UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2001

OR

TRANSITION REPORT PURSUANT TO SECTION 13
OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from_____to_____

COMMISSION FILE NUMBER 1-3619

PFIZER INC.

(Exact name of registrant as specified in its charter)

DELAWARE	13-5315170
(State of Incorporation)	(I.R.S. Employer Identification No.)

235 East 42nd Street, New York, New York 10017
(212) 573-2323
(Registrant's telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

YES X NO___

At November 12, 2001, 6,286,721,841 shares of the issuer's common stock were outstanding (voting).

FORM 10-Q

For the Quarter Ended
September 30, 2001

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

PFIZER INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED STATEMENT OF INCOME
(UNAUDITED)

(millions, except per share data)	Three Months Ended		Nine Months Ended	
	Sept. 30, 2001	Oct. 1, 2000	Sept. 30, 2001	Oct. 1, 2000
Revenues	$ 7,898	$ 7,158	$23,229	$21,308
Costs and expenses:				
Cost of sales	1,177	1,221	3,551	3,637
Selling, informational and administrative expenses	2,671	2,650	8,061	8,207
Research and development expenses	1,188	1,025	3,332	3,172
Merger-related costs	113	505	589	2,774
Other income-net	(5)	(28)	(49)	(344)
Income from continuing operations before provision for taxes on income and minority interests	2,754	1,785	7,745	3,862
Provision for taxes on income	679	421	1,936	1,549
Minority interests	3	3	14	7
Income from continuing operations	2,072	1,361	5,795	2,306
Discontinued operations-net of tax	--	--	37	--
Net income	$ 2,072	$ 1,361	$ 5,832	$ 2,306
Earnings per common share:				
Basic:				
Income from continuing operations	$ .33	$ .22	$ .93	$ .37
Discontinued operations-net of tax	--	--	--	--
Net income	$ .33	$ .22	$ .93	$ .37
Diluted:				
Income from continuing operations	$ .33	$ .21	$ .92	$ .36
Discontinued operations-net of tax	--	--	--	--
Net income	$ .33	$ .21	$ .92	$ .36
Weighted average shares used to calculate earnings per common share amounts:				
Basic	6,241	6,228	6,246	6,201
Diluted	6,359	6,371	6,372	6,361
Cash dividends paid per common share	$ .11	$ .09	$ .33	$ .27

See accompanying Notes to Condensed Consolidated Financial Statements.

PFIZER INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED BALANCE SHEET

(millions of dollars)	Sept. 30, 2001*	Dec. 31, 2000**
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,898	$ 1,099
Short-term investments	7,565	5,764
Accounts receivable, less allowance for doubtful accounts: $140 and $151	5,679	5,489
Short-term loans	241	140
Inventories		
Finished goods	1,237	1,195
Work in process	1,139	1,074
Raw materials and supplies	466	433
Total inventories	2,842	2,702
Prepaid expenses and taxes	1,774	1,993
Total current assets	19,999	17,187
Long-term loans and investments	4,258	2,529
Property, plant and equipment, less accumulated depreciation: $5,095 and $4,709	10,166	9,425
Goodwill, less accumulated amortization: $343 and $300	1,764	1,791
Other assets, deferred taxes and deferred charges	2,619	2,578
Total assets	$38,806	$33,510
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings, including current portion of long-term debt: $484 and $150	$ 6,362	$ 4,289
Accounts payable	1,632	1,719
Dividends payable	--	696
Income taxes payable	920	850
Accrued compensation and related items	1,010	982
Other current liabilities	3,115	3,445
Total current liabilities	13,039	11,981
Long-term debt	2,087	1,123
Postretirement benefit obligation other than pension plans	588	564
Deferred taxes on income	433	380
Other noncurrent liabilities	3,763	3,386
Total liabilities	19,910	17,434
Shareholders' Equity		
Preferred stock	--	--
Common stock	339	337
Additional paid-in capital	8,885	8,895
Retained earnings	23,967	19,599
Accumulated other comprehensive expense	(1,715)	(1,515)
Employee benefit trusts	(2,653)	(3,382)
Treasury stock, at cost	(9,927)	(7,858)
Total shareholders' equity	18,896	16,076
Total liabilities and shareholders' equity	$38,806	$33,510

* Unaudited.
** Condensed from audited financial statements.

See accompanying Notes to Condensed Consolidated Financial Statements.

