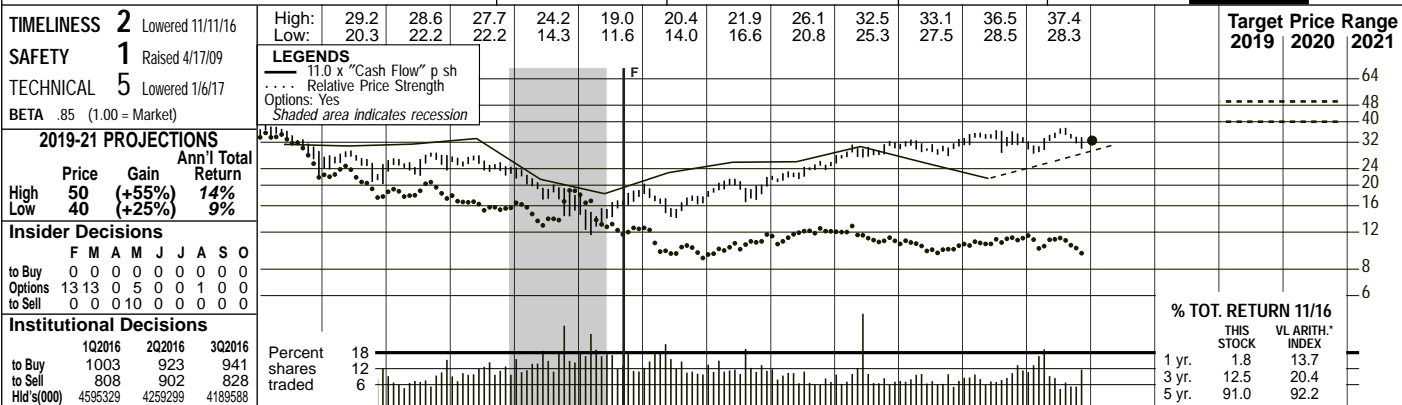


PFIZER INC. NYSE:PFE

RECENT PRICE **32.53** P/E RATIO **21.3** (Trailing: 32.5; Median: 17.0) RELATIVE P/E RATIO **1.08** DIV'D YLD **3.9%**

VALUE LINE



2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	19-21	
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	7.89	7.91	8.85	9.30	Sales per sh	10.20
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	2.32	1.96	2.35	2.85	"Cash Flow" per sh	3.65
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	1.41	1.11	1.40	2.00	Earnings per sh ^{A G}	2.75
.36	.44	.52	.60	.68	.76	.96	1.16	1.28	.80	.72	.80	.88	.96	1.04	1.12	1.20	1.28	Div'ds Decl'd per sh ^H	1.52
.35	.35	.29	.35	.35	.29	.29	.28	.25	.15	.19	.22	.18	.19	.19	.23	.30	.30	Cap'l Spending per sh	.30
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	11.33	10.48	10.35	10.70	Book Value per sh ^C	12.65
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	6291.0	6175.0	6000.00	5900.00	Common Shs Outst'g ^D	5700.00
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	21.5	30.3	23.5		Avg Ann'l P/E Ratio	17.0
2.65	1.63	1.25	1.04	.82	.68	.67	.61	.99	.85	1.04	1.10	1.17	.99	1.13	1.54	1.25		Relative P/E Ratio	1.05
.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%	3.4%	3.3%	3.7%		Avg Ann'l Div'd Yield	3.3%

