

PFIZER INC
Form 11-K
June 29, 2005

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)

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

For the fiscal year ended December 31, 2004

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**

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

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We have audited the accompanying statements of net assets available for plan benefits of the Pharmacia Savings Plan (the Plan) as of December 31, 2004 and 2003, 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, 2004 and 2003 and the changes in net assets available for plan benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

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, 2004 and schedule H, line 4j - schedule of reportable transactions, for the year ended December 31, 2004 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 28, 2005

PHARMACIA SAVINGS PLAN STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

| (in thousands of dollars) | December 31, | |
|---|---------------------|---------------------|
| | 2004 | 2003 |
| Assets: | | |
| Investments: | | |
| Pfizer Inc common stock | \$ 409,604 | \$ 594,585 |
| Pfizer Inc preferred stock | 331,126 | 496,308 |
| Collective trust funds | 834,320 | 1,065,741 |
| Fixed income investments | 689,475 | 675,554 |
| Mutual funds | 611,390 | 147,700 |
| Common stock of other companies | -- | 171,506 |
| | 2,875,915 | 3,151,394 |
| Loans to participants | 30,216 | 30,803 |
| Total investments | 2,906,131 | 3,182,197 |
| Receivables: | | |
| Company contributions | 53,001 | 51,006 |
| Participant contributions | 1,271 | 2,863 |
| Dividends and interest receivable | 3,089 | 3,560 |
| Other receivables | 1,343 | 955 |
| Total receivables | 58,704 | 58,384 |
| Total assets | 2,964,835 | 3,240,581 |
| Liabilities: | | |
| Notes payable | 59,720 | 124,902 |
| Interest payable | 48,866 | 48,962 |
| Other payables | 1,346 | 1,972 |
| Total liabilities | 109,932 | 175,836 |
| Net assets available for plan benefits | \$ 2,854,903 | \$ 3,064,745 |

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

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

| (in thousands of dollars) | Years ended December 31, | |
|--|--------------------------|-------------|
| | 2004 | 2003 |
| Additions: | | |
| Additions to net assets attributed to: | | |
| Investment income/(loss): | | |
| Net appreciation/(depreciation) in fair value of investments | \$ (95,465) | \$ 454,578 |
| Interest | 43,825 | 38,976 |
| Dividends | 21,295 | 28,084 |
| Interest on participants' loans | 1,635 | 2,284 |
| Total investment income/(loss) | (28,710) | 523,922 |
| Contributions: | | |
| Participant | 99,439 | 133,461 |
| Rollovers | 38,181 | 40,496 |
| Company | 71,005 | 79,607 |
| Total additions | 179,915 | 777,486 |
| Deductions: | | |
| Deductions from net assets attributed to: | | |
| Benefits paid to participants | 371,167 | 361,269 |
| Administrative expenses | 4,832 | 4,608 |
| Interest on notes payable | 6,771 | 13,089 |
| Transfers out of Plan | 6,987 | -- |
| Total deductions | 389,757 | 378,966 |
| Net increase/(decrease) | (209,842) | 398,520 |
| Net assets available for plan benefits: | | |
| Beginning of year | 3,064,745 | 2,666,225 |
| End of year | \$2,854,903 | \$3,064,745 |

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

PHARMACIA SAVINGS PLAN
Notes to Financial Statements
December 31, 2004 and 2003
(in thousands of dollars)

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.

On April 16, 2003, Pfizer Inc. ("Pfizer" or the "Company") completed its acquisition of Pharmacia Corporation ("Pharmacia"), including its subsidiary, Pharmacia & Upjohn 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 of Pharmacia, 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. 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.

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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.

The Plan is part of the Pharmacia Retirement Choice Program ("Choice Program") available to 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 a specifically designated 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.

Plan Administration

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

Administrative Expenses

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

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 compensation, 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 compensation, as defined in the Plan document. Contributions are subject to certain restrictions under the Internal Revenue Code of 1986, as amended, and for the Puerto Rico Participants, contributions are also subject to certain additional restrictions under the Puerto Rico Internal Revenue Code of 1994, as amended. Participants who are eligible employees are permitted to roll over into the Plan eligible distributions from other qualified employer sponsored savings plans and conduit IRAs.