PFIZER INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

(millions of dollars)	Nine Months Ended Sept. 30, 2001	Nine Months Ended Oct. 1, 2000
Operating Activities		
Income from continuing operations	$5,795	$2,306
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	772	707
Gains on the sales of research-related equity investments	(17)	(183)
Loss on sale of Animal Health feed-additive products	--	65
Harmonization of accounting methodology	(175)	--
Costs associated with the withdrawal of Rezulin	--	84
Other	122	240
Changes in assets and liabilities	320	326
Net cash provided by operating activities	6,817	3,545
Investing Activities		
Purchases of property, plant and equipment	(1,519)	(1,525)
Purchases of short-term investments	(9,219)	(7,077)
Proceeds from redemptions of short-term investments	7,773	5,276
Purchases of long-term investments	(2,311)	(349)
Proceeds from sales of long-term investments	95	220
Increases in long-term loans	--	(220)
Purchases of other assets	(156)	(142)
Proceeds from sales of other assets	77	157
Proceeds from the sales of businesses-net	8	168
Other investing activities	82	132
Net cash used in investing activities	(5,170)	(3,360)
Financing Activities		
Increase in short-term debt	2,120	1,122
Principal payments on short-term debt	(411)	(979)
Proceeds from issuances of long-term debt	1,238	18
Principal payments on long-term debt	(30)	(20)
Proceeds from common stock issuances	46	47
Purchases of common stock	(2,213)	(626)
Cash dividends paid	(2,038)	(1,642)
Stock option transactions and other	474	876
Net cash used in financing activities	(814)	(1,204)
Net cash used in discontinued operations	(27)	--
Effect of exchange-rate changes on cash and cash equivalents	(7)	2
Net increase/(decrease) in cash and cash equivalents	799	(1,017)
Cash and cash equivalents at beginning of period	1,099	2,358
Cash and cash equivalents at end of period	$1,898	$1,341

See accompanying Notes to Condensed Consolidated Financial Statements.

PFIZER INC. AND SUBSIDIARY COMPANIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 1: Basis of Presentation

We prepared the condensed consolidated financial statements following the requirements of the Securities and Exchange Commission (SEC) for interim reporting. As permitted under those rules, certain footnotes or other financial information that are normally required by GAAP (accounting principles generally accepted in the United States of America) can be condensed or omitted. Balance sheet amounts and operating results for subsidiaries operating outside the U.S. are as of and for the three-month and nine-month periods ending August 26, 2001 and August 27, 2000. We made certain reclassifications to the 2000 condensed consolidated financial statements to conform to the 2001 presentation.

Note 2: Responsibility for Interim Financial Statements

We are responsible for the unaudited financial statements included in this document. The financial statements include all normal and recurring adjustments that are considered necessary for the fair presentation of our financial position and operating results. As these are condensed financial statements, one should also read the financial statements and notes included in our company's latest Form 10-K.

Revenues, expenses, assets and liabilities can vary during each quarter of the year. Therefore, the results and trends in these interim financial statements may not be the same as those for the full year.

Note 3: New Accounting Standards

Accounting for Certain Sales Incentives

On January 1, 2001, we adopted the provisions of the Emerging Issues Task Force (EITF) Issue No. 00-14, *Accounting for Certain Sales Incentives,* which addresses the income statement classification of certain sales incentives. As a result, we reclassified the cost of certain sales incentives from *Selling, informational and administrative expenses* to *Revenues.* We reclassified the prior periods to reflect the current year presentation. These reclassifications have no effect on net income.

Derivative Financial Instruments and Hedging Activities

On January 1, 2001, we adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities-an amendment of SFAS No. 133* and, SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities.* SFAS No. 138 amends the accounting and reporting standards of SFAS No. 133 for certain derivative instruments and certain hedging activities. SFAS No. 133 requires us to recognize all derivative instruments as assets or liabilities in the balance sheet and measure them at fair value. Adoption of SFAS No. 138 and SFAS No. 133 did not have a material impact on our financial position, results of operations or cash flows.

Accounting for Certain Vendor Consideration

In April 2001, the EITF reached a consensus on Issue No. 00-25, *Vendor Income Statement Characterization of Consideration Paid to a Reseller of the Vendor's Products.* EITF No. 00-25 requires the cost of certain vendor consideration to be classified as a reduction of revenue rather than as a marketing expense. We will adopt the provisions of EITF No. 00-25 as of January 1, 2002. Our adoption of EITF No. 00-25 will result in reclassifications of certain marketing expenses to reflect them as a reduction of revenues. These reclassifications will have no effect on net income.

Accounting for Business Combinations, Goodwill and Other Intangible Assets

In June 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 141, *Business Combinations*, and No. 142, *Goodwill and Other Intangible Assets*, effective for fiscal years beginning after December 15, 2001. SFAS No. 141 eliminates the pooling of interests method of accounting for business combinations initiated after June 30, 2001. Under the provisions of SFAS No. 142, intangible assets with indefinite lives and goodwill will no longer be amortized but will be subject to annual impairment tests. Separable intangible assets with finite lives will continue to be amortized over their useful lives.

We will adopt SFAS No. 141 and SFAS No. 142 as of January 1, 2002. The adoption of SFAS No. 141 is not expected to impact our financial position or results of operations. We will continue to amortize existing goodwill and intangible assets through the remainder of 2001. Application of the non-amortization provisions of SFAS No. 142 will not have a material effect on our financial condition or results of operations. We have not yet determined the impact, if any, of adopting the impairment provisions of SFAS No. 142.

Accounting for Asset Retirement Obligations

In June 2001, the FASB issued SFAS No. 143, *Accounting for Asset Retirement Obligations*, effective for fiscal years beginning after June 15, 2002. SFAS No. 143 addresses financial accounting requirements for retirement obligations associated with tangible long-lived assets. The provisions of SFAS No. 143 are not expected to have a material impact on our consolidated financial statements.

