

RECENT PRICE	29.68	P/E RATIO	17.5 (Trailing: 18.0 Median: 15.0)	RELATIVE P/E RATIO	0.93	DIV'D YLD	3.5%	VALUE LINE
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TIMELINESS	3	Raised 1/3/14																		
SAFETY	1	Raised 4/17/09																		
TECHNICAL	3	Raised 7/4/14																		
BETA	.85	(1.00 = Market)																		
2017-19 PROJECTIONS																				
Price	40	+35%																		
Gain	35	+20%																		
Ann'l Total Return	10%	7%																		
Insider Decisions																				
A S O N D J F M A																				
to Buy	1 0 0 0 0 0 0 0 0																			
Options	0 1 1 1 0 0 1 1 1																			
to Sell	1 2 1 2 0 2 0 4 0																			
Institutional Decisions																				
3Q2013	4Q2013	1Q2014																		
to Buy	669	766	813																	
to Sell	797	799	788																	
Hld's(000)	4611482	4490952	4450586																	
Percent shares traded																				
18	12	6																		
© VALUE LINE PUB. LLC																				
1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Sales per sh	8.10	
3.49	4.21	4.68	5.14	5.25	5.92	7.03	6.97	6.79	7.16	7.16	6.20	8.46	8.90	8.11	8.06	7.85	7.60	"Cash Flow" per sh	3.25	
.80	1.02	1.18	1.50	1.72	2.21	2.84	2.80	2.85	3.03	1.94	1.66	2.09	2.34	2.35	2.77	2.70	2.90	Earnings per sh A G	2.30	
.67	.87	1.02	1.31	1.53	1.75	2.12	2.02	2.06	2.20	1.18	1.23	1.03	1.11	1.26	1.65	1.70	1.90	Div'ds Decl'd per sh B	1.28	
.25	.31	.36	.44	.52	.60	.68	.76	.96	1.16	1.28	.80	.72	.80	.88	.96	1.04	1.10	Cap'l Spending per sh	.25	
.31	.41	.35	.35	.29	.35	.35	.29	.29	.28	.25	.15	.19	.22	.18	.19	.20	.20	Book Value per sh C	15.25	
2.27	2.31	2.55	2.91	3.24	8.53	9.10	8.88	9.98	9.60	8.52	11.15	10.95	10.84	11.16	11.92	12.20	12.85	Common Shs Outst'g D	6300.00	
3882.0	3847.0	6314.0	6277.0	6162.0	7629.0	7473.0	7361.0	7124.0	6761.0	6746.0	8070.0	8012.0	7575.0	7276.0	6399.0	6300.00	6300.00	Avg Ann'l P/E Ratio	16.0	
51.2	44.3	40.7	31.8	22.8	18.2	15.6	12.7	12.5	11.5	16.4	12.8	16.3	17.6	18.4	17.6	17.6	17.6	Relative P/E Ratio	1.00	
2.66	2.53	2.65	1.63	1.25	1.04	.82	.68	.67	.61	.99	.85	1.04	1.10	1.17	.99	.99	.99	Avg Ann'l Div'd Yield	3.7%	
.7%	.8%	.9%	1.1%	1.5%	1.9%	2.1%	3.0%	3.7%	4.6%	6.6%	5.1%	4.3%	4.1%	3.8%	3.3%	3.3%	3.3%			
CAPITAL STRUCTURE as of 3/31/14																				
Total Debt \$36968 mill. Due in 5 Yrs \$14585 mill.																				
LT Debt \$27649 mill. LT Interest \$1400 mill.																				
(26% of Cap'l)																				
Leases, Uncapitalized Annual rentals \$204.0 mill.																				
Pension Assets-12/13 \$21.1 bill. Oblig. \$25.6 bill.																				
Common Stock 6,378,718,293 shs. as of 5/5/14																				
MARKET CAP: \$189 billion (Large Cap)																				
CURRENT POSITION (\$MILL.)																				
Cash Assets	32708	32408	33881																	
Receivables	12378	9357	9399																	
Inventory (LIFO)	7063	6166	6066																	
Other	9266	8313	8447																	
Current Assets	61415	56244	57793																	
Accts Payable	4264	3234	2546																	
Debt Due	6424	6027	9319																	
Other	17931	14105	12925																	
Current Liab.	28619	23366	24790																	
ANNUAL RATES of change (per sh)																				
Past 10 Yrs.	Past 5 Yrs.	Est'd '11-'13 to '17-'19																		
Sales	4.5%	3.5%	-5%																	
"Cash Flow"	3.0%	-1.0%	4.5%																	
Earnings	-1.5%	-6.0%	9.5%																	
Dividends	5.5%	-5.0%	6.5%																	
Book Value	8.5%	4.0%	5.0%																	
QUARTERLY SALES (\$mill.)																				
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year															
2011	16502	16984	17193	16746	67425															
2012	14885	15057	13976	15068	58986															
2013	12410	12973	12643	13558	51584															
2014	11353	12500	12100	13347	49300															
2015	11000	12000	12000	13000	48000															
EARNINGS PER SHARE A																				
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year															
2011	.28	.33	.31	.19	1.11															
2012	.23	.42	.41	.20	1.26															
2013	.36	.50	.39	.40	1.65															
2014	.36	.45	.44	.45	1.70															
2015	.45	.45	.50	.50	1.90															
QUARTERLY DIVIDENDS PAID B																				
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year															
2010	.18	.18	.18	.18	.72															
2011	.20	.20	.20	.20	.80															
2012	.22	.22	.22	.22	.88															
2013	.24	.24	.24	.24	.96															
2014	.26	.26	.26	.26	1.04															
2015	.28	.28	.28	.28	1.12															

