PFIZER INC
Form 11-K
June 28, 2004

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

FOR ANNUAL REPORTS OF EMPLOYEE STOCK PURCHASE, SAVINGS
AND SIMILAR PLANS PURSUANT TO SECTION 15 (D) OF
THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

X ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2003

Or

_ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __ to__

Commission file number 1-3619

A. Full title of the Plan and the address of the Plan, if different from that of the issuer named below:

PHARMACIA SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the Plan and the address of its principal executive offices:

PFIZER INC.
235 EAST 42ND STREET
NEW YORK, NEW YORK 10017

PHARMACIA SAVINGS PLAN

INDEX

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Administrative Committee - U.S. Plans
Pharmacia Savings Plan:

We have audited the accompanying statement of net assets available for plan benefits of the Pharmacia Savings Plan (the Plan) as of December 31, 2003 and 2002, and the related statements of changes in net assets available for plan benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits as of December 31, 2003 and 2002 and the changes in net assets available for plan benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule H, line 4i - schedule of assets (held at end of year) as of December 31, 2003 and schedule H, line 4j - schedule of reportable transactions, for the year ended December 31, 2003 are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ KPMG LLP

New York, New York
June 25, 2004

PHARMACIA SAVINGS PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

	December 31,			
		2003		**2002**
Assets:				
Investments, at fair value - Notes 3 and 4	$	2,506,643,419	$	2,216,356,762
Investments, at contract value - Notes 3 and 4		675,553,876		630,621,755
Total investments		3,182,197,295		2,846,978,517
Receivables:				
Company contributions, net of forfeitures		51,006,443		47,925,970

Participant contributions		2,862,779		3,586,076
Dividends and interest receivable		3,560,175		3,995,743
Other receivables		954,964		444,985
Total receivables		58,384,361		55,952,774
Total assets		3,240,581,656		2,902,931,291
Liabilities:				
Notes payable		124,902,378		183,793,545
Interest payable		48,961,986		48,287,213
Other payables		1,972,480		4,625,954
Total liabilities		175,836,844		236,706,712
Net assets available for plan benefits	$	3,064,744,812	$	2,666,224,579

See Notes to Financial Statements which are an integral part of these financial statements.

PHARMACIA SAVINGS PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS

		Years ended December 31,		
		2003		**2002**
Additions:				
Additions to net assets attributed to:				
Investment income/(loss):				
Interest	$	38,976,249	$	26,802,278
Dividends		28,084,173		29,618,380
Interest on participants' loans		2,283,923		2,753,105
Net appreciation/(depreciation) in fair value of investments		454,577,464		(56,022,978)
Total investment gain		523,921,809		3,150,785
Contributions:				
Participant		133,461,230		119,349,163
Rollovers		40,495,818		7,182,744
Company		79,606,876		61,108,936
Total additions		777,485,733		190,791,628
Deductions:				
Deductions from net assets attributed to:				
Benefits paid to participants		361,269,433		132,328,019
Plan expenses		4,607,254		4,335,056
Interest on notes payable		13,088,813		16,966,758
Total deductions		378,965,500		153,629,833
Net increase prior to asset transfer		398,520,233		37,161,795
Transfer in from the Pharmacia Savings and Investment Plan		--		1,253,244,564
Net increase		398,520,233		1,290,406,359
Net assets available for plan benefits:				

Beginning of year		2,666,224,579		1,375,818,220
End of year	$	3,064,744,812	$	2,666,224,579

See Notes to Financial Statements which are an integral part of these financial statements.

PHARMACIA SAVINGS PLAN
Notes to Financial Statements
December 31, 2003 and 2002

1.Description of Plan

The following brief description of the Pharmacia Savings Plan (the "Plan") is provided only for general information. Participants should refer to the Plan Document for a more complete description of the Plan's provisions.

General

On April 16, 2003, Pfizer Inc. ("Pfizer") completed its acquisition of Pharmacia Corporation ("Pharmacia"), including its subsidiary, Pharmacia & Upjohn Company (the "Company"). In connection with the acquisition, Pfizer adopted and assumed the Plan. The Plan is a defined contribution plan with two component parts: a section 401(k) plan and a section 401 (m) plan. The section 401(m) plan consists of Employee Stock Ownership Plan ("ESOP") funds (collectively, the Pharmacia ESOP Funds) and funds that do not constitute an ESOP. The Pharmacia ESOP Funds consist of a Preferred Employee Stock Ownership Plan (the "Preferred ESOP") and a Common Employee Stock Ownership Plan (the "Common ESOP"). The Plan covers substantially all domestic employees of the Company not otherwise covered by another defined contribution plan of the Company. The Plan continues to cover employees of business units aligned with Pharmacia prior to the acquisition.