Accounting for the Impairment or Disposal of Long-Lived Assets

In August 2001, the FASB issued SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, that replaces FASB Statement No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of*. The provisions of SFAS No. 144 are effective for fiscal years beginning after December 15, 2001 and, generally, are to be applied prospectively. SFAS No. 144 requires that long-lived assets to be disposed of by sale, including those of discontinued operations, be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or in discontinued operations. Discontinued operations will no longer be measured at net realizable value or include amounts for operating losses that have not yet been incurred. SFAS No. 144 also broadens the reporting of discontinued operations to include all components of an entity with operations that can be distinguished from the rest of the entity and that will be eliminated from the ongoing operations of the entity in a disposal transaction.

Note 4: Derivative Financial Instruments and Hedging Activities

The following disclosures relate to derivative and hedging instruments as of September 30, 2001:

Purpose

Foreign Exchange Risk

A significant portion of revenues, earnings and net investments in foreign affiliates are exposed to changes in foreign exchange rates. We seek to manage our foreign exchange risk in part through operational means, including managing expected local currency revenues in relation to local currency costs and local currency assets in relation to local currency liabilities. Foreign exchange risk is also managed through the use of derivative financial instruments and Japanese yen denominated debt which as of September 30, 2001 are as follows:

- $3,212 million notional amount of foreign currency forward contracts are used to offset the potential earnings effects from short-term foreign currency assets and liabilities in mostly intercompany cross-border transactions that arise from operations. We have entered into such contracts primarily to sell euro and Japanese yen in exchange for U.S. dollars.

- $1,265 million of short-term and $501 million of long-term Japanese yen debt is designated as a net investment hedge of our yen net investments in operations in order to limit the risk of adverse changes in the value of such investments related to foreign exchange.

- $428 million notional amount of foreign currency swaps are designated as cash flow hedges of a U.K. pound intercompany loan maturing in 2003 in order to reduce the variability in U.S. dollar cash flows related to the interest payments and the principal repayment.

- $169 million notional amount of foreign currency swaps are designated as fair value hedges of euro debt investments maturing through mid-2002 in order to reduce the variability in U.S. dollar cash flows related to interest receipts and the principal repayment.

- $143 million notional amount of foreign currency swaps are designated as fair value hedges of U.K. pound debt investments maturing through mid-2002 in order to reduce the variability in U.S. dollar cash flows related to interest receipts and the principal repayment.

- $96 million notional amount of foreign currency swaps are designated as fair value hedges of a foreign subsidiary's euro loans maturing in late 2001 in order to reduce the variability in U.S. dollar cash flows related to interest receipts and the principal repayment.

- $90 million notional amount of Japanese yen put options to partially hedge the U.S. dollar/Japanese yen exchange impact related to forecasted intercompany inventory purchases through the end of the year.

Interest Rate Risk

Our interest-bearing investments, loans and borrowings are subject to interest rate risk. We invest and borrow primarily on a short-term or variable-rate basis. Significant interest rate risk is also managed through the use of derivative financial instruments as follows:

- $1,012 million notional amount of yen interest rate swaps maturing in 2003 are designated as cash flow hedges of the yen "LIBOR" interest rate related to forecasted issuances of short-term debt. These swaps serve to reduce the variability of the yen interest rate by effectively fixing the rates on short-term debt at 1.2%.

- $750 million notional amount of U.S dollar interest rate swaps maturing in 2006 and $250 million interest rate swaps maturing in early 2008 are designated as fair value hedges of the changes in the fair value of fixed-rate debt attributable to changes in the designated benchmark interest rate, "LIBOR".

Accounting Policies

All derivative contracts are reported at fair value, with changes in fair value reported in earnings or deferred, depending on the nature and effectiveness of the offset or hedging relationship, as follows:

Foreign Exchange Risk

- We recognize the earnings impact of foreign currency forward contracts during the terms of the contracts, along with the earnings impact of the items they generally offset.

- We recognize the earnings impact of foreign currency option contracts when the sale of inventory is recognized in net income.

- We recognize the earnings impact of foreign currency swaps designated as cash flow or fair value hedges upon the recognition of the foreign exchange gain or loss on the translation to U.S. dollars of the hedged item.

Interest Rate Risk

- We recognize the earnings impact of interest rate swaps designated as cash flow hedges upon the recognition of the interest related to the hedged short-term debt.

- We recognize the earnings impact of interest rate swaps designated as fair value hedges upon the recognition of the change in fair value for interest rate risk related to the hedged long-term debt.