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.

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 compensation, 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 2004 plan year was 65% to the Preferred ESOP and 35% to the Common ESOP through July 31, 2004. Thereafter, the percentage split was 0% to the Preferred ESOP and 100% to the Common ESOP. 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 for each \$1.00 contributed 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).

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For Puerto Rico participants, the Company matches 100% of participant contributions, from 1% to 5% of compensation, 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. Company dividends paid to each ESOP and certain other funds are also used to repay the outstanding ESOP debt.

Participant Accounts

Each participant's account is credited with the participant's contributions and allocations of the Company's contribution, Plan earnings and administrative expenses. Allocations are based on participant earnings or account balances, as defined. Participants are immediately vested in the full value of their account (i.e., participant's and Company's contributions).

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.

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 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 for up to the first 5% of compensation 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 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

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- 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%.

The Northern Trust Company ("Northern Trust") is trustee for U.S. participants in the Plan. Banco Santander is the trustee, and Northern Trust is the custodian for Puerto Rico participants. The Plan's trust agreement provides that any portion of any of the investment funds may, pending its permanent investment or distribution, be invested in short term investments. To the extent any Plan assets are so invested, they are invested in funds managed by Northern Trust. Both Northern Trust and Banco Santander are related parties to the Plan.

Loans to Participants

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 an additional 10% tax.

Benefit Payments

Benefits are paid either in cash or in cash and common stock. 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 or in installments.

In-Service Withdrawals

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

Plan Termination

The Company expects to continue the Plan indefinitely, but reserves the right to amend, suspend or discontinue it in whole or in part at any time by action of the Company's Board of Directors or its authorized designee. In the event of termination of the Plan, each participant shall be entitled to the full value of his or her account balance as though she had retired as of the date of such termination. No part of the invested assets established pursuant to the Plan will at any time revert to the Company except otherwise permitted under ERISA.

2. Summary of Accounting Policies

Method of Accounting

The financial statements of the Plan have been prepared on the accrual basis of accounting. For treatment of benefits payable, refer to Note 7.

Use of Estimates

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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.

Investment Valuation

Common stock is valued at quoted market price as of the last business day of the Plan year. Shares of mutual funds are recorded at fair value based on the closing market prices obtained from national exchanges of the underlying investments of the respective fund as of the last business day of the year. 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). Loans to participants, which are subject to various interest rates, and short term securities are recorded at cost which approximates fair value. Short-term securities primarily consist of U.S. Government securities.

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 plan year (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). Pfizer preferred stock was valued at \$69.24 at December 31, 2004 and \$90.97 at December 31, 2003 based on the closing Pfizer stock price of \$26.89 on December 31, 2004 and \$35.33 on December 31, 2003.

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.

Forfeitures

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.

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 participants' account balances and the amounts reported in the statements of net assets available for plan benefits.

Investment Transactions

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.

Payment of Benefits

Benefit payments are recorded when paid.

3. Tax Status of the Plan

The Plan obtained its latest determination letter dated July 17, 2003 in which the Internal Revenue Service indicated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Company's tax counsel believe that the Plan is currently designed and being operated in material compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Contributions made to the Plan by the Company, including pre tax contributions made on the participants' behalf and any appreciation on all funds in the participants' accounts, are not taxable to the participants under current federal income tax law while these amounts remain in the Plan.

