



# Stock Selection Guide®

The most widely used aid to good investment judgment

Company PFIZER INC Date 11/10/06

Prepared by Ty H. Data taken from NAIC Data

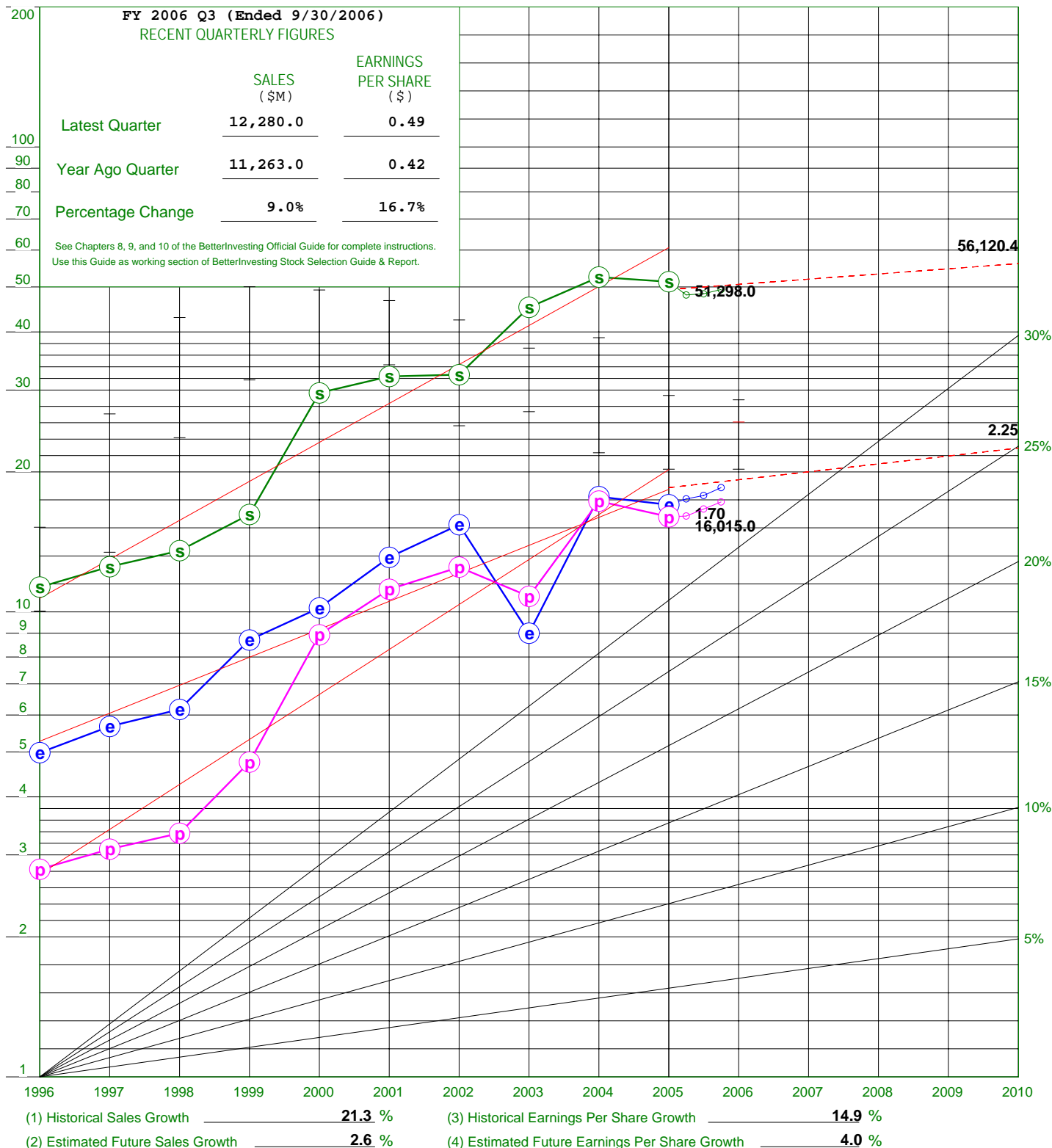
Where traded NYSE Major product/service Pharmaceuti

CAPITALIZATION --- Outstanding Amounts Reference

Preferred (\$M)	0.0	% Insiders	% Institution
Common (M Shares)	7,291.5	0.0	0.0
Debt (\$M)	0.0	% to Tot.Cap.	0.0 % Potential Dil. None

## 1 VISUAL ANALYSIS of Sales, Earnings and Price

PFE



	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	LAST 5 YEAR AVG.	TREND	
												UP	DOWN
A % Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	24.7	24.7	24.7	29.3	30.2	34.9	38.6	23.9	33.0	31.2	32.3		DOWN
B % Earned on Equity (E/S ÷ Book Value)	27.7	27.7	27.2	37.7	40.1	45.0	47.6	10.5	19.4	19.1	28.3		DOWN

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PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is a building block for translating earnings into future stock prices.