Any ineffectiveness in a hedging relationship is recognized immediately into earnings. The financial statements include the following items related to the derivatives and other financial instruments serving as hedges or offsets:

Prepaid expenses and taxes includes:

- purchased currency options

Other current liabilities includes:

- fair value of foreign currency forward contracts
- fair value of foreign currency swaps

Other noncurrent liabilities includes:

- fair value of interest rate swaps designated as cash flow and fair value hedges and fair value of foreign currency swaps designated as cash flow hedges

Long-term debt includes:

- changes in the fair value of fixed rate debt hedged by interest rate swaps designated as fair value hedges

Accumulated other comprehensive expense includes changes in the:

- foreign exchange translation of yen debt and foreign currency swaps and options and interest rate swaps designated as cash flow hedges

Cost of sales includes:

- net gains on purchased currency options

Other (income)/deductions – net includes changes in the fair value of:

- foreign exchange forward contracts
- foreign currency swap contracts that hedge foreign exchange
- interest rate swap contracts that hedge interest expense

Note 5: Merger-Related Costs

We have incurred the following merger-related costs:

(millions of dollars)	Three Months Ended		Nine Months Ended	
	Sept. 30, 2001	Oct. 1, 2000	Sept. 30, 2001	Oct. 1, 2000
Transaction costs	$ --	$ 6	$ --	$ 226
Transaction costs related to Warner-Lambert's termination of the Warner-Lambert/American Home Products merger	--	--	--	1,838
Integration costs	66	66	330	99
Restructuring charges	47	433	259	611
Total merger-related costs	$ 113	$ 505	$ 589	$2,774

- Integration costs represent external, incremental costs directly related to our merger with Warner-Lambert, including expenditures for consulting and systems integration.

- The components of the restructuring charges associated with the merger of the Warner-Lambert operations follow:

(millions of dollars)	Charges			Utilization	
	Year 2000	Nine Months Ended Sept. 30, 2001	Total	Through Sept. 30, 2001	Reserve Sept. 30, 2001
Employee termination costs	$876	$182	$1,058	$ (920)	$138
Property, plant and equipment	46	63	109	(109)	--
Other	25	14	39	(30)	9
	$947	$259	$1,206	$(1,059)	$147

Through September 30, 2001, the charges for employee termination costs represent the approved reduction of our work force by 6,220 people, mainly comprising administrative functions for corporate, manufacturing, distribution, sales and research. We notified these people and as of September 30, 2001, 5,858 employees were terminated. We will complete terminations of the remaining personnel within one year of the notification. Employee termination costs include accrued severance benefits and costs associated with change-in-control provisions of certain Warner-Lambert employment contracts. Under the terms of Warner-Lambert employment contracts, certain terminated employees may elect to defer receipt of severance benefits. Severance benefits deferred for future payments were $213 million as of September 30, 2001 and $177 million as of December 31, 2000. The deferred severance benefits are considered utilized and are included in *Other noncurrent liabilities.* Restructuring charges for employee termination costs were $18 million in the third quarter of 2001.

The impairment and disposal charges through September 30, 2001 for property, plant and equipment primarily represent the consolidation of facilities and related fixed assets, a contract termination payment and termination of certain software installation projects. Restructuring charges for property, plant and equipment were $23 million in the third quarter of 2001.

Other restructuring charges primarily consist of charges for contract termination payments—$12 million in the nine months ended September 30, 2001 ($6 million in the third quarter ended September 30, 2001) and assets we wrote off, including inventory and intangible assets—$2 million in the nine months ended September 30, 2001 (none in the third quarter ended September 30, 2001).

Since inception of the merger, other restructuring charges consist of charges for contract termination payments—$28 million, facility closure costs—$4 million and assets we wrote off, including inventory and intangible assets—$7 million.

At September 30, 2001, unutilized restructuring reserves are included in *Other current liabilities.*

Note 6: Certain Significant Items

Certain significant items recorded in the third quarter and nine months ended September 30, 2001 and October 1, 2000 follow:

	Third Quarter		Nine Months	
	2001	2000	2001	2000
Harmonization of accounting methodology*	$--	$--	$(175)	$ --
Gain on the sale of research-related equity investments**	--	(18)	(17)	(183)
Co-promotion charges**	70	--	206	--
Costs associated with the withdrawal of Rezulin**	--	15	--	118
Loss on the sale of feed-additive products**	--	65	--	65
Gain on the sale of RID**	--	--	--	(78)
Gain on the sale of Omnicef**	--	--	--	(39)
Total significant items	$70	$62	$ 14	$(117)

* included as an increase in *Revenues*
** included in *Other income-net*

- In the second quarter of 2001, we harmonized the Pfizer/Warner-Lambert accounting methodology for Medicaid and contract rebate accruals which resulted in an adjustment which increased net sales by $175 million.

- In the first quarter of 2001, we sold certain research-related equity investments for proceeds of $21 million. These sales resulted in pre-tax gains of $17 million.

  In 2000, we sold certain research-related equity investments for proceeds of $20 million in the third quarter and $215 million in the first nine months of 2000. These sales resulted in pre-tax gains of $18 million in the third quarter and $183 million in the first nine months.

  These investments had specific identification cost bases and were classified as available-for-sale.

- In 2001, we incurred co-promotion charges related to alliance agreements of $70 million in the third quarter and $206 million in the first nine months.

- In the first quarter of 2000, we announced that we were discontinuing the sale of Rezulin. Pre-tax costs associated with the withdrawal of Rezulin of $15 million in the third quarter and $118 million in the first nine months of 2000 consist primarily of product returns and inventory write-offs.