4. Investments

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

| (in thousands of dollars) | December 31, | |
|--|---------------------|-------------|
| | 2004 | 2003 |
| Barclays Global Investors Equity Index Fund (13,857,852 and 15,385,997 units, respectively) | \$ 501,516 | \$ 502,353 |
| Pfizer Common Stock (15,232,580 and 16,829,472 shares, respectively)* | 409,604 | 594,585 |
| AEGON Global wrap contract (synthetic investment contract) | 392,752 | 386,020 |
| Pfizer Preferred Stock (4,782,419 and 5,455,728 shares, respectively)* | 331,126 | 496,309 |
| Barclays Global Investors Intermediate Government Credit Bond Fund (14,238,942 and 14,849,665 units, respectively) | 238,075 | 240,862 |
| Fidelity Growth Company Fund (3,224,903 units) | 183,063 | -- |
| Dodge & Cox Stock Fund (1,299,969 and 1,169,265 units, respectively) | 169,269 | 133,039 |
| Barclays Capital Guardian International Non-U.S. Equity Fund (11,041,394 and 11,875,855 units, respectively) | \$ 165,510 | \$ 154,861 |

*Nonparticipant-directed shares (See Note 6)

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

| (in thousands of dollars) | Year ended December 31, | |
|-------------------------------|--------------------------------|-------------|
| | 2004 | 2003 |
| Mutual funds | \$ 47,090 | \$ 32,972 |
| Common stock | (131,682) | 142,409 |
| Preferred stock | (107,418) | 80,671 |
| Common/collective trust funds | 96,545 | 198,526 |
| | \$ (95,465) | \$ 454,578 |

5. Investment Contracts with Insurance Companies

The Income Fund consists primarily of benefit responsive guaranteed investment contracts ("GIC's") and synthetic investment contracts ("SIC's"). The contract value of the GICs and SICs represents the cost or face-value of the contract plus accrued interest. The contract value of the SICs represents fair value of the underlying asset plus the contract value of the wrapper contract associated with the underlying asset. At December 31, 2004 and 2003, the Plan held SIC's with a contract value of \$689,475 and \$666,299. At December 31, 2003, the Plan held GICs with a contract value of \$9,255. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investments at contract value.

There are no reserves against contract value for credit risk of the contract issuers or otherwise. The average portfolio yields were approximately 6% for both 2004 and 2003. The crediting interest rates were approximately 5% for 2004 and 6% for 2003. For SICs, the rate is based on a formula which consists of the yield to maturity, duration, and the book and market values. The rate for SICs is periodically reset, usually quarterly, and cannot be reset below 0%. For GICs, the crediting interest rate, specified in the contract, was agreed upon with the issuers and was maintained for the life of the contract.

6. 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.

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

| (in thousands of dollars) | December 31, | |
|---|---------------------|-------------------|
| | 2004 | 2003 |
| Assets: | | |
| Investments: | | |
| Short-term investment funds | \$ 1,466 | \$ 2,622 |
| Pfizer Inc common stock | 192,976 | 272,986 |
| Loans to participants | 51 | -- |
| Total investments | 194,493 | 275,608 |
| Receivables: | | |
| Company contributions | 22 | 21 |
| Participant contributions | 877 | 132 |
| Dividends and interest receivable | 4 | 2 |
| Participant loan payment receivable+ | -- | 21 |
| Receivable from other investment funds+ | -- | 240 |
| Total receivables | 903 | 416 |
| Total assets | 195,396 | 276,024 |
| Liabilities: | | |
| Other payables* | -- | 384 |
| Total liabilities | -- | 384 |
| Net assets available for plan benefits | \$ 195,396 | \$ 275,640 |

+ Included in other receivables on statements of net assets available for plan benefits.

* Included in other payables on statements of net assets available for plan benefits.

| (thousands of dollars) | Years ended December 31, | |
|--|---------------------------------|-------------------|
| | 2004 | 2003 |
| Additions/(Reductions): | | |
| Additions to net assets attributed to: | | |
| Investment income/(loss): | | |
| Net appreciation/(depreciation) in fair value of investments | \$ (60,689) | \$ 46,534 |
| Interest | 130 | 35 |
| Dividends | 4,988 | 4,618 |
| Total investment income/(loss) | (55,571) | 51,187 |
| Participant contributions | 7,163 | 8,760 |
| Company contributions | 984 | 1,330 |
| Participant loan repayments | 1,265 | 1,718 |
| Total additions/(reductions) | (46,159) | 62,995 |
| Deductions: | | |
| Deductions from net assets attributed to: | | |
| Benefits paid to participants | 34,155 | 30,132 |
| Participant loan transaction transfers, net | 1,675 | 2,021 |
| Administrative expenses | (63) | 919 |
| Transfers to/(from) investment funds, net | (1,682) | 17,194 |
| Total deductions | 34,085 | 50,266 |
| Net increase/(decrease) | (80,244) | 12,729 |
| Net assets available for plan benefits: | | |
| Beginning of year | 275,640 | 262,911 |
| End of year | \$ 195,396 | \$ 275,640 |