As a result of the April 16, 2003 acquisition, outstanding shares of Pharmacia common stock in the Pharmacia Common Stock Fund and Common ESOP accounts were converted to Pfizer common stock at a rate of 1.4 shares of Pfizer stock for each share of Pharmacia stock held on April 16, 2003. In addition the name of the Pharmacia Common Stock Fund was changed to the Pfizer Common Stock Fund and the Pharmacia Common ESOP Stock Fund was changed to the Pfizer Common ESOP Stock Fund. Within the Preferred ESOP, the conversion factor for the Convertible Perpetual Preferred Stock ("Preferred ESOP Stock") in the Preferred ESOP Stock Fund was changed to 2.57486 shares of Pfizer common stock for each preferred share. The name of the Pharmacia Preferred ESOP Stock Fund was changed to the Pfizer Preferred ESOP Stock Fund.

Prior to the Pfizer acquisition, the value of a share of Preferred Stock was the closing price of one share of Pharmacia common stock multiplied by a 1.83919 conversion factor. Subsequent to the Pfizer acquisition, the value of a share of Preferred Stock was the closing price of one share of Pfizer common stock multiplied by a 2.57486 conversion factor.

On August 13, 2002, Pharmacia spun off all of its remaining shares of stock of Monsanto by issuing a special one-time stock dividend of Monsanto shares to all Pharmacia shareholders. Each share of Pharmacia stock held as of that date received 0.170593 shares of Monsanto Company as a result of the spin-off. A new fund, the Monsanto Stock Fund, was added to the Plan to accept the spin-off dividend posted to participant accounts. Contributions were not allowed to be allocated to the Monsanto Stock Fund, only transfers or payments out of the fund are permitted. Shares of Monsanto common stock distributed to the unallocated portion of the Common ESOP were exchanged for shares of Pharmacia Common Stock held in the Monsanto Savings and Investment Plan, the plan covering employees of the spun-off Monsanto. Effective August 29, 2003, the Monsanto Stock Fund was eliminated from the Plan. Shares remaining in the Monsanto Stock Fund were sold and the proceeds were transferred into the Income Fund.

Effective July 7, 2002, Plan participants may elect to receive a distribution of any cash dividends paid to the portion of their account balance that is invested in the Pfizer Common Stock Fund.

Effective July 1, 2002, the Pharmacia Corporation Savings and Investment Plan (Pharmacia SIP) merged into the Plan. Participant accrued balances in the Pharmacia SIP transferred to the Plan as of the effective date. Pharmacia SIP participants consisted of certain employees and former employees of Monsanto Company ("Monsanto") (as it existed prior to its merger with Pharmacia & Upjohn Company in 2000). The Pharmacia SIP included the Common ESOP and a Solutia Stock Fund, which were added to the Plan on the effective date. Employee contributions are not allowed to be allocated to the Solutia Stock Fund, only transfers or payments out of the fund are permitted.

On July 1, 2002, the Plan became part of the Pharmacia Retirement Choice Program ("Choice Program") for all employees except those on long-term disability benefits, those employed by the Company in Puerto Rico, those covered under the Pre-Retirement Terminated Leave of Absence program or those covered under the Special Severance Package. The Choice Program is made up of a traditional pension plan and a 401(k) savings plan. Under the Choice Program, eligible employees select either Option 1 which provides greater pension plan benefits or Option 2 which provides greater savings plan benefits.

Administration

The Administrative Committee - US Plans is responsible for administering plan operations in accordance with the Employee Retirement Income Security Act of 1974, as amended ("ERISA") plan documents. The Investment Committee is responsible for monitoring plan investments.