- In the third quarter of 2000, we announced an agreement to sell the Animal Health feed-additive products to Phibro Animal Health, a wholly-owned subsidiary of Phillipp Brothers Chemicals, Inc. The sale resulted in a pre-tax loss of $65 million in the third quarter and first nine months of 2000.

- In the second quarter of 2000, we sold the RID line of lice-control products to Bayer Corporation for approximately $89 million in cash. The sale resulted in a pre-tax gain of approximately $78 million.

- In the first quarter of 2000, we sold the Omnicef brand for approximately $79 million in cash. The sale resulted in a pre-tax gain of approximately $39 million.

Note 7: Financial Instruments—Long-Term Debt

In October 2001, we issued $600 million in senior unsecured notes under a $2.5 billion shelf registration filed with the Securities and Exchange Commission in October 2000. The notes mature November 1, 2004, with interest payable semi-annually, beginning on May 1, 2002 at a rate of 3.625%.

In May 2001, we issued 60 billion yen ($489 million at date of issuance) in unsecured notes under the same $2.5 billion shelf registration. The notes mature on March 18, 2008, with interest payable semi-annually, beginning on September 18, 2001, at a rate of .80%.

In January 2001, we issued $750 million in senior unsecured notes under the same $2.5 billion shelf registration. The notes mature on February 1, 2006, with interest payable semi-annually, beginning on August 1, 2001, at a rate of 5.625%.

Note 8: Comprehensive Income

(millions of dollars)	Three Months Ended		Nine Months Ended	
	Sept. 30, 2001	Oct. 1, 2000	Sept. 30, 2001	Oct. 1, 2000
Net income	$2,072	$1,361	$5,832	$2,306
Other comprehensive income/ (expense):				
Currency translation adjustment and hedges	77	(30)	(63)	(371)
Holding gain/(loss) arising during period, net of tax	(72)	79	(127)	233
Reclassification adjustment, net of tax	--	(11)	(10)	(123)
Net gain/(loss) on investment securities	(72)	68	(137)	110
Total other comprehensive income/(expense)	5	38	(200)	(261)
Total comprehensive income	$2,077	$1,399	$5,632	$2,045

The change in currency translation adjustment and hedges included in *Accumulated other comprehensive expense* for the first nine months of 2001 was:

(millions of dollars)	2001
Opening balance	$(1,486)
Translation adjustments and hedges	(63)
Ending balance	$(1,549)

Note 9: Earnings Per Share

Basic earnings per common share and diluted earnings per common share were computed as follows:

(millions, except per share data)	Three Months Ended		Nine Months Ended	
	Sept. 30, 2001	Oct. 1, 2000	Sept. 30, 2001	Oct. 1, 2000
Earnings:				
Income from continuing operations	$2,072	$1,361	$5,795	$2,306
Discontinued operations-net of tax	--	--	37	--
Net income	$2,072	$1,361	$5,832	$2,306
Basic:				
Weighted average number of common shares outstanding	6,241	6,228	6,246	6,201
Earnings per common share:				
Income from continuing operations	$ .33	$ .22	$ .93	$ .37
Discontinued operations-net of tax	--	--	--	--
Net income	$ .33	$ .22	$ .93	$ .37
Diluted:				
Weighted average number of common shares outstanding	6,241	6,228	6,246	6,201
Common share equivalents—stock options and stock issuable under employee compensation plans	118	143	126	160
Weighted average number of common shares outstanding and common share equivalents	6,359	6,371	6,372	6,361
Earnings per common share:				
Income from continuing operations	$ .33	$ .21	$ .92	$ .36
Discontinued operations-net of tax	--	--	--	--
Net income	$ .33	$ .21	$ .92	$ .36

Stock options and stock issuable under employee compensation plans representing equivalents of 137 million shares of common stock had exercise prices greater than the average market price of Pfizer common stock during the three months and nine months ended September 30, 2001. These common stock equivalents were outstanding during the three months and nine months ended September 30, 2001 but were not included in the computation of diluted earnings per share because their inclusion would have had an antidilutive effect. There were no antidilutive common share equivalents in the three-month and nine-month periods ended October 1, 2000.

Note 10: Segment Information

For the three months ended September 30, 2001 and October 1, 2000:

(millions of dollars)		Pharma-ceuticals	Consumer Products	Corporate/ Other	Consolidated
Revenues	2001	$6,587	$1,311	$ --	$7,898
	2000	5,828	1,330	--	7,158
Segment profit	2001	$2,768	$ 223	$ (237)(1)	$2,754(2)
	2000	2,262	190	(667)(1)	1,785(2)

For the nine months ended September 30, 2001 and October 1, 2000:

(millions of dollars)		Pharma-ceuticals	Consumer Products	Corporate/ Other	Consolidated
Revenues	2001	$19,308	$3,921	$ --	$23,229
	2000	17,301	4,007	--	21,308
Segment profit	2001	$ 8,110	$ 688	$(1,053)(1)	$ 7,745(2)
	2000	6,414	711	(3,263)(1)	3,862(2)

(1) Includes interest income/(expense) and corporate expenses. Corporate also includes other income/(expense) of our banking and insurance subsidiaries, certain performance-based compensation expenses not allocated to the operating segments and merger-related costs.