High: 36.9 38.9 29.2 28.6 27.7 24.2 19.0 20.4 21.9 26.1 32.5 33.0

Low: 27.9 22.0 20.3 22.2 22.2 14.3 11.6 14.0 16.6 20.8 25.3 28.8

LEGENDS

10.0 x "Cash Flow" p sh

Relative Price Strength

Options: Yes

Shaded area indicates recession

Percent shares traded

18

12

6

% TOT. RETURN 6/14

THIS STOCK

VL ARITH. INDEX

1 yr. 9.5 25.1

3 yr. 60.7 52.6

5 yr. 139.3 168.7

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17-19

32516 51298 48371 48404 48296 50009 67809 67425 58986 51584 49300 48000 Sales (\$mill) 51000

48.9% 47.4% 49.1% 47.8% 45.9% 46.2% 45.5% 48.6% 52.2% 53.1% 51.0% 51.0% Operating Margin 51.0%

5093.0 5576.0 5293.0 5200.0 5090.0 4757.0 8487.0 9026.0 7611.0 6410.0 6400 6300 Depreciation (\$mill) 6000

16136 15001 14984 15267 8026.0 8621.0 8266.0 8697.0 9490.0 11341 10700 11970 Net Profit (\$mill) 14500

21.8% 22.5% 22.6% 21.0% 17.0% 20.3% 11.9% 31.5% 21.2% 27.4% 27.0% 27.0% Income Tax Rate 27.0%

30.7% 29.2% 31.0% 31.5% 16.6% 17.2% 12.2% 12.9% 16.1% 22.0% 21.7% 24.9% Net Profit Margin 28.4%

13236 13448 25560 25014 16067 24445 31859 29659 32796 32878 33000 34000 Working Cap'l (\$mill) 35000

7279.0 6347.0 5546.0 7314.0 7963.0 43193 38410 34931 31036 30462 28000 25000 Long-Term Debt (\$mill) 20000

68278 65627 71358 65010 57556 90014 87813 82190 81260 76307 77000 81000 Shr. Equity (\$mill) 96000

21.5% 21.1% 19.8% 21.4% 12.6% 6.8% 7.1% 8.0% 9.0% 11.2% 11.0% 12.0% Return on Total Cap'l 13.0%

23.6% 22.9% 21.0% 23.5% 13.9% 9.6% 9.4% 10.6% 11.7% 14.9% 14.0% 15.0% Return on Shr. Equity 15.0%

16.3% 14.4% 11.3% 11.2% NMF 3.4% 2.5% 3.0% 3.6% 6.2% 5.5% 6.0% Retained to Com Eq 6.5%

31% 37% 46% 52% 106% 64% 74% 72% 69% 58% 61% 58% All Div'ds to Net Prof 56%

BUSINESS: Pfizer Inc. is a research-based, global biopharmaceutical company engaging in the discovery, development, manufacture, and sale of healthcare products. Portfolio includes medicines, vaccines, and various consumer healthcare products. At 1/14, began managing operations through a new structure consisting of three businesses: Global Innovative Pharmaceutical (GIP), Global Vaccines, Oncology, and Consumer Healthcare (VOC), and Global Established Pharmaceutical (GEP). Top-selling products '13: *Lyrica*, *Prevnar*, *Enbrel*, and *Celebrex*. Has 77,700 employees. Dirs/Off. own less than 1% of common; BlackRock, 6.5% (3/14 proxy). Chrmn/CEO: Ian C. Read. Inc.: Del. Addr.: 235 East 42nd St., New York, NY 10017. Tel.: 212-733-2323. Internet: www.pfizer.com

Pfizer's proposed mega deal with AstraZeneca is off the table. The drug-maker confirmed that after being rejected on four separate approaches, it would no longer be pursuing a merger with British rival AstraZeneca. Pfizer sweetened its takeover proposal on all four advances, the last coming on May 19th in a deal valued at about \$120 billion in cash and stock. However, Astra wasn't convinced that the figure adequately valued its prospects, particularly its portfolio of drugs in development. Pfizer indicated that it would not attempt a hostile takeover and under British regulation, it is not permitted to make another offer for six months.

Top-line challenges are likely to persist in the near term. In the March period, total revenue declined 9% year over year to \$11.4 billion, continuing a downward trend dating back to the fourth quarter of 2011. While the pace of erosion has decelerated somewhat in recent quarters, thanks to improved contributions from several core franchises, the company continues to be plagued by intense generic competition on *Lipitor* and *Viagra* (in Europe). These former block-

busters saw sales decline by 27% and 19% last quarter. While solid growth in the top grossing *Lyrica* franchise (+10%) has helped to lighten the blow, we do not believe it will be enough to avoid a fourth-consecutive year of revenue decline. Based on our current model, we anticipate a 4% pullback in the top line in 2014.

We view the longer-term story more favorably. As generic pressures abate and new franchises are brought into the fold, Pfizer appears well positioned to restore its top line over the 3- to 5-year pull. The company has an impressive track record of developing and marketing its products, and with a well-stocked pipeline at its disposal, we look for this trend to continue. We are particularly encouraged with the company's growing oncology unit (sales increased 10% year over year in Q1).

This high-quality stock is ranked 3 (Average) for Timeliness. We view these shares as a solid low-risk income play for investors seeking drug exposure. Pfizer maintains superior marks for Safety (1) and Financial Strength (A++). Its 3.5% dividend yield is well above average.

Michael Ratty *July 11, 2014*

2014	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20</
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Company's Financial Strength	A++
Stock's Price Stability	90
Price Growth Persistence	30
Earnings Predictability	65

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