Contributions

Participants (other than Puerto Rico participants) may elect to contribute on a before-tax or after-tax basis from 1% to 20%, in 1% increments, of their Total Pay, as defined in the Plan document. Puerto Rico participants may elect to contribute on a before-tax basis or after-tax basis from 1% to 18%, in 1% increments, of their Total Pay, as defined in the Plan document. The Internal Revenue Code ("IRC") contains certain limits on participant contributions to a qualified plan, such as a $12,000 limit on a participant's before-tax contributions during the 2003 calendar year. Other limits also apply to highly compensated employees participating in the Plan. Effective January 1, 2002, participants that reached age 50 before the end of 2002 or any year thereafter are eligible to make additional before-tax catch-up contributions. Catch-up contributions in 2003 are limited to the lesser of $2,000 or 100% of eligible pay. Catch-up contributions are scheduled to increase by $1,000 per year until they reach $5,000 in 2006. After 2006, the limit will increase by $500 per year.

Participants may also elect to make rollover contributions to the Plan from other qualified defined contribution plans.

Since 1990, matching contributions have been made through the Preferred ESOP. The Company matching contributions are the basis for allocating shares of the Preferred Stock ESOP to participants' accounts in combination with a Common Stock ESOP also sponsored by Pfizer. The Preferred Stock remains unallocated until it is distributed (allocated) to participant accounts in accordance with the loan payment schedule and the provisions of the Plan. Dividends paid to the participants' Preferred ESOP accounts are substituted for an allocation in Preferred ESOP Stock, the cash being used to fund subsequent ESOP loan payments.

Effective July 1, 2002, for employees eligible for the Choice Program, the Company match depends on the amount of the participant's before-tax and after-tax contribution and whether Option 1 or Option 2 under the Choice Program is selected. Under both Options, the Company will match 100% of participant contributions, from 1% to 5% of Total Pay as defined by the Plan. The match is allocated as a combination of the Preferred ESOP and the Common ESOP shares (the percentage split for the 2003 plan year was 65% to the Preferred ESOP and 35% to the Common ESOP). The Preferred ESOP and Common ESOP will allocate shares of stock to participants such that, at the time of allocation, the total value of the shares allocated is equivalent to the Company match. Under Option 2 of the Choice Program there is an additional $0.25 to $1.00 Company match on the first 5% of eligible pay which is based on the participant's ages as follows:

- Under age 35: $0.25 additional match
- Age 35 - 44: $0.50 additional match
- Age 45 - 49: $0.75 additional match
- Age 50 and older: $1.00 additional match

The additional match under Option 2 is made in cash and allocated to the participant's current investment fund elections (not into the ESOP Stock Funds).

Effective July 1, 2002, for Puerto Rico participants, the Company matched 100% of participant contributions, from 1% to 5% of Total Pay, in the form of preferred stock within the Preferred ESOP. The Preferred ESOP allocated shares of preferred stock to participants such that, at the time of allocation, the total value of the shares allocated is equivalent to the Company match.

The Company contributes to the Common and Preferred ESOP's cash amounts that are necessary to enable the Plan to make its regularly scheduled payments of principal and interest due on each ESOP's outstanding debt and to release stock to cover allocations to participant accounts. Employer dividends paid to each ESOP and certain other funds are also used to repay the outstanding ESOP debt.

Investment Options

Choice Program Participants

Participant contributions received by the Plan are invested at the direction of the participants in accordance with the terms of the Plan document.

Effective July 1, 2002, all Plan participants eligible for the Choice Program, were provided with fund options as outlined below.

a) Income Fund

b) Core Bond Fund

c) Value Stock Fund

d) Large Company Stock Fund

e) Growth Stock Fund

f) Mid-Small Company Stock Fund

g) International Stock Fund

h) Pfizer Common Stock Fund (prior to April 16, 2003 - Pharmacia Common Stock Fund)

i) Any combination of the above, provided that a minimum of five percent and a multiple of one percent is directed to each fund selected.

Participants may change their investment elections as often as once a day. Effective December 24, 2003, a seven-day holding period is applied to all transfers and reallocations into and out of the International Stock Fund.

Effective February 3, 2003 a self-directed brokerage account was introduced as an investment option. Participants can choose from about 9,500 mutual funds with varying degrees of potential risk and return.

In addition, the Plan includes four asset allocation funds, which allow Choice Program participants varying degrees of risk and return, including (in order of risk tolerance, least to greatest), the Conservative Portfolio Fund, the Moderate Portfolio Fund, the Moderately Aggressive Portfolio Fund, and the Aggressive Portfolio Fund. Investments in the Core Bond Fund, Large Company Stock Fund, Mid-Small Company Stock Fund and the International Stock Fund are used in predetermined mixes to form the asset allocation funds.