(2) Consolidated total equals income from continuing operations before provision for taxes on income and minority interests.

Note 11: Actions of the Board of Directors

On June 28, 2001, our board of directors declared an $.11 per share third-quarter 2001 cash dividend on our common stock, payable on September 6, 2001 to all shareholders who owned shares on August 17, 2001.

Also on June 28, 2001, our board of directors authorized the company to purchase up to $5 billion worth of its currently issued stock, with a limit of 120 million shares, to be made from time to time over the next 18 months in the open market or in privately negotiated transactions. During the third quarter, we purchased approximately 34 million shares of our common stock, under the current share-purchase program, at a total cost of about $1.34 billion. The common stock acquired through this program will be available for general corporate purposes.

Note 12: Subsequent Event

On October 25, 2001, our board of directors declared an $.11 per share fourth-quarter 2001 cash dividend on our common stock, payable on December 6, 2001 to all shareholders who own shares on November 16, 2001.

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Shareholders and Board of Directors of Pfizer Inc.:

We have reviewed the condensed consolidated balance sheet of Pfizer Inc. and Subsidiary Companies as of September 30, 2001 and the related condensed consolidated statements of income for the three-month and nine-month periods ended September 30, 2001 and October 1, 2000 and cash flows for the nine-month periods then ended. These condensed consolidated financial statements are the responsibility of the Company's management. The condensed consolidated financial statements for 2000 give retroactive effect to the merger on June 19, 2000 of Pfizer Inc. and Subsidiary Companies and Warner-Lambert Company and its subsidiaries which was accounted for as a pooling of interests.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of Pfizer Inc. and Subsidiary Companies as of December 31, 2000, and the related consolidated statements of income, shareholders' equity and cash flows for the year then ended (not presented herein); and in our report dated February 22, 2001, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2000, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

KPMG LLP

New York, New York
November 13, 2001

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A)

The components of the Statement of Income follow:

(millions of dollars, except per share data)	Third Quarter			Nine Months		
	2001	2000	% Change	2001	2000	% Change
Revenues	$7,898	$7,158	10	$23,229	$21,308	9
Cost of sales	1,177	1,221	(4)	3,551	3,637	(2)
% of revenues	14.9%	17.1%		15.3%	17.1%	
Selling, informational and administrative expenses	2,671	2,650	1	8,061	8,207	(2)
% of revenues	33.8%	37.0%		34.7%	38.5%	
R&D expenses	1,188	1,025	16	3,332	3,172	5
% of revenues	15.0%	14.3%		14.3%	14.9%	
Merger-related costs	113	505	(78)	589	2,774	(79)
% of revenues	1.4%	7.1%		2.5%	13.0%	
Other income-net	(5)	(28)	(79)	(49)	(344)	(85)
Income from continuing operations before taxes	$2,754	$1,785	54	$ 7,745	$ 3,862	101
% of revenues	34.9%	24.9%		33.3%	18.1%	
Provision for taxes on income	$ 679	$ 421	61	$ 1,936	$ 1,549	25
Effective tax rate	24.6%	23.6%		25.0%	40.1%	
Income from continuing operations	$2,072	$1,361	52	$ 5,795	$ 2,306	151
% of revenues	26.2%	19.0%		24.9%	10.8%	
Discontinued operations-net of tax	--	--	--	37	--	*
Net income	$2,072	$1,361	52	$ 5,832	$ 2,306	153
% of revenues	26.2%	19.0%		25.1%	10.8%	
Earnings per common share:						
Basic:						
Income from continuing operations	$ .33	$ .22	50	$ .93	$ .37	151
Discontinued operations-net of tax	--	--	--	--	--	--
Net income	$ .33	$ .22	50	$ .93	$ .37	151
Diluted:						
Income from continuing operations	$ .33	$ .21	57	$ .92	$ .36	156
Discontinued operations-net of tax	--	--	--	--	--	--
Net income	$ .33	$ .21	57	$ .92	$ .36	156
Cash dividends paid per common share	$ .11	$ .09	22	$ .33	$ .27	22

Percentages in this table and throughout the MD&A may reflect rounding adjustments.
* Calculation not meaningful.

REVENUES

The components of the revenue increase from 2000 were as follows:

	2001	
	Third Quarter	Nine Months
Volume	13.5%	11.6%
Price	0.2	0.0
Revenue growth excluding currency and accounting harmonization	13.7	11.6
Currency	(3.4)	(3.4)
Accounting harmonization	--	0.8
Total revenue increase	10.3%	9.0%

The revenue increase was due to sales volume growth of our in-line products and revenue generated from product alliances. Total company revenues, however, were tempered somewhat in the third quarter of 2001 due to the significant adverse impact of foreign exchange and the results of our consumer businesses. Sales growth of these businesses, which include consumer health care products, confectionery products, shaving products and fish-food products, has been slower than anticipated.

