

My commission expires:

PAULA R. MARTIN
COMMISSION EXPIRES
MARCH 14, 2015

In re Pfizer Inc. Shareholder Derivative Litigation
Affidavit of Richard C. Breeden in Support of Proposed Settlement
Appendix I – Documents Reviewed in Preparation of Affidavit

1. Amended Consolidated Shareholder Derivative Complaint and related pleadings and transcripts.

2. Select civil and criminal settlements by Pfizer subsidiaries and court filings in connection with these settlements (i.e. Criminal Information, Sentencing Memoranda, Settlement Agreements, etc.) for the period from 2000-2009.

3. Portions of Minutes of the Board and Audit Committee Meetings and the materials provided to the Board and Audit Committee in connection with these meetings (i.e. pre-reads, presentations, etc.) for the period from 2000-2009.

4. All or portions of depositions (and exhibits) or summaries thereof of the following individuals:

    a. Dennis Ausiello;
    b. Anthony Burns;
    c. Robert Burt;
    d. John Chapman;
    e. Donald Cornwell;
    f. Hugh Donnelly;
    g. Joseph Feczko;
    h. Margaret Foran;
    i. Constance Horner;
    j. William Howell;
    k. Suzanne Nora Johnson;
    l. Karen Katen;
    m. James Kilts;
    n. Jeffrey Kindler;
    o. Douglas Lankler;
    p. Hank McKinnell;
    q. Ian Read;
    r. William Steere;
    s. Allan Waxman.

5. Pfizer Corporate Integrity Agreements for 2002, 2004 and 2009, and 2007 Deferred Prosecution Agreement.

6. FDA warning letters and violation notices received by Pfizer during the period from 2000-2009.

7. *Qui tam* complaints referenced in the Consolidated Complaint and Congress of California Seniors complaint.

8. Pfizer Annual Reports to the HHS Office of Inspector General under the 2002 and 2004 CIAs and Reports of the Independent Review Organization (PwC) under the 2004 CIA.

9. Selected Pfizer Internal Audit Reports and documents relating to KPMG financial statement and SOX 404 audits.

10. Selected Pfizer Presentations to the Department of Justice relating to investigations of conduct surrounding Bextra, Geodon, Zyvox, and Lyrica, as well as other compliance-related initiatives pursued by Pfizer during the relevant period.

11. GAO Report – FDA's Oversight of the Promotion of Drugs for Off-Label Uses (July 2008).

12. Other discovery and compliance-related materials provided by defense counsel.

13. The expert reports submitted by Professor Bernard S. Black and John Abramson.

14. Certain Pfizer Inc. background materials (i.e. SEC filings, Board member profiles, Company Charters, press articles, etc.).