

14-DEC-02 Sub-Industry:
Pharmaceuticals**Summary:** In December 2002, shareholders are scheduled to vote on PFE's planned acquisition of rival drugmaker Pharmacia Corp. for some 1.8 billion PFE shares.**S&P Opinion: Accumulate (★★★★)**

Price As Of 12/13/02 • 30.50

Yield • 1.7%

52 Wk Range • 42.46-25.13

12-Mo. P/E • 22.3

Earnings vs. Previous Year

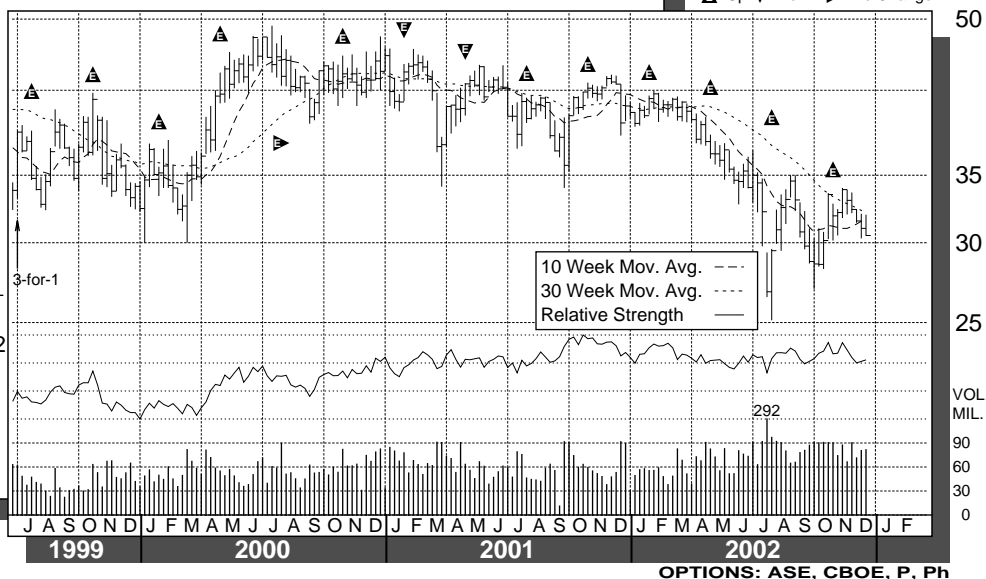
▲=Up ▼=Down ►=No Change

Quantitative Evaluations**Outlook**

(1 Lowest—5 Highest)

• **4+****Fair Value**• **32****Risk**• **Average****Earn./Div. Rank**• **A+****Technical Eval.**• **Bearish** since 12/02**Rel. Strength Rank**

(1 Lowest—99 Highest)

• **31****Insider Activity**• **Neutral****Overview - 31-OCT-02**

We expect revenues for the combined Pfizer and Pharmacia (assuming completion of the planned merger) to reach \$53 billion in 2003, up from from an indicated pro forma \$48 billion in 2002. Continued robust growth is projected for key pharmaceuticals such as Lipitor cholesterol-lowering agent, Zoloft antidepressant, Neurontin anticonvulsant, Zithromax antibiotic, Viagra for erectile dysfunction, and Celebrex and Bextra COX2 inhibitors for arthritis and pain. New products such as Geodon for schizophrenia, Relpax anti-migraine, Vfend antifungal, and Spiriva for respiratory ailments should also augment top-line growth. Margins should benefit from better volume, and merger-related synergies and cost efficiencies. EPS for 2003 are projected at \$1.84, up from the \$1.58 indicated for 2002 (before nonrecurring items).

Valuation - 31-OCT-02

In early December 2002, shareholders of Pfizer and rival drugmaker Pharmacia Corp. (PHA) are scheduled to vote on Pfizer's planned acquisition of PHA, on the basis of 1.4 PFE shares for each of PHA's 1.29 billion outstanding common shares. The merger would give PFE a commanding lead in the global drug arena, with prescription drug sales of \$39 billion (over 10% of the worldwide market). Pfizer would lead in most major therapeutic classifications, and also dominate in the R&D arena, with over \$7 billion spent annually on some 120 New Chemical Entities and a wide range of other compounds. PFE projects combined annual revenue rising 10% over the years 2002-2004. Boosted by \$2.5 billion in cost synergies, PFE expects adjusted EPS to grow 19% over the same period. The shares, which sell at a discount to their peers on a P/E to earnings growth basis, merit accumulation.