For Choice Program participants, company matching contributions and earnings thereon are only posted to the Preferred ESOP Fund and Common ESOP Fund. Upon attaining age 50, participants are allowed to transfer the balance of the Company Matching Account into the other investment fund options.

Other Plan Participants

Investment fund options available to all Plan participants for the January 1, 2002 - June 30, 2002 period and those currently not included in the Choice Program (primarily participants employed in Puerto Rico) are listed below.

a) Income Fund

b) American Balanced Fund

c) Indexed Stock Fund

d) Neuberger Berman Guardian Fund

e) American Century Ultra Fund

f) Templeton Foreign Fund

g) Pfizer Common Stock Fund (prior to April 16, 2003 - Pharmacia Common Stock Fund)

h) Any combination of the above, provided that a minimum of five percent and a multiple of one percent is directed to each fund selected.

Participants may elect to transfer or allocate their participant contribution balances and earnings thereon to any of the above funds.

For Puerto Rico participants, company matching contributions and earnings thereon are only posted to the Preferred ESOP Stock Fund. Upon completing ten years of employment service and attaining age 55, participants are allowed to transfer a portion of their Pfizer Common Stock Fund balance (i.e., pertaining to Company contributions and earnings thereon) and their ESOP Fund balance into the other investment fund options. For participants age 55-59 and for participants age 60 and older, 25% and 50% can be transferred to other investment funds, respectively. Those age 60 and older that have already diversified their current Common Stock 25%, may only diversify another 25%.

Participant Accounts

Each participant's account is credited with the participant's contributions, Company contributions, and plan earnings. Participant accounts are valued on a daily basis.

Vesting

Prior to the Pharmacia SIP merger into the Plan, employer contributions vested and became non-forfeitable at the rate of 20% per year of service, such that employer contributions were 100% vested after five years of service. Pre-existing participants in the Plan were always 100% vested in their account balance. Effective July 1, 2002, all participants in the Plan became 100% vested in their account balances.

Participant Loans

The Plan has a loan provision which allows participants to borrow from their fund accounts a minimum of $500 up to a maximum equal to the lesser of 50% of their vested account balance or $50,000 (reduced by the highest outstanding loan balance within the previous twelve months). Loan terms range from 1-5 years or up to 10 years for the purchase of a primary residence. Loans for the purchase of a home have a $3,000 minimum loan amount. The loans are secured by the balance in the participant's account and bear interest at a rate that is equal to the prime rate, as defined, at the beginning of the quarter in which the loan originates, plus 1%. Interest is credited to the account of the participant. Repayments may not necessarily be made to the same fund from which amounts were borrowed. Repayments are credited to the applicable funds based on the participant's investment elections at the time of repayment.

Effective January 1, 2003, the loan payoff period increased to 90 days. Participants that terminate will have 90 days to repay the loan before the loan is taxed and penalized with a 10% tax.

Payment of Benefits

Benefits are paid either in cash or in cash and common stock (Pfizer common stock on or after April 16, 2003 and Pharmacia common stock prior to April 16, 2003). Common stock is issued only with respect to the participant's accounts in the Pfizer Common Stock Fund and the ESOP Funds. Upon retirement or death, the full value of the participant's accounts is paid in either a lump sum, in installments or by the purchase of an annuity contract. If a participant elected to receive common stock on or prior to August 13, 2002 (Monsanto spin-off), each share of the Preferred ESOP Stock (based on participant records) was converted into 1.7255 shares of Pharmacia common stock. If a participant elected to receive common stock after August 13, 2002, each share of the Preferred ESOP Stock (based on participant records) was converted into 1.83919 shares of Pharmacia common stock. After the Pfizer acquisition, each share of the Preferred ESOP Stock (based on participant records) was converted into 2.57486 shares of Pfizer common stock.

Participants may also elect to make in-service withdrawals from their account balances subject to the provisions of the Plan.

2.Summary of Accounting Policies

Method of Accounting

The financial statements of the Plan have been prepared on the accrual basis of accounting.