The currency impact on the third quarter and first nine months of 2001 revenue growth primarily reflects the weakening of the euro and yen relative to the dollar.

In the second quarter of 2001, we brought the accounting methodology pertaining to accruals for estimated liabilities related to Medicaid discounts and contract rebates of the former Warner-Lambert Company into conformity with our historical method. We recognize these obligations based on the occurrence of the liability when a prescription has been filled for an individual covered by Medicaid or a provider with whom we contract. At Warner-Lambert, the liability was recognized earlier, at the point the product was shipped to a wholesaler or retailer. The adjustment reverses the cumulative effect of years of applying different methodologies. The adjustment increased our net sales in the first nine months of 2001 by $175 million. There are no cash or operational changes, nor are our Medicaid or managed care contract partners affected in any way.

Revenues for the third quarter by segment and the changes over the prior year were as follows:

(millions of dollars)	2001	% of Revenues	2000	% of Revenues	% Change
Pharmaceuticals					
U.S.	$4,240	53.7	$3,667	51.2	16
International	2,347	29.7	2,161	30.2	9
Worldwide	6,587	83.4	5,828	81.4	13
Consumer Products					
U.S.	686	8.7	675	9.4	2
International	625	7.9	655	9.2	(5)
Worldwide	1,311	16.6	1,330	18.6	(1)
Total	$7,898	100.0	$7,158	100.0	10

Revenues for the first nine months by segment and the changes over the prior year were as follows:

(millions of dollars)	2001	% of Revenues	2000	% of Revenues	% Change
Pharmaceuticals					
U.S.	$12,296	52.9	$10,776	50.6	14
International	7,012	30.2	6,525	30.6	7
Worldwide	19,308	83.1	17,301	81.2	12
Consumer Products					
U.S.	2,018	8.7	2,000	9.4	1
International	1,903	8.2	2,007	9.4	(5)
Worldwide	3,921	16.9	4,007	18.8	(2)
Total	$23,229	100.0	$21,308	100.0	9

Total revenues increased 14% in the third quarter of 2001 and 12% in the first nine months of 2001 excluding the negative effect of foreign exchange and the positive effect of an accounting harmonization adjustment. The increase in revenues is primarily attributable to growth in human pharmaceutical revenues.

The following is a discussion of revenues by business segment:

Pharmaceuticals

The pharmaceuticals segment includes our human pharmaceuticals and animal health businesses as well as Capsugel, a capsule manufacturing business.

Worldwide revenues of the pharmaceuticals segment follow:

(millions of dollars)	Third Quarter			Nine Months		
	2001	2000	% Change	2001	2000	% Change
Cardiovascular diseases	$2,925	$2,547	15	$ 8,327	$ 7,527	11
Infectious diseases	787	821	(4)	2,524	2,426	4
Central nervous system disorders	1,182	1,004	18	3,420	2,815	21
Erectile dysfunction	375	332	13	1,104	964	15
Diabetes	76	83	(8)	228	330	(31)
Allergy	252	193	30	700	519	35
Alliance revenue	375	298	26	967	811	19
Other	263	244	8	837	846	(1)
Total human pharmaceuticals excluding harmonization of accounting methodology	6,235	5,522	13	18,107	16,238	12
Harmonization of accounting methodology	--	--	--	175	--	--
Total human pharmaceuticals	6,235	5,522	13	18,282	16,238	13
Animal Health	254	208	22	721	759	(5)
Capsugel	98	98	--	305	304	1
Total pharmaceuticals	$6,587	$5,828	13	$19,308	$17,301	12

Worldwide human pharmaceutical revenues grew by 13% in both the third quarter and first nine months of 2001. Excluding the impact of foreign exchange and harmonization of an accounting methodology, worldwide human pharmaceutical revenues grew by 16% in the third quarter of 2001 and 15% in the first nine months of 2001. Worldwide human pharmaceutical revenues on a geographic basis follow:

	Third Quarter					
	U.S.			International		
	2001	2000	% Change	2001	2000	% Change
As reported	$ 4,072	$ 3,557	14	$2,163	$1,965	10*

	Nine Months					
	U.S.			International		
	2001	2000	% Change	2001	2000	% Change
As reported	$11,830	$10,361	14**	$6,452	$5,877	10*

* increased 19% excluding the effect of foreign exchange
** increased 12% excluding the impact of the harmonization of an accounting methodology

Excluding the impact of the harmonization of an accounting methodology, sales of the following pharmaceutical products accounted for 82% of our human pharmaceutical revenues in both the third quarter and first nine months of 2001 and 65% of total company revenues in the third quarter and 64% of total company revenues in the first nine months of 2001:

		Third Quarter		
			% Change From 2000	
Product	Category	(millions)	As Reported	Excluding Foreign Exchange
Lipitor	Cardiovascular diseases	$1,660	37	40
Norvasc	Cardiovascular diseases	881	4	9
Cardura	Cardiovascular diseases	127	(39)	(34)
Accupril/ Accuretic	Cardiovascular diseases	153	17	19
Zithromax	Infectious diseases	267	(8)	(6)
Diflucan	Infectious diseases	263	4	8
Viracept	Infectious diseases	93	(15)	(15)
Viagra	Erectile dysfunction	375	13	17
Zoloft	Central nervous system disorders	598	8	9
Neurontin	Central nervous system disorders	442	32	33
Geodon	Central nervous system disorders	23	--	--
Zyrtec	Allergy	251	30	30