Key Stock Statistics

S&P EPS Est. 2002	1.58	Tang. Bk. Value/Share	2.86
P/E on S&P Est. 2002	19.3	Beta	0.63
S&P EPS Est. 2003	1.84	Shareholders	210,095
Dividend Rate/Share	0.52	Market cap. (B)	\$187.9
Shs. outstg. (M)	6162.2	Inst. holdings	63%
Avg. daily vol. (M)	16.956		

Value of \$10,000 invested 5 years ago: \$ 12,943

Fiscal Year Ending Dec. 31

	2002	2001	2000	1999	1998	1997
Revenues (Million \$)						
1Q	8,418	7,645	4,315	3,927	3,036	3,002
2Q	8,033	7,686	7,041	3,779	3,312	2,913
3Q	8,725	7,898	7,205	3,992	3,330	3,094
4Q	—	9,030	8,105	4,506	3,866	3,496
Yr.	—	32,259	29,574	16,204	13,544	12,504

Earnings Per Share (\$)

1Q	0.37	0.30	0.31	0.21	0.14	0.15
2Q	0.32	0.29	0.18	0.18	0.15	0.12
3Q	0.38	0.33	0.22	0.18	0.13	0.15
4Q	E0.47	0.30	0.23	0.25	0.08	0.14
Yr.	E1.58	1.22	0.59	0.82	0.49	0.57

Next earnings report expected: late January**Dividend Data** (Dividends have been paid since 1901.)

Amount (\$)	Date Decl.	Ex-Div. Date	Stock of Record	Payment Date
0.130	Dec. 17	Feb. 13	Feb. 15	Mar. 07 '02
0.130	Apr. 25	May. 15	May. 17	Jun. 06 '02
0.130	Jun. 27	Aug. 14	Aug. 16	Sep. 05 '02
0.130	Oct. 24	Nov. 13	Nov. 15	Dec. 05 '02

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Business Summary - 31-OCT-02

Pfizer (PFE) traces its history back to 1849, when it was founded by Charles Pfizer and Charles Erhart as a chemical products firm. With the acquisition of rival drugmaker Warner-Lambert Co. in June 2000, Pfizer now ranks as the world's largest prescription pharmaceuticals company, based on sales, as well as the leader in terms of projected EPS growth among the major drugmakers. Warner-Lambert was acquired through the issuance of about 2.4 billion new PFE common shares.

Human pharmaceuticals accounted for about 79% of total 2001 revenues, animal health products for 3%, and consumer products for 18%. International sales represented 38% of revenues. Pfizer's impressive product portfolio, which includes five of the nation's 10 most prescribed medicines in 2001, is also relatively well protected from generic competition over the next five years.

Principal cardiovasculars include Lipitor, the world's largest selling cholesterol-lowering agent (sales of \$6.4 billion in 2001), and antihypertensives such as Norvasc (sales of \$3.6 billion), Cardura (\$552 million) and Accupril (\$605 million). Infectious disease drugs consist of Zithromax broad-spectrum quinolone antibiotic (\$1.5 billion); key central nervous system medicines are Zoloft antidepressant (\$2.4 billion) and Neurontin anti-convulsant (\$1.8 billion).

Other drugs include Viagra for male erectile dysfunction (\$1.5 billion), Zyrtec antihistamine (\$990 million), and Glucotrol XL for type 2 diabetes. Revenues are also derived from the co-marketing of products developed by other drugmakers such as Celebrex and Bextra anti-arthritis with Pharmacia Corp. and Aricept for Alzheimer's disease with Eisai Ltd.

The company's animal health unit markets one of the largest-selling and broadest product lines in its field. Principal products include feed additives, vaccines, antibiotics, anthelmintics and other veterinary products.

Consumer products include a broad line of OTC products including well-known brands such as Ben-Gay and Desitin ointments, Sudafed and Benadryl cough and cold medications, and Listerine mouthwash; gums and mints sold under the the Trident, Dentyne, Certs, Halls and other names; Schick shaving products; and Tetra fish products.

R&D spending totaled \$4.8 billion in 2001 (equal to 15.0% of revenues). A record \$5.2 billion is expected to be spent on R&D in 2002 to fund over 150 new projects, including some 30 compounds in late-stage and mid-stage clinical development. These include Relpax for migraine, Spiriva for pulmonary disease, and Vfend antifungal. The R&D pipeline also includes promising treatments for neuropathic pain, HIV/AIDS, smoking cessation, cancer, depression, cardiovascular disease and other conditions.