Reclassifications

We have made certain reclassifications to the 2002 financial statements to conform to the 2003 presentation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Valuation of Investments

Shares of mutual funds are valued at quoted market prices, which represent the net asset value of shares held by the Plan at year-end. Common/collective trust funds are stated at redemption value as determined by the trustees of such funds based upon the underlying securities stated at fair value. Investments in money market instruments are generally short-term and are valued at cost, which approximates market. Investments in guaranteed investment contracts ("GICs") and synthetic investment contracts ("SICs") are reported at their contract value by the insurance companies and underlying banks, respectively, because these investments have fully benefit-responsive features (see Note 5). Common stock is valued at quoted market price as of the last business day of the Plan year. The value of outstanding participant loans is determined based on the outstanding principal balance as of the last day of the Plan year, which approximates fair value since such loans are subject to variable interest rates.

Pfizer preferred stock is valued using the higher of the per-share equivalent stated value of $40.30 or the quoted market price of Pfizer common stock multiplied by 2.57486 on the last business day of the 2003 plan year. At December 31, 2003 the Pfizer preferred stock was valued at $90.97 based on the closing Pfizer stock price of $35.33 on December 31, 2003. Pharmacia preferred stock was valued using the higher of the per-share equivalent stated value of $40.30 or the quoted market price of Pharmacia common stock multiplied by 1.83919 on the last business day of the 2002 plan year.

(**Note**: *Preferred Stock share balances maintained by the plan's trustee and recordkeeper are on a basis equal to a multiple of 1,000 of the share balance and one-thousandth of the $40,300 stated value, as reflected on the Company's financial statements*).

Purchases and sales of securities are reflected on a trade-date basis. Dividend income is recorded on the ex-dividend date. Income from other investments is recorded as earned on an accrual basis.

The Plan presents in the statement of changes in net assets available for plan benefits, the net appreciation (depreciation) in the fair value of its investments which consists of the realized gains and losses and the unrealized appreciation (depreciation) on those investments.

Payment of Benefits

Benefit payments are recorded when paid.

Plan Expenses

The Plan pays certain outside service provider expenses (e.g., recordkeeping and trustee fees) incurred in the operation of the Plan. Investment manager fees are paid by the Plan and are netted against investment income. Certain other expenses are paid by the Company.

Forfeitures

On July 1, 2002, forfeitures in the amount of $1,489,851 were transferred into the Plan. Forfeited amounts are used to pay expenses of the Plan, interest on ESOP debt incurred by the Plan (paid in February of each year) and to reduce Company contributions. Forfeitures which have not been applied for these uses amounted to $2,032,640 and $2,030,774 as of December 31, 2003 and 2002.

Risks and Uncertainties

Investment securities, including Pfizer Inc. common and preferred stock, are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is possible that changes in their values could occur in the near term and such changes could materially affect the amounts reported in the statements of net assets available for plan benefits and the statement of changes in net assets available for plan benefits.

3.Investments

The following investments represent 5 percent or more of the plan's net assets.

	December 31, 2003	2002
Barclays Capital Guardian International Non-U.S. Equity Fund (11,875,855 units)	$ 154,861,156	$ --
Barclays Global Investors Equity Index Fund (15,385,997 and 15,964,950 units, respectively)	502,352,811	405,350,084
Barclays Global Investors Intermediate Government Credit Bond Fund (14,849,665 and 15,865,279 units, respectively)	240,861,565	246,863,737
Pfizer Common Stock (16,829,472 shares)*	594,585,246	--
Pharmacia Common Stock (13,539,523 shares)*	--	565,952,061
Pfizer Preferred Stock (5,455,728 shares)*	496,308,181	--
Pharmacia Preferred Stock (6,130,324 shares)*	--	471,568,899
AEGON Global wrap contract (synthetic investment contract)	386,019,655	360,465,597

*Nonparticipant-directed

The plan's investments (including gains and losses on investments sold, as well as held during the year) appreciated/ (depreciated) in value as follows:

	Years ended December 31, 2003	2002
Mutual funds	$ 32,971,875	$ (37,700,816)
Common Stock	142,409,060	48,061,325
Preferred Stock	80,671,494	20,180,001
Common/collective trust funds	198,525,035	(86,563,488)
	$ 454,577,464	$ (56,022,978)

4.Nonparticipant-directed Funds and Notes Payable

The Plan includes the following nonparticipant-directed funds: *Pfizer Common Stock Fund, Preferred Leveraged ESOP and the Common Leveraged ESOP*. These funds and their related activity were as follows:

Pfizer Common Stock Fund

Effective April 1, 1999, the Pfizer Common Stock Fund (formerly known as the Pharmacia Common Stock Fund) was added as an investment option into which participants can direct their contributions and/or transfer existing balances. However, certain Company contribution balances (and earnings thereon) within the Pfizer Common Stock Fund can only be transferred out of the fund into other investment options after participants satisfy certain age and service requirements. All assets and activity within this fund have been disclosed as nonparticipant-directed for purposes of this report.

