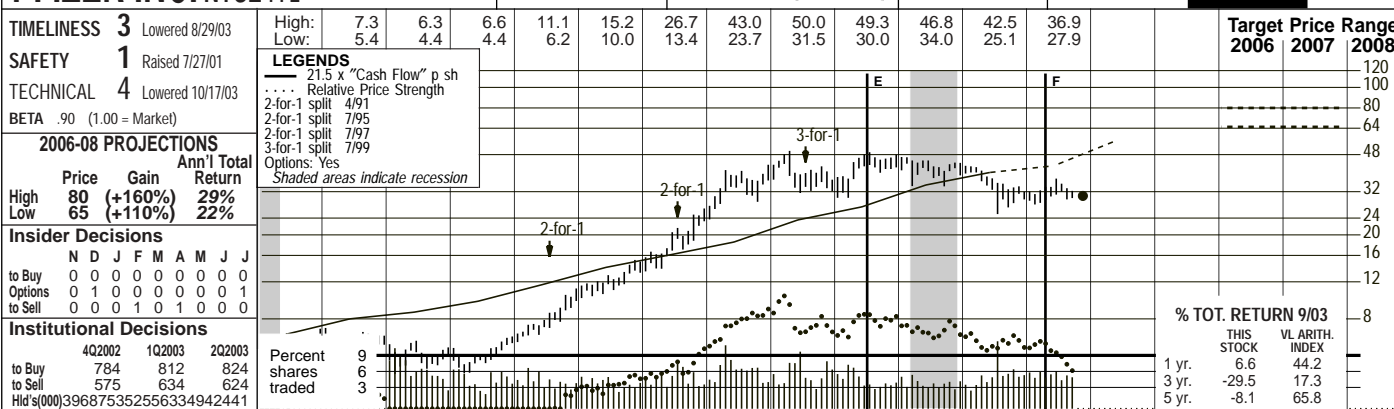


PFIZER INC. NYSE-PFE

RECENT PRICE **30.60** P/E RATIO **16.8** (Trailing: 19.2 Median: 28.0) RELATIVE P/E RATIO **0.92** DIV'D YLD **2.2%** VALUE LINE



Year	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Value Line Pub, Inc.	06-08
Price	1.25	1.36	1.43	1.62	1.76	1.85	1.94	2.20	2.62	2.92	3.22	3.49	4.21	4.68	5.14	5.25	5.65	6.65	Sales per sh	8.90
Gain	.22	.25	.24	.26	.29	.35	.37	.42	.50	.61	.70	.80	1.02	1.18	1.50	1.72	1.95	2.50	"Cash Flow" per sh	3.65
Return	.17	.20	.18	.20	.23	.27	.31	.35	.41	.50	.57	.67	.87	1.02	1.31	1.53	1.73	2.15	Earnings per sh ^A	3.20
Options	.08	.08	.09	.10	.11	.12	.14	.16	.17	.20	.23	.25	.31	.36	.44	.52	.60	.68	Div'ds Decl'd per sh ^B	1.10
to Buy	.07	.09	.12	.14	.15	.17	.16	.18	.18	.20	.24	.31	.41	.35	.35	.29	.25	.25	Cap'l Spending per sh	.30
to Sell	.98	1.08	1.14	1.28	1.27	1.21	1.00	1.15	1.44	1.80	2.04	2.27	2.31	2.55	2.91	3.24	3.24	9.50	Book Value per sh ^C	13.20
Hlds(000)	3947.7	3969.5	3967.5	3963.1	3955.8	3901.7	3851.1	3770.7	3823.6	3870.0	3882.0	3882.0	3847.0	6314.0	6277.0	6162.0	7725.0	7550.0	Common Shs Outst'g ^D	7150.0
to Buy	16.1	11.5	14.6	14.4	21.9	23.1	17.5	15.5	19.6	24.5	33.3	51.2	44.3	40.7	31.8	22.8	20.0	20.0	Avg Ann'l P/E Ratio	23.0
to Sell	1.08	.95	1.11	1.07	1.40	1.40	1.03	1.02	1.31	1.53	1.92	2.66	2.53	2.65	1.63	1.24	1.24	1.24	Relative P/E Ratio	1.55
Hlds(000)	2.7%	3.7%	3.5%	3.5%	2.2%	2.0%	2.6%	2.9%	2.1%	1.6%	1.2%	1.2%	.8%	.9%	1.1%	1.5%	1.5%	1.5%	Avg Ann'l Div'd Yield	1.5%

CAPITAL STRUCTURE as of 6/30/03
 Total Debt \$14924 mill. Due in 5 Yrs \$12500 mill.
 LT Debt \$6710 mill. LT Interest \$365.8 mill.
 (9% of Cap'l)

