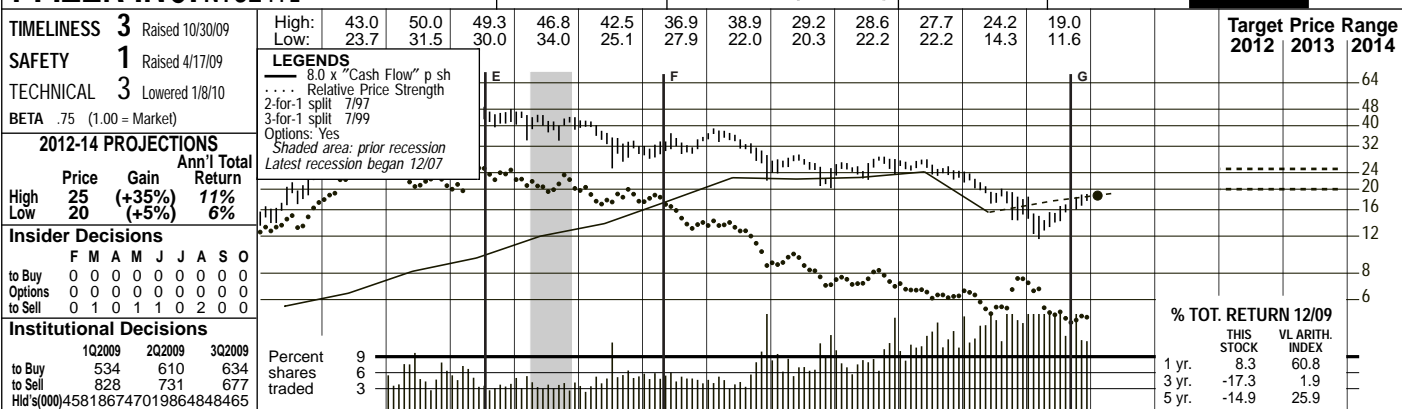


# PFIZER INC. NYSE-PFE

RECENT PRICE **18.66** P/E RATIO **11.7** (Trailing: 15.5; Median: 18.0) RELATIVE P/E RATIO **0.68** DIV'D YLD **3.9%**

**VALUE LINE**



1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	© VALUE LINE PUB., INC.	12-14
1.94	2.20	2.62	2.92	3.22	3.49	4.21	4.68	5.14	5.25	5.92	7.03	6.97	6.79	7.16	7.16	6.20	8.45	Sales per sh	9.90
.37	.42	.50	.61	.70	.80	1.02	1.18	1.50	1.72	2.21	2.84	2.80	2.85	3.03	1.94	2.20	2.40	"Cash Flow" per sh	2.85
.31	.35	.41	.50	.57	.67	.87	1.02	1.31	1.53	1.75	2.12	2.02	2.06	2.20	1.18	1.50	1.65	Earnings per sh <sup>A</sup>	1.90
.14	.16	.17	.20	.23	.25	.31	.36	.44	.52	.60	.68	.76	.96	1.16	1.28	.80	.72	Div's Decl'd per sh <sup>B</sup>	1.00
.16	.18	.18	.20	.24	.31	.41	.35	.35	.29	.35	.35	.29	.29	.28	.25	.35	.35	Cap'l Spending per sh	.45
1.00	1.15	1.44	1.80	2.04	2.27	2.31	2.55	2.91	3.24	8.53	9.10	8.88	9.98	9.60	8.52	11.05	11.65	Book Value per sh <sup>C</sup>	13.25
3851.1	3770.7	3823.6	3870.0	3882.0	3882.0	3847.0	6314.0	6277.0	6162.0	7629.0	7473.0	7361.0	7124.0	6761.0	6746.0	8070.0	8070.0	Common Shs Outst'g <sup>D</sup>	8070.0
17.5	15.5	19.6	24.5	33.3	51.2	44.3	40.7	31.8	22.8	18.2	15.6	12.7	12.5	11.5	16.4	10.5	10.5	Avg Ann'l P/E Ratio	12.0
1.03	1.02	1.31	1.53	1.92	2.66	2.53	2.65	1.63	1.25	1.04	.82	.68	.67	.61	1.00	.70	.70	Relative P/E Ratio	.80
2.6%	2.9%	2.1%	1.6%	1.2%	.7%	.8%	.9%	1.1%	1.5%	1.9%	2.1%	3.0%	3.7%	4.6%	6.6%	5.1%	5.1%	Avg Ann'l Div'd Yield	4.4%

**CAPITAL STRUCTURE as of 9/30/09**  
 Total Debt \$39356 mill. Due in 5 Yrs \$11000 mill.  
 LT Debt \$32402 mill. LT Interest \$1500 mill. (33% of Cap'l)

**Leases, Uncapitalized** Annual rentals \$207.0 mill.

**Pension Assets-12/08** \$5.9 bill. Oblig. \$7.8 bill.

**Common Stock** 8,069,536,059 shs. as of 11/2/09  
**MARKET CAP: \$150 billion (Large Cap)**

CURRENT POSITION	2007	2008	9/30/09
Cash Assets	25475	23731	52473
Receivables	9843	8958	10552
Inventory (LIFO)	5302	4381	5058
Other	6229	6006	5701
Current Assets	46849	43076	73784
Accts Payable	2270	1751	2481
Debt Due	5825	9320	6954
Other	13740	15938	14557
Current Liab.	21835	27009	23992