CAPITAL STRUCTURE as of 9/30/16																								
Total Debt \$44070 mill. Due in 5 Yrs \$22143 mill.																			Sales (\$mill)		58000			
LT Debt \$30437 mill. LT Interest \$1200 mill. (32% of Cap'l)																			Operating Margin		53.0%			
																			Depreciation (\$mill)		5000			
																			Net Profit (\$mill)		15675			
																			Income Tax Rate		25.0%			
Leases, Uncapitalized Annual rentals \$202.0 mill.																			Net Profit Margin		27.0%			
																			Working Cap'l (\$mill)		15000			
Pension Assets-12/15 \$19.6 bill. Oblig. \$25.5 bill.																			Long-Term Debt (\$mill)		25000			
																			Shr. Equity (\$mill)		72000			
Common Stock 6,068,355,132 shs. as of 11/7/16																			Return on Total Cap'l		16.5%			
MARKET CAP: \$197 billion (Large Cap)																			Return on Shr. Equity		22.0%			
CURRENT POSITION				2014	2015	9/30/16																Retained to Com Eq		9.5%
(SMILL.)																			All Div'ds to Net Prof		55%			
Cash Assets				36122	23290	14371																		
Receivables				8669	8176	9836																		
Inventory (LIFO)				5663	7513	7507																		
Other				7248	4825	6787																		
Current Assets				57702	43804	38501																		
Accts Payable				3440	3620	3476																		
Debt Due				5141	10160	13633																		
Other				13050	15619	17650																		
Current Liab.				21631	29399	34759																		

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, medical devices, and various consumer healthcare products. Manages operations through three segments: Global Innovative Pharmaceutical (GIP), Global Vaccines, Oncology, and Consumer Healthcare (VOC), and Global Established Pharmaceutical (GEP). Top-selling products '15: *Plevnar*, *Lyrica*, *Enbrel*, and *Lipitor*. Has 97,900 employees. Dirs/Off. own less than 1% of common; Black-Rock, 6.6%; Vanguard, 6.0%; State Street, 5.1% (3/16 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 received a quick reward from the Anacor deal. On December 14th, the U.S. FDA approved *Eucria* ointment for the treatment of eczema in patients two years and older. It's a big win for Pfizer, which acquired the drug through its \$4.5 billion buyout of Anacor Pharmaceuticals earlier in 2016. Current estimates peg *Eucria* as a potential blockbuster with peak annual sales projected at \$2 billion. **Management recently lowered its 2016 earnings outlook.** On the third-quarter conference call (November 1st), Pfizer announced the discontinuation of its once-promising, cholesterol-lowering drug *Bococizumab*. The move appeared to be motivated by increased competition in the market and is expected to reduce both GAAP and adjusted earnings by \$0.04 a share in 2016. While GAAP guidance was not provided, management revised its full-year adjusted earnings range to \$2.38-\$2.43 a share (previously \$2.38-\$2.48). **Oncology continues to stand out.** Pfizer's oncology sales surged 41% year over year in the third quarter, highlighted by strong growth in *Ibrance* (+139%), and to a lesser extent *Xalkori* (15%).

We see headwinds in 2017, but recent acquisitions should help to drive healthy comp growth over the next several quarters. A recent slowdown in *Plevnar* trends, increased competition in *Ibrance*, pricing pressure in the U.S., and accelerated generic erosion on a few mature assets are key concerns entering 2017. That said, Pfizer shelled out a combined \$20 billion in the back half of 2016 to acquire Anacor and Medivation, two additions that should help to alleviate some of the aforementioned pressures and provide an immediate boost to comps. The big prize in the Medivation deal was *Xtandi*, a prostate cancer drug that generated more than \$2 billion in sales over the past year. Some analysts believe this figure could double down the road. **The stock's Timeliness rank has been lowered to 2 (Above Average).** Despite the downgrade, shares of PFE are still pegged to outperform the broader market in the year ahead. A 3.9% dividend yield and superior grades for Safety (1) and Financial Strength (A++) further enhances overall investment appeal.

Michael Ratty *January 6, 2017*

(A) Diluted earnings (GAAP). May not sum due to change in share count. Next earnings report due early February. (B) Dividends paid in early Mar., Jun, Sep., Dec. (C) Div'd reinvest. plan. (D) Includes intangibles. In '15: \$88.6 bill., \$14.35/sh. (E) In millions. (F) Pharmacia acqd. 4/03, included from 2nd qtr. (G) Wyeth acqd. 10/09, included from 4th qtr. (H) Switched to GAAP earnings from adjusted in 2008.	Company's Financial Strength	A++
	Stock's Price Stability	95
	Price Growth Persistence	75
	Earnings Predictability	70