Year	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004		
Total Debt	7477.7	8281.3	10021	11306	12504	13544	16204	29574	32259	32373	43680	50150	63500	63500	63500	63500	63500	63500	Sales (\$mill)	63500
LT Debt	25.7%	27.3%	29.3%	31.0%	30.8%	30.2%	33.3%	33.0%	37.7%	41.2%	39.5%	42.0%	47.0%	47.0%	47.0%	47.0%	47.0%	47.0%	Operating Margin	47.0%
Leases	258.2	292.0	374.0	430.0	502.0	489.0	542.0	968.0	1068.0	1036.0	2500	2650	3000	3000	3000	3000	3000	3000	Depreciation (\$mill)	3000
Pension Assets	1179.8	1298.4	1554.2	1929.0	2213.0	2633.6	3393.2	6495.0	8349.5	9548.7	12640	16400	23025	23025	23025	23025	23025	23025	Net Profit (\$mill)	23025
Common Stock	26.3%	30.0%	32.1%	31.0%	28.0%	24.8%	28.6%	28.1%	25.2%	23.1%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	Income Tax Rate	23.0%
MARKET CAP	15.8%	15.7%	15.5%	17.1%	17.7%	19.4%	20.9%	22.0%	25.9%	29.5%	28.9%	32.7%	36.3%	36.3%	36.3%	36.3%	36.3%	36.3%	Net Profit Margin	36.3%
Current Liab.	1289.6	962.5	965.2	828.0	1515.0	2739.0	2006.0	5206.0	4810.0	6226.0	12000	14000	17500	17500	17500	17500	17500	17500	Working Cap'l (\$mill)	17500
Current Assets	570.5	604.2	833.0	687.0	729.0	527.0	525.0	1123.0	2609.0	3140.0	6200	5200	2000	2000	2000	2000	2000	2000	Long-Term Debt (\$mill)	2000
Current Liab.	3865.5	4323.9	5506.6	6954.0	7933.0	8810.0	8887.0	16076	18293	19950	73395	77845	94540	94540	94540	94540	94540	94540	Shr. Equity (\$mill)	94540
Current Liab.	27.1%	26.9%	24.8%	25.5%	25.8%	28.4%	36.3%	38.4%	40.5%	41.6%	13.5%	17.5%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	Return on Total Cap'l	23.0%
Current Liab.	30.5%	30.0%	28.2%	27.7%	27.9%	29.9%	38.2%	40.4%	45.6%	47.9%	17.0%	21.0%	24.5%	24.5%	24.5%	24.5%	24.5%	24.5%	Return on Shr. Equity	24.5%
Current Liab.	16.7%	16.3%	16.3%	16.7%	16.8%	18.8%	25.3%	26.7%	30.8%	32.0%	12.5%	15.5%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	Retained to Com Eq	16.0%
Current Liab.	45%	46%	42%	40%	40%	37%	34%	34%	33%	33%	35%	32%	34%	34%	34%	34%	34%	34%	All Div'ds to Net Prof	34%

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '00-'02 of change (per sh)

Year	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004		
Sales	11.0%	11.0%	11.5%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	"Cash Flow"	10.0%
Earnings	18.5%	18.5%	21.0%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	Earnings	16.5%
Dividends	15.0%	15.0%	17.0%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	Dividends	16.5%
Book Value	8.5%	8.5%	10.5%	27.5%	27.5%	27.5%	27.5%	27.5%	27.5%	27.5%	27.5%	27.5%	27.5%	27.5%	27.5%	27.5%	27.5%	27.5%	Book Value	27.5%

QUARTERLY SALES (\$ mill.)^{EF}

Year	2000	2001	2002	2003	2004
Mar.31	7222	7645	7747	8525	12150
Jun.30	7042	7686	7296	9993	11500
Sep.30	7205	7898	7996	11940	12500
Dec.31	8105	9030	9334	13222	14000
Full Year	29574	32259	32373	43680	50150

EARNINGS PER SHARE^{AEP}

Year	2000	2001	2002	2003	2004
Mar.31	.25	.33	.38	.45	.54
Jun.30	.23	.30	.31	.30	.47
Sep.30	.27	.34	.38	.44	.53
Dec.31	.27	.34	.46	.54	.61
Full Year	1.02	1.31	1.53	1.73	2.15

QUARTERLY DIVIDENDS PAID^B

Year	1999	2000	2001	2002	2003
Mar.31	.073	.09	.11	.13	.15
Jun.30	.073	.09	.11	.13	.15
Sep.30	.08	.09	.11	.13	.15
Dec.31	.08	.09	.11	.13	.15
Full Year	.31	.36	.44	.52	.61

Pfizer faces multiple challenges over the next several years . . . The recently introduced cholesterol-lowering drug *Crestor* (by AstraZeneca) will inhibit the growth of Pfizer's best-seller *Lipitor* (about \$8 billion in 2003). Merck/Schering-Plough's *Zocor-Zetia* combination pill will undoubtedly have a negative impact as well when it's launched in 2004's second half. Blockbuster *Viagra*, too, faces growing competition, with shipments of Glaxo's *Levitra* starting in August and sales of Lilly's *Cialis* likely to commence shortly. That's not all, the New York-based drug-maker will have to contend with generic copies of several major medicines that lose patent cover over the next 3 to 5 years, including *Zithromax*, *Zoloft*, and *Norvasc*. . . . **but the drug-industry Goliath is probably better-positioned than most for the task on hand.** Pfizer's product portfolio is chock full of billion-dollar-plus medicines. Moreover, its R&D pipeline is well stocked with near- and long-term prospects, supported by a massive \$7 billion budget. Potential blockbuster *Inspira*, for treating congestive heart failure, was approved by the FDA earlier this month,

and an early 2004 launch is likely. Commercialization of *Spiriva*, *Pregabalin* and *Indiplon* will probably follow soon thereafter. Meantime, management also has ample opportunity to supplement top-line gains with merger-related margin expansion; Pfizer expects to squeeze \$4 billion in cost savings by 2005 from the April purchase of Pharmacia. Last, given annual "free cash flow" (cash available after dividends and capital spending) of roughly \$10 billion, the company can certainly afford to continue aggressively repurchasing stock to bolster the bottom line. **These shares look good for the long haul.** Our bottom-line estimates for 2003 and 2004 stay unchanged at \$1.73 and \$2.15, respectively, meaning that Pfizer stock is selling at an atypically low multiple. (Note: This issue's earnings visibility is extraordinarily high, as illustrated by its perfect Earnings Predictability score.) As such, we think the stock could at least double in price out to 2006-2008. That said, the shares are not favorably ranked for the year ahead, reflecting a sluggish drug sector and company-specific concerns. *George Rho* October 24, 2003