16204	29574	32259	32373	45188	52516	51298	48371	48404	48296	50000	68000	Sales (\$mill)	80000
33.3%	33.0%	37.7%	41.2%	37.8%	48.9%	47.4%	49.1%	47.8%	45.9%	40.0%	40.5%	Operating Margin	44.5%
542.0	968.0	1068.0	1036.0	4078.0	5093.0	5576.0	5293.0	5200.0	5090.0	5500	6000	Depreciation (\$mill)	7500
3393.2	6495.0	8349.5	9548.7	12748	16136	15001	14984	15267	8026.0	12100	13300	Net Profit (\$mill)	15300
28.6%	28.1%	25.2%	23.1%	22.5%	21.8%	22.5%	22.6%	21.0%	17.0%	30.0%	30.0%	Income Tax Rate	30.0%
20.9%	22.0%	25.9%	29.5%	28.2%	30.7%	29.2%	31.0%	31.5%	16.6%	24.2%	19.5%	Net Profit Margin	19.1%
2006.0	5206.0	4810.0	6226.0	6084.0	13236	13448	25560	25014	16067	49800	51000	Working Cap'l (\$mill)	45000
525.0	1123.0	2609.0	3140.0	5755.0	7279.0	6347.0	5546.0	7314.0	7963.0	43000	43000	Long-Term Debt (\$mill)	48000
8887.0	16076	18293	19950	65377	68278	65627	71358	65010	57556	89000	94000	Shr. Equity (\$mill)	107000
36.3%	38.4%	40.5%	41.6%	18.0%	21.5%	21.1%	19.8%	21.4%	12.6%	10.0%	10.5%	Return on Total Cap'l	11.0%
38.2%	40.4%	45.6%	47.9%	19.5%	23.6%	22.9%	21.0%	23.5%	13.9%	13.5%	14.0%	Return on Shr. Equity	14.5%
25.3%	26.7%	30.8%	32.0%	12.9%	16.3%	14.4%	11.3%	11.2%	NMF	6.5%	8.0%	Retained to Com Eq	7.0%
34%	34%	33%	33%	34%	31%	37%	46%	52%	NMF	53%	44%	All Div's to Net Prof	53%

ANNUAL RATES	Past 10 Yrs	Past 5 Yrs	Est'd '06-'08
of change (per sh)			to '12-'14
Sales	8.0%	5.5%	6.0%
"Cash Flow"	14.0%	7.5%	1.5%
Earnings	12.0%	3.5%	1.0%
Dividends	17.5%	17.0%	NMF
Book Value	16.5%	14.0%	6.0%

Cal-endar	QUARTERLY SALES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2006	11747	11741	12280	12603	48371
2007	12474	11084	11990	12856	48404
2008	11848	12129	11973	12346	48296
2009	10867	10984	11621	16528	50000
2010	17000	17000	17000	17000	68000

Cal-endar	EARNINGS PER SHARE <sup>A</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2006	.59	.50	.54	.43	2.06
2007	.68	.42	.58	.52	2.20
2008	.41	.41	.33	.03	1.18
2009	.40	.34	.43	.33	1.50
2010	.42	.42	.41	.40	1.65

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>B</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2006	.24	.24	.24	.24	.96
2007	.29	.29	.29	.29	1.16
2008	.32	.32	.32	.32	1.28
2009	.32	.16	.16	.16	.80
2010	.18				

**Pfizer recently completed its acquisition of rival Wyeth, which generated annual revenues of roughly \$22 billion.** Under the terms of the \$68 billion deal, each share of Wyeth common stock was converted into \$33 in cash and 0.985 of a share of Pfizer common stock. Note that our figures include the purchase from the fourth quarter of 2009 onward.

**We like the combination, overall.** For one thing, the new entity has a host of products with more than \$1 billion in annual sales, such as top pharmaceutical *Lipitor*, *Enbrel*, and *Lyrica* (although upcoming patent expirations will draw the attention of generic drug manufacturers). Another plus is the pipeline of drugs in development, including those for the treatment of Alzheimer's disease and tumors. What's more, the merger is estimated to generate pretax cost savings of roughly \$4 billion annually, to be fully realized by 2012 (via such measures as workforce reductions and outsourcing). It is important to note, however, that Pfizer has inherited Wyeth's legal problems, including numerous claims that female hormone replacement drugs *Prempro* and *Premarin*

cause breast cancer. **The company has an eye on China,** which ranks as one of the world's largest pharmaceutical markets. Pfizer entered into an agreement whereby it will co-promote Takeda Pharmaceutical's *Actos*, for Type 2 diabetes, in that country. What's more, the company plans to work with Crown Bioscience to develop new treatments for cancers that are most prevalent in the Asia region.

**The quarterly common stock dividend was increased two pennies, to \$0.18 a share.** (The payout was slashed 50% last June to preserve capital for the Wyeth acquisition.) This move reflects management's confidence that the integration process will be completed in a timely manner. Nonetheless, we don't expect the distribution to return to the peak level of 2008 for a while.

**The high-quality stock has unenticing long-term capital appreciation potential.** That's partly because it is already trading close to our 3- to 5-year Target Price Range. Too, the Timeliness rank is only 3 (Average).

*Frederick L. Harris, III January 15, 2010*

(A) Based on avg. shares out. Excl. non-rec. gains (losses): '93, (27c); '98, 18c; '99, (5c); '00, (43c); '01, (11c); '02, (7c); '03, (\$1.21); '04, (63c); '05, 93c; '06, 8c; '07, (\$1.03). Next est. rpt. due late Jan. (B) Div's paid in Mar., Jun, Sep., and Dec. Div'd reinvest. plan. (C) Incl. intang. In '08: \$39.2 bill., \$5.81/sh. (D) In mill., adj'd for stock splits. (E) Warner-Lambert, acqd. 6/00, is included in figures starting in 2000's 1st qtr. (F) Pharmacia acqd. 4/03, and included from 2nd qtr. (G) Wyeth acqd. 10/09, and included from 4th qtr.

Company's Financial Strength	A+
Stock's Price Stability	95
Price Growth Persistence	10
Earnings Predictability	75