Below are the net assets and significant components of the changes in net assets relating to the Pfizer Common Stock Fund:

	2003	2002
Assets:		
Investments:		
Short-term investment funds	$ 2,622,266	$ 3,772,795
Pfizer Common Stock	272,986,219	--
Pharmacia Common Stock	--	260,798,476
Total investments	275,608,485	264,571,271
Receivables:		
Company contributions	20,672	516
Participant contributions	131,486	2,639
Dividends and interest receivable	2,055	4,062
Participant loan payment receivable+	20,783	243
Receivable from other investment funds+	240,307	--
Total receivables	415,303	7,460
Total assets	276,023,788	264,578,731
Liabilities:		
Payable to other investment funds*	--	385,039
Payable for investments purchased*	--	1,133,696
Other payables*	383,737	149,411
Total liabilities	383,737	1,668,146
Net assets available for plan benefits	$ 275,640,051	$ 262,910,585

+ Included in other receivables on statements of net assets.
* Included in other payables on statements of net assets.

	Years ended December 31, 2003	2002
Additions:		
Additions to net assets attributed to:		
Investment income:		
Interest	$ 35,149	$ 44,727
Dividends	4,618,344	3,148,545
Net appreciation in fair value of investments	46,534,073	18,159,965
Total investment income	51,187,566	21,353,237
Participant contributions (including rollovers)	8,759,643	8,657,814
Company contributions	1,329,708	518,223
Participant loan repayments	1,717,968	2,368,574
Total additions	62,994,885	32,897,848
Deductions:		
Deductions from net assets attributed to:		
Benefits paid to participants	30,131,474	16,553,366
Participant loan transaction transfers, net	2,020,673	2,323,985
Plan expenses	919,422	64,715
Transfers to other investment funds, net	17,193,850	30,892,689
Total deductions	50,265,419	49,834,755

Net increase/(decrease) prior to asset transfer	12,729,466	(16,936,907)
Transfer in from the Pharmacia SIP	--	47,650,645
Net increase	12,729,466	30,713,738
Net assets available for plan benefits:		
Beginning of year	262,910,585	232,196,847
End of year	$ 275,640,051	$ 262,910,585

Preferred Leveraged ESOP

On March 1, 1990, the Preferred ESOP borrowed $275 million from the Bank of New York through the issuance of amortizing notes. These notes, which are guaranteed by the Company, mature in 2004 and pay interest at an annual rate of 9.79%. The remaining principal balance on these notes was $58,600,000 with unpaid interest of $5,736,940, and $111,200,000 with unpaid interest of $10,886,480 as of December 31, 2003 and 2002, respectively.

As of March 1, 1990, the Preferred ESOP issued a note to the Company in the amount of $25 million, which carries an interest rate of 6.25% per annum. Interest accrues and is payable, along with principal, no later than the maturity date of February 1, 2005. The balance of this note, including unpaid interest, was $57,845,070 and $54,442,419 at December 31, 2003 and 2002, respectively.

Effective January 31, 1997, the Preferred ESOP and State Street Bank entered into an agreement, whereby the Preferred ESOP can borrow amounts that in the aggregate cannot exceed $95,000,000 (collectively the "New Loans"). Any such borrowings bear interest at 7.00% per annum and will be due no later than December 31, 2010. No interest shall be due until the maturity date of any New Loans. The proceeds of the New Loans are to be used to pay principal and interest then due on any existing Preferred ESOP loans. In relation to New Loans, the Preferred ESOP had drawings of $22,000,000 with unpaid interest of $10,055,396 and $22,000,000 with unpaid interest of $7,958,314 as of December 31, 2003 and 2002, respectively.