PRESENT PRICE 25.620 HIGH THIS YEAR 28.600 LOW THIS YEAR 20.270

Year	PRICE		C Earnings Per Share	D Price Earnings Ratio		F Dividend Per Share	G % Payout F ÷ C X 100	H % High Yield F ÷ B X 100
	HIGH	LOW		HIGH A ÷ C	LOW B ÷ C			
1 2001	46.8	34.0	1.31	<del>35.7</del>	<del>26.0</del>	0.440	33.6	1.3
2 2002	42.5	25.1	1.54	27.6	16.3	0.520	33.8	2.1
3 2003	36.9	27.0	0.90	<del>41.0</del>	<del>30.0</del>	0.600	<del>66.7</del>	2.2
4 2004	38.9	22.0	1.77	22.0	12.4	0.680	38.4	3.1
5 2005	29.2	20.3	1.70	17.2	11.9	0.760	44.7	3.7
6 TOTAL		128.4		66.8	40.6		150.5	
7 AVERAGE		25.7		22.3	13.5		37.6	
8 AVERAGE PRICE EARNINGS RATIO	17.9		9	CURRENT PRICE EARNINGS RATIO		13.8		

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Proj. P/E [13.32] Based on Next 4 qtr. EPS [1.92] Current P/E Based on Last 4 qtr. EPS [1.85] PEG=333

EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE -- NEXT 5 YEARS

Avg. High P/E ~~22.3~~ 22.0 X Estimate High Earnings/Share 2.25 = Forecast High Price \$ 49.5  
(3D7 as adj.) (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E ~~13.5~~ 13.0 X Estimated Low Earnings/Share ~~1.70~~ 1.85 = \$ 24.1  
(3E7 as adj.)  
(b) Avg. Low Price of Last 5 Years = 25.7  
(3B7)  
(c) Recent Severe Market Low Price = 20.3  
(d) Price Dividend Will Support Present Divd. = 0.960 = 25.6  
High Yield (H) 0.037  
Selected Estimate Low Price = \$ 24.1  
(4B1)

C ZONING

49.5 High Forecast Price Minus 24.1 Low Forecast Price Equals 25.4 Range. 1/3 of Range = 6.3  
(4A1) (4B1) (C) (4CD)  
(4C2) Lower 1/3 = (4B1) 24.1 to 30.4 (Buy) Note: Ranges changed to 25%/50%/25%  
(4C3) Middle 1/3 = 30.4 to 43.2 (Maybe)  
(4C4) Upper 1/3 = 43.2 to 49.5 (4A1) (Sell)

Present Market Price of 25.620 is in the Buy Range  
(4C5)

D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss)

High Price (4A1) 49.5 Minus Present Price 25.620  
Present Price 25.620 Minus Low Price (4B1) 24.1 = 23.9 = 15.7 To 1  
1.5 (4D)

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

High Price (4A1) 49.5  
Present Market Price 25.620 = ( 1.932 ) X 100 = ( 193.2 ) - 100 = 93.2 % Appreciation  
(4E)

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5-YEAR POTENTIAL

Relative Value: 77.1% Proj. Relative Value: 74.4%

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

Note: Results are expressed as a simple rate; use the table below to convert to a compound rate.

A Present Full Year's Dividend \$ 0.960  
Present Price of Stock \$ 25.620 = 0.037 X 100 = 3.7 Present Yield or % Returned on Purchase Price  
(5A)

B AVERAGE YIELD OVER NEXT 5 YEARS

Avg. Earnings Per Share Next 5 Years 2.08 X Avg. % Payout (3G7) 37.6 = 78.2 = 3.1 %  
(5B)

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

5 Year Appreciation Potential (4E) 93.2  
5 18.6 %  
Average Yield (5B) 3.1 %  
Average Total Annual Return Over the Next 5 Years (5C) 21.7 %  
Present Price \$ 25.620  
P.A.R. Tot. Ret.  
Average Yield 2.1% 1.7%  
Annual Appreciation 9.0% 14.1%  
% Compd Ann Rate of Ret 11.1% 15.8%

Trailing 4 quarters

# PERT Worksheet-A Graph

Company PFIZER INC (PFE)