Per Share Data (\$)

(Year Ended Dec. 31)	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
Tangible Bk. Val.	2.64	2.26	2.11	2.06	2.03	1.43	1.11	1.15	1.00	1.21
Cash Flow	1.39	0.74	0.96	0.63	0.69	0.61	0.51	0.43	0.24	0.34
Earnings	1.22	0.59	0.82	0.49	0.57	0.50	0.41	0.35	0.17	0.27
Dividends	0.44	0.36	0.31	0.25	0.23	0.20	0.17	0.16	0.14	0.12
Payout Ratio	36%	61%	37%	51%	40%	40%	42%	45%	82%	46%
Prices - High	46.75	49.25	50.04	42.97	26.66	15.20	11.14	6.61	6.30	7.25
- Low	34.00	30.00	31.54	23.68	13.43	10.04	6.20	4.42	4.37	5.42
P/E Ratio - High	38	83	61	87	47	31	27	19	37	27
- Low	28	51	38	48	24	20	15	13	26	20

Income Statement Analysis (Million \$)

Revs.	32,259	29,574	16,204	13,544	12,504	11,306	10,021	8,281	7,478	7,230
Oper. Inc.	12,147	9,758	5,091	4,092	3,780	3,444	2,527	2,248	1,906	1,686
Depr.	1,068	968	542	534	502	430	374	289	254	260
Int. Exp.	49.0	386	223	136	147	170	205	142	121	116
Pretax Inc.	10,329	5,781	4,448	2,594	3,088	2,804	2,299	1,862	851	1,535
Eff. Tax Rate	24.8%	35.4%	28.0%	24.7%	28.0%	31.0%	32.1%	30.0%	22.5%	28.6%
Net Inc.	7,752	3,718	3,199	1,950	2,213	1,929	1,554	1,298	658	1,094

Balance Sheet & Other Fin. Data (Million \$)

Cash	1,036	1,099	739	1,552	877	1,637	1,512	2,019	1,177	1,704
Curr. Assets	18,450	17,187	11,191	9,931	6,820	6,468	6,152	5,788	4,733	5,385
Total Assets	39,153	33,510	20,574	18,302	15,336	14,667	12,729	11,099	9,331	9,590
Curr. Liab.	13,640	11,981	9,185	7,192	5,305	5,640	5,187	4,826	3,444	3,217
LT Debt	2,609	1,123	525	527	729	687	833	604	571	571
Common Equity	18,293	16,076	8,887	8,810	7,933	6,954	5,507	4,324	3,865	4,719
Total Cap.	21,354	17,579	9,713	9,534	8,818	7,944	6,553	5,179	4,665	5,472
Cap. Exp.	2,203	2,191	1,561	1,198	943	774	696	672	634	674
Cash Flow	8,820	4,686	3,741	2,484	2,715	2,359	1,928	1,588	912	1,353
Curr. Ratio	1.4	1.4	1.2	1.4	1.3	1.1	1.2	1.2	1.4	1.7
% LT Debt of Cap.	12.2	6.4	5.4	5.5	8.3	8.6	12.7	11.7	12.2	10.4
% Net Inc. of Revs.	24.0	12.6	19.7	14.4	17.7	17.1	15.5	15.7	8.8	15.1
% Ret. on Assets	21.3	11.5	16.5	11.6	14.8	14.1	13.0	12.8	7.0	11.5
% Ret. on Equity	45.1	24.8	36.2	23.3	29.7	31.0	31.6	32.0	15.4	22.6

Data as orig reptd.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs. Bold denotes diluted EPS (FASB 128)-prior periods restated. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked.

Office—235 E. 42nd St., New York, NY 10017. **Tel**—(212) 573-2323. **Website**—<http://www.pfizer.com> **Chrmn, Pres & CEO**—H. A. McKinnell. **CFO**—D. L. Shedlarz. **Secy**—C. L. Clemente. **Investor Contact**—J. R. Gardner. **Dirs**—M. S. Brown, M. A. Burns, R. N. Burt, W. D. Cornwell, W. H. Gray III, C. J. Horner, W. R. Howell, S. O. Ikenberry, H. P. Kamen, G. A. Lorch, A. J. Mandl, H. A. McKinnell, D. G. Mead, J. F. Niblack, F. D. Raines, R. J. Simmons, M. I. Sovern, W. C. Steere Jr., J.-P. Valles. **Transfer Agent & Registrar**—First Chicago Trust Co. of New York, Jersey City, NJ. **Incorporated**—in Delaware in 1942. **Empl**—90,000. **S&P Analyst**—H. B. Saftlas/MF