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 were guaranteed by the Company, matured in 2004 and previously paid interest at an annual rate of 9.79%. The remaining principal balance on these notes was \$58,600 with unpaid interest of \$5,737 as of December 31, 2003, which was paid in its entirety on February 1, 2004.

As of March 1, 1990, the Preferred ESOP issued a note to the Company in the amount of \$25,000, 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. Unpaid interest relating to this

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note was \$36,460 and \$32,845 at December 31, 2004 and 2003, 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 million (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 with unpaid interest of \$12,300 and \$22,000 with unpaid interest of \$10,055 as of December 31, 2004 and 2003, respectively.

Projected principal loan payments on the Preferred ESOP debt at December 31, 2004 are as follows:

| Year | Amount |
|--------------|-----------|
| 2005 | \$ 25,000 |
| 2006 to 2010 | 22,000 |
| Total | \$ 47,000 |

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 available for plan benefits and significant components of the changes in net assets available for plan benefits relating to the Preferred ESOP:

| (in thousands of dollars) | December 31, 2004 | | |
|---|-------------------|------------------|-------------------|
| | Allocated | Unallocated | Total |
| Assets: | | | |
| Investments: | | | |
| Short-term investment funds | \$ 6,892 | \$ 3,976 | \$ 10,868 |
| Pfizer Inc preferred stock, convertible | 265,793 | 65,333 | 331,126 |
| Total investments | 272,685 | 69,309 | 341,994 |
| Receivables: | | | |
| Company contributions | -- | 47,910 | 47,910 |
| Dividends and interest receivable | -- | 3,023 | 3,023 |
| Total receivables | -- | 50,933 | 50,933 |
| Total assets | 272,685 | 120,242 | 392,927 |
| Liabilities: | | | |
| Notes payable | -- | 47,000 | 47,000 |
| Interest payable | -- | 48,760 | 48,760 |
| Other payables | 92 | 1 | 93 |
| Total liabilities | 92 | 95,761 | 95,853 |
| Net assets available for plan benefits | \$ 272,593 | \$ 24,481 | \$ 297,074 |

| (in thousands of dollars) | December 31, 2003 | | |
|---|-------------------|-------------|-----------|
| | Allocated | Unallocated | Total |
| Assets: | | | |
| Investments: | | | |
| Short-term investment funds | \$ -- | \$ 11,209 | \$ 11,209 |
| Pfizer Inc preferred stock, convertible | 371,984 | 124,324 | 496,308 |
| Total investments | 371,984 | 135,533 | 507,517 |
| Receivables: | | | |
| Company contributions | -- | 48,957 | 48,957 |
| Dividends and interest receivable | -- | 3,432 | 3,432 |
| Total receivables | -- | 52,389 | 52,389 |
| Total assets | 371,984 | 187,922 | 559,906 |
| Liabilities: | | | |
| Notes payable | -- | 105,600 | 105,600 |
| Interest payable | -- | 48,637 | 48,637 |
| Other payables | 4 | 102 | 106 |
| Total liabilities | 4 | 154,339 | 154,343 |