Projected principal loan payments on the Preferred ESOP debt at December 31, 2003 are as follows:

Year	Amount
2004	$ 58,600,000
2005	25,000,000
2006 to 2010	22,000,000
Total	$ 105,600,000

This preferred stock, which was converted into Pfizer preferred stock on April 16, 2003, in connection with the acquisition of Pharmacia, is maintained in the Preferred ESOP as unallocated. As principal and interest on the borrowings is paid, the preferred shares become available to be allocated to participants' accounts as Company matching contributions.

Following are the net assets and significant components of the changes in net assets relating to the Preferred ESOP:

	December 31, 2003		
	Allocated	**Unallocated**	**Total**
Assets:			
Investments:			
Short-term investment funds	$ --	$ 11,209,129	$ 11,209,129
Pfizer Preferred Stock, convertible	371,983,903	124,324,278	496,308,181
Total investments	371,983,903	135,533,407	507,517,310
Receivables:			
Company contributions, net of forfeitures	--	48,957,425	48,957,425

Dividends and interest receivable		--		3,431,683		3,431,683
Total receivables		--		52,389,108		52,389,108
Total assets		371,983,903		187,922,515		559,906,418
Liabilities:						
Notes payable		--		105,600,000		105,600,000
Interest payable		--		48,637,406		48,637,406
Other payables		4,098		101,700		105,798
Total liabilities		4,098		154,339,106		154,343,204
Net assets available for plan benefits	$	371,979,805	$	33,583,409	$	405,563,214

	December 31, 2002					
		Allocated		**Unallocated**		**Total**
Assets:						
Investments:						
Short-term investment funds	$	--	$	12,230,118	$	12,230,118
Pharmacia Preferred Stock, convertible		310,742,900		160,825,999		471,568,899
Total investments		310,742,900		173,056,117		483,799,017
Receivables:						
Company contributions, net of forfeitures		--		47,294,635		47,294,635
Dividends and interest receivable		--		3,869,268		3,869,268
Total receivables		--		51,163,903		51,163,903
Total assets		310,742,900		224,220,020		534,962,920
Liabilities:						
Notes payable		--		158,200,000		158,200,000
Interest payable		--		48,287,213		48,287,213
Other payables		--		39,503		39,503
Total liabilities		--		206,526,716		206,526,716
Net assets available for plan benefits	$	310,742,900	$	17,693,304	$	328,436,204

	Year ended December 31, 2003					
		Allocated		**Unallocated**		**Total**
Additions:						
Additions to net assets attributed to:						
Investment income:						
Interest	$	--	$	78,088	$	78,088
Dividends		10,530,708		4,022,060		14,552,768
Net appreciation in fair value of investment		64,796,049		15,875,445		80,671,494
Total investment income		75,326,757		19,975,593		95,302,350
Company contributions		--		49,707,425		49,707,425
Allocation of 525,654 shares of Preferred Stock for Company matching contributions		42,554,230		(42,554,230)		--
Total additions		117,880,987		27,128,788		145,009,775
Deductions:						
Deductions from net assets attributed to:						

Benefits paid to participants	46,416,983	--	46,416,983
Participant loan transaction transfers, net	65,050	--	65,050
Plan expenses	1,541	2,010	3,551
Transfers to other investment funds	10,160,508	--	10,160,508
Interest on notes payable	--	11,236,673	11,236,673
Total deductions	56,644,082	11,238,683	67,882,765
Net increase	61,236,905	15,890,105	77,127,010
Net assets available for plan benefits:			
Beginning of year	310,742,900	17,693,304	328,436,204
End of year	$ 371,979,805	$ 33,583,409	$ 405,563,214

	Year ended December 31, 2002		
	Allocated	**Unallocated**	**Total**
Additions:			
Additions to net assets attributed to:			
Investment income:			
Interest	$ --$	124,372	$ 124,372
Dividends	9,377,189	6,362,957	15,740,146
Net appreciation in fair value of investment	19,184,943	995,058	20,180,001
Total investment income	28,562,132	7,482,387	36,044,519
Company contributions	--	48,116,045	48,116,045
Allocation of 638,021 shares of Pharmacia Preferred Stock for Company matching contributions	46,599,930	(46,599,930)	--
Total additions	75,162,062	8,998,502	84,160,564
Deductions:			
Deductions from net assets attributed to:			
Benefits paid to participants	14,977,991	--	14,977,991
Participant loan transaction transfers, net	13,478	--	13,478
Transfers to other investment funds	4,865,222	--	4,865,222
Interest on notes payable	--		