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Net assets available for plan benefits \$ 371,980 \$ 33,583 \$ 405,563

| (in thousands of dollars) | Year ended December 31, 2004 | | Total |
|---|------------------------------|-------------|--------------|
| | Allocated | Unallocated | |
| Additions/(Reductions): | | | |
| Additions/(reductions) to net assets attributed to: | | | |
| Investment loss: | | | |
| Net depreciation in fair value of investment | \$ (79,486) | \$ (27,932) | \$ (107,418) |
| Interest | 55 | 34 | 89 |
| Dividends | 10,130 | 2,511 | 12,641 |
| Total investment loss | (69,301) | (25,387) | (94,688) |
| Company contributions | 1,400 | 47,907 | 49,307 |
| Allocation of 225,702 shares of Pfizer Inc preferred stock for Company matching contributions | 20,364 | (20,364) | -- |
| Total additions/(reductions) | (47,537) | 2,156 | (45,381) |
| Deductions: | | | |
| Deductions from net assets attributed to: | | | |
| Benefits paid to participants | 48,618 | -- | 48,618 |
| Participant loan transaction transfers, net | 57 | -- | 57 |
| Transfers to other investment funds | 3,175 | 5,399 | 8,574 |
| Interest on notes payable | -- | 5,859 | 5,859 |
| Total deductions | 51,850 | 11,258 | 63,108 |
| Net decrease | (99,387) | (9,102) | (108,489) |
| Net assets available for plan benefits: | | | |
| Beginning of year | 371,980 | 33,583 | 405,563 |
| End of year | \$ 272,593 | \$ 24,481 | \$ 297,074 |

| (in thousands of dollars) | Year ended December 31, 2003 | | Total |
|---|------------------------------|-------------|------------|
| | Allocated | Unallocated | |
| Additions: | | | |
| Additions to net assets attributed to: | | | |
| Investment income: | | | |
| Net appreciation in fair value of investment | \$ 64,796 | \$ 15,875 | \$ 80,671 |
| Interest | -- | 79 | 79 |
| Dividends | 10,531 | 4,022 | 14,553 |
| Total investment income | 75,327 | 19,976 | 95,303 |
| Company contributions | -- | 49,707 | 49,707 |
| Allocation of 525,654 shares of Pfizer Inc preferred stock for Company matching contributions | 42,554 | (42,554) | -- |
| Total additions | 117,881 | 27,129 | 145,010 |
| Deductions: | | | |
| Deductions from net assets attributed to: | | | |
| Benefits paid to participants | 46,417 | -- | 46,417 |
| Participant loan transaction transfers, net | 65 | -- | 65 |
| Administrative expenses | 1 | 2 | 3 |
| Transfers to other investment funds | 10,161 | -- | 10,161 |
| Interest on notes payable | -- | 11,237 | 11,237 |
| Total deductions | 56,644 | 11,239 | 67,883 |
| Net increase | 61,237 | 15,890 | 77,127 |
| Net assets available for plan benefits: | | | |
| Beginning of year | 310,743 | 17,693 | 328,436 |
| End of year | \$ 371,980 | \$ 33,583 | \$ 405,563 |

Common Leveraged ESOP

As of December 31, 2004 and 2003, the outstanding principal balance on the Common ESOP's external debt was \$3,774 and \$5,662, respectively (carrying an interest rate of 8.13% and maturing on December 15, 2006). In addition, the Common ESOP carried two separate internal notes payable to the Company. The outstanding principal balance of the first internal note as of December 31, 2004 and 2003 was \$8,946 and \$13,628, respectively (carrying an interest rate of 5.71% and maturing on December 15, 2006).

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Projected principal loan payments on the Common ESOP debt at December 31, 2004 are as follows:

| Year | Amount |
|-------|-----------|
| 2005 | \$ 6,477 |
| 2006 | 6,243 |
| Total | \$ 12,720 |

The proceeds of the borrowings were used to purchase Company common stock. This common stock, which was converted into Pfizer common stock on April 16, 2003, in connection with the acquisition of Pharmacia, is maintained in the Common ESOP as unallocated. This stock is released for allocation to participants' accounts in accordance with the terms of the Plan as interest and principal on the borrowings are paid.

Following are the net assets available for plan benefits and significant components of the changes in net assets available for plan benefits related to the Common ESOP:

| (in thousands of dollars) | December 31, 2004 | | |
|---|-------------------|------------------|-------------------|
| | Allocated | Unallocated | Total |
| Assets: | | | |
| Investments: | | | |
| Short-term investment funds | \$ 652 | \$ -- | \$ 652 |
| Pfizer Inc common stock | 189,649 | 26,749 | 216,398 |
| Total investments | 190,301 | 26,749 | 217,050 |
| Receivables: | | | |
| Company contributions | 1,111 | 2,433 | 3,544 |
| Dividends and interest receivable | -- | 2 | 2 |
| Total receivables | 1,111 | 2,435 | 3,546 |
| Total assets | 191,412 | 29,184 | 220,596 |
| | | | |
| Notes payable | -- | 12,720 | 12,720 |
| Interest payable | -- | 106 | 106 |
| Total liabilities | -- | 12,826 | 12,826 |
| Net assets available for plan benefits | \$ 191,412 | \$ 16,358 | \$ 207,770 |

| (in thousands of dollars) | December 31, 2003 | | |
|---|-------------------|------------------|-------------------|
| | Allocated | Unallocated | Total |
| Assets: | | | |
| Investments: | | | |
| Short-term investment funds | \$ 462 | \$ -- | \$ 462 |
| Pfizer Inc common stock | 257,596 | 64,003 | 321,599 |
| Total investments | 258,058 | 64,003 | 322,061 |
| Receivables: | | | |
| Company contributions | 373 | 1,042 | 1,415 |
| Dividends and interest receivable | 1 | -- | 1 |
| Total receivables | 374 | 1,042 | 1,416 |
| Total assets | 258,432 | 65,045 | 323,477 |
| | | | |
| Notes payable | -- | 19,302 | 19,302 |
| Interest payable | -- | 325 | 325 |
| Other payables | 10 | -- | 10 |
| Total liabilities | 10 | 19,627 | 19,637 |
| Net assets available for plan benefits | \$ 258,422 | \$ 45,418 | \$ 303,840 |

| (in thousands of dollars) | Year Ended December 31, 2004 | | |
|--|------------------------------|-------------|-------|
| | Allocated | Unallocated | Total |
| Additions/(Reductions) | | | |
| Additions to net assets attributed to: | | | |

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| | | | |
|--|-------------|-------------|-------------|
| Investment loss: | | | |
| Net depreciation in fair value of investment | \$ (59,778) | \$ (11,215) | \$ (70,993) |
| Interest | 8 | 14 | 22 |
| Dividends | 4,782 | 1,025 | 5,807 |
| Total investment loss | (54,988) | (10,176) | (65,164) |
| Company contributions | 732 | 5,672 | 6,404 |
| Allocation of 746,383 shares of Pfizer Inc common stock for Company matching contributions | 23,643 | (23,643) | -- |
| Total reductions | (30,613) | (28,147) | (58,760) |
| Deductions: | | | |
| Deductions from net assets attributed to: | | | |
| Benefits paid to participants | 27,393 | -- | 27,393 |
| Loan to participants | 21 | -- | 21 |
| Transfers to other investment funds | 8,983 | -- | 8,983 |
| Interest on notes payable | -- | 913 | 913 |
| Total deductions | 36,397 | 913 | 37,310 |
| Net decrease | (67,010) | (29,060) | (96,070) |
| Net assets available for plan benefits: | | | |
| Beginning of year | 258,422 | 45,418 | 303,840 |
| End of year | \$ 191,412 | \$ 16,358 | \$ 207,770 |

| (in thousands of dollars) | Year Ended December 31, 2003 | | |
|---|------------------------------|-------------|------------|
| | Allocated | Unallocated | Total |
| Additions: | | | |
| Additions to net assets attributed to: | | | |
| Investment income: | | | |
| Net appreciation in fair value of investment | \$ 40,985 | \$ 11,325 | \$ 52,310 |
| Interest | -- | 7 | 7 |
| Dividends | 4,178 | 1,140 | 5,318 |
| Total investment income | 45,163 | 12,472 | 57,635 |
| Company contributions | -- | 6,558 | 6,558 |
| Allocation of 598,964 shares of Pfizer Inc common stock for Company matching contributions* | 21,820 | (21,820) | -- |
| Total additions | 66,983 | (2,790) | 64,193 |
| Deductions: | | | |
| Deductions from net assets attributed to: | | | |
| Benefits paid to participants | 32,312 | -- | 32,312 |
| Loan to participants | 24 | -- | 24 |
| Transfers to other investment funds | 6,227 | -- | 6,227 |
| Interest on notes payable | -- | 1,852 | 1,852 |
| Total deductions | 38,563 | 1,852 | 40,415 |
| Net increase/(decrease) | 28,420 | (4,642) | 23,778 |
| Net assets available for plan benefits: | | | |
| Beginning of year | 230,002 | 50,060 | 280,062 |
| End of year | \$ 258,422 | \$ 45,418 | \$ 303,840 |

7. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for plan benefits according to the financial statements to Form 5500.

| (in thousands of dollars) | December 31, | |
|---|--------------|-------------|
| | 2004 | 2003 |
| Net assets available for plan benefits per the financial statements | \$2,854,903 | \$3,064,745 |
| Amounts allocated to withdrawing participants | (214) | (3,091) |
| Net assets available for plan benefits per Form 5500 | \$2,854,689 | \$3,061,654 |

The following is a reconciliation of benefits paid to participants according to the financial statements to Form 5500:

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| (in thousands of dollars) | Years ended December 31, | |
|--|---------------------------------|-------------|
| | 2004 | 2003 |
| Benefits paid to participants per the financial statements | \$371,167 | \$361,269 |
| Add: Amounts allocated to withdrawing participants at end of year | 214 | 3,091 |
| Less: Amounts allocated to withdrawing participants at beginning of year | (3,091) | (714) |
| Benefits paid to participants per Form 5500 | \$368,290 | \$363,646 |

Amounts allocated to withdrawing participants are recorded on Form 5500 for benefit claims that have been processed and approved for payment prior to December 31 but not yet paid as of that date.

SCHEDULE I
PHARMACIA SAVINGS PLAN
SCHEDULE H, Line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2004
(in thousands of dollars)

| Identity of issue, borrower or similar party | Description of investment | Cost | Current Value |
|--|-----------------------------------|-------------------|-------------------|
| Corporate Stock - Preferred | | | |
| *PFIZER INC | 4,782,419 shares | \$ 192,757 | \$ 331,126 |
| Corporate Stock - Common | | | |
| *PFIZER INC | 15,232,580 shares | \$ 360,885 | \$ 409,604 |
| Common/Collective Trust | | | |
| *COLLECTIVE SHORT-TERM INVESTMENT FUND | Money Market Fund | 43,409 | 43,409 |
| MFO BGI EQTY INDEX "T" FD | Com. Coll. fund: 13,857,852 units | 376,580 | 501,516 |
| MFO BGI EXTD MKT EQTY INDEX "K" FD | Com. Coll. fund: 3,903,113 units | 91,538 | 123,885 |
| MFO CAP GUARDIAN INTL NON-US EQTY | Com. Coll. Fund: 11,041,394 units | 128,354 | 165,510 |
| Total Common/Collective Trusts | | \$ 639,881 | \$ 834,320 |
| Registered Investment Companies | | | |
| MFD FIDELITY GROWTH COMPANY FUND | Mutual fund: 3,264,903 units | 168,166 | 183,063 |
| MFO AMER BALANCED FD INC CAP OPEN END FD | Mutual fund:55,145 units | 875 | 993 |
| MFO BGI INTERMEDIATE GOVERNMENT CREDIT BOND FUND | Com. Coll. Fund: 14,238,942 units | 217,094 | 238,075 |
| MFO AMERN CENTY ULTRA INV FD | Mutual fund: 115,566 units | 3,258 | 3,409 |
| MFO DODGE & COX STOCK FD OPEN END FD | Mutual fund: 1,299,969 units | 132,816 | 169,269 |
| MFO NEUBERGER & BERMAN GUARDIAN EQTY FD | Mutual fund:93,429 units | 1,405 | 1,547 |
| MFO TEMPLETON FDS INC FGN FD CL A | Mutual fund:46,4318 units | 449 | 571 |
| Total Registered Investment Companies | | \$ 524,063 | \$ 596,927 |
| Self-Directed Brokerage Account | | | \$ 14,463 |
| Synthetic Investment Contracts | | | |
| Monumental Life Ins. Co ABS Insurance Contract | Wrapper Contract | | |
| Contract No. MDA00349TR | Global Wrap | | (3,092) |
| | Total Contract Value | | 77,273 |
| | Interest rate: 5.59% | \$ 74,181 | 74,181 |
| Rabobank Nederland (1 contract) | Wrapper Contract | | |
| Contract No. UP060101 | Global Wrap | | (3,092) |
| | Total Contract Value | | 77,273 |
| | Interest rate: 5.59% | 74,181 | 74,181 |
| UBS AG (1 contract) | Wrapper Contract | | |
| Contract No. 3080 | Global Wrap | | (3,092) |
| | Total Contract Value | | 77,273 |

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| | | | |
|---|---|--------------------|---------------------|
| | Interest rate: 5.59% | 74,181 | 74,181 |
| AIG Financial Products Corp. Landesbank (1 contract) Contract No. 541686 | Wrapper Contract Global Wrap | | (3,093) |
| | Total Contract Value | | 77,273 |
| | Interest rate: 5.59% | 74,180 | 74,180 |
| AEGON Global Wrap Contract No. CDA0003TR | Wrapper Contract Global Wrap | | (12,711) 405,463 |
| | Total Contract Value | 392,752 | 392,752 |
| | Blended Interest Rate: 5.25% | | |
| Total Synthetic Investment Contracts - Contract Value | | \$ 689,475 | \$ 689,475 |
| *Participant Loans | 3,873 Loans, Interest rate: 4.00% - 10.5% Maturity date range: Jan. 2005 - Dec. 2014 | | |
| | | \$ 30,216 | \$ 30,216 |
| Grand Total | | \$2,437,277 | \$ 2,906,131 |

* Party-in-Interest as defined by ERISA

See accompanying report of independent registered public accounting firm.

SCHEDULE II
PHARMACIA SAVINGS PLAN
SCHEDULE H, 4j - SCHEDULE OF REPORTABLE TRANSACTIONS
December 31, 2004
(in thousands of dollars)

| (a) Identity of party involved | (b) Description of asset | (c) Purchase price | (d) Selling price | (g) Cost of asset | (h) Current value of asset on transaction date | (i) Net gain/ (loss) |
|--------------------------------------|--------------------------------|--------------------------|-------------------------|-------------------------|---|----------------------------|
| Pfizer Corporation* | Common stock; 71 purchases | \$ 91,623 | \$ -- | \$ 91,623 | \$ 91,623 | \$ -- |
| Pfizer Corporation* | Common stock; 140 sales | \$ -- | \$ 127,442 | \$ 95,697 | \$ 127,442 | \$ 31,745 |

*Party-in-interest as defined by ERISA

See accompanying report of independent registered public accounting firm.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the members of the Administrative Committee have duly caused this annual report to be signed on its behalf by the undersigned thereunto duly authorized.

PHARMACIA SAVINGS PLAN
By: /s/ Richard A. Passov
Richard A. Passov
Chair, Administrative Committee - U.S. Plans

Date: June 28, 2005

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We consent to incorporation by reference in the Registration Statement on Form S-8 dated April 16, 2003 (File No. 333-104582) of our report dated June 28, 2005, relating to the statements of net assets available for plan benefits of the Pharmacia Savings Plan as of December 31, 2004 and 2003, and the related statements of changes in net assets available for plan benefits for the years then ended, and the related supplemental Schedule H, Line 4i - Schedule of Assets Held at End of Year as of December 31, 2004 and Schedule H, Line 4j - Schedule of Reportable Transactions for the Year-Ended December 31, 2004, which report appears in the December 31, 2004 annual report on Form 11-K of the Pharmacia Savings Plan.

/s/ KPMG LLP

New York, New York
June 28, 2005