		Nine Months		
			% Change From 2000	
Product	Category	(millions)	As Reported	Excluding Foreign Exchange
Lipitor	Cardiovascular diseases	$4,566	27	30
Norvasc	Cardiovascular diseases	2,620	8	13
Cardura	Cardiovascular diseases	403	(34)	(28)
Accupril/ Accuretic	Cardiovascular diseases	438	9	11
Zithromax	Infectious diseases	946	10	13
Diflucan	Infectious diseases	775	5	10
Viracept	Infectious diseases	277	(14)	(14)
Viagra	Erectile dysfunction	1,104	15	18
Zoloft	Central nervous system disorders	1,720	11	12
Neurontin	Central nervous system disorders	1,253	30	31
Geodon	Central nervous system disorders	111	--	--
Zyrtec	Allergy	697	35	35

- **Lipitor** is the largest-selling statin medicine worldwide for the treatment of elevated cholesterol levels in the blood and the largest-selling drug of any kind in the world.

- **Norvasc's** sales increased because of the favorable benefits Norvasc provides to patients--once-daily dosing, safety and tolerability and 24-hour control of hypertension and angina. Norvasc continues to be the largest-selling antihypertensive medicine in the world and the fourth-largest-selling pharmaceutical of any kind in the world.

- **Cardura** is a selective alpha blocker offering doctors and patients a safe, unique and cost-effective option for the treatment of high blood pressure and enlarged prostate. Cardura's sales declined primarily due to the expiration of its U.S. patent in October 2000. International sales of Cardura increased by 1% to $119 million in the third quarter of 2001 and 3% to $367 million in the first nine months of 2001.

- **Accupril/Accuretic** is a well-established angiotensin-converting enzyme (ACE) inhibitor and an effective therapy for the treatment of hypertension and congestive heart failure.

- **Zithromax** is the most-prescribed brand-name oral antibiotic in the U.S. and the second-largest-selling antibiotic worldwide. Sales in the third quarter of 2001 were comparatively lower than the third quarter of 2000 which included the launch and associated initial trade stocking of Zithromax in Japan.

- **Diflucan's** sales growth after 13 years on the market reflects the product's continuing acceptance as the therapy of choice for a wide range of fungal infections.

- **Viracept** remains the top-selling protease inhibitor for treatment of HIV infections. Viracept's sales declined mainly due to increasing competition from other AIDS medicines and flat market growth for HIV antiretrovirals.

- **Viagra** is the most widely prescribed medication in the world for the treatment of erectile dysfunction.

- **Zoloft**, for the treatment of depression, obsessive-compulsive disorder (in adults and children), panic disorder and post-traumatic stress disorder, is the most-prescribed selective serotonin re-uptake inhibitor in the U.S.

- **Neurontin** is the world's top-selling anticonvulsant for use in adjunctive therapy for epilepsy. Neurontin is also approved in many countries outside the U.S. for the treatment of neuropathic pain. In August 2001, we filed with the U.S. Food and Drug Administration (FDA) for approval of this indication for neuropathic pain. In May 2001, we introduced an oral dosage form of Neurontin in the U.S. to support the use of Neurontin in pediatric patients as well as patients who have difficulty swallowing capsules or tablets.

- **Geodon**, for the treatment of schizophrenia, was approved by the FDA in February 2001. We launched Geodon in the first quarter of 2001.

- **Zyrtec's** sales growth reflects the product's strong, rapid and long-lasting relief for seasonal and year-round allergies and hives with once-daily dosing. Zyrtec is the only leading prescription antihistamine approved for both year-round indoor and seasonal outdoor allergies. It is also used in children as young as two years old. In the third quarter of 2001, we launched Zyrtec-D 12 Hour, an oral antihistamine/decongestant combination medicine, which treats both indoor and outdoor allergies as well as nasal congestion.

Alliance revenue reflects revenue associated with the co-promotion of:

> **Celebrex**, discovered and developed by our alliance partner Pharmacia Corporation, is used for relief of the pain and inflammation of osteoarthritis and adult rheumatoid arthritis. Pharmacia Corporation reported Celebrex sales of $851 million for the third quarter of 2001 and $2.2 billion for the first nine months of 2001.
>
> **Aricept**, discovered and developed by our alliance partner Eisai Co., Ltd., is used to treat symptoms of Alzheimer's disease.

Alliance revenue in the U.S. for Celebrex increased in both the third quarter and first nine months of 2001 as compared to the same periods in 2000. Strong international performances of both alliance products led to the increase in worldwide alliance revenue of 26% in the third quarter of 2001 and 19% in the first nine months of 2001.

Animal Health sales for the third quarter of 2001 increased 22% (up 29% excluding the effect of foreign exchange) and for the first nine months of 2001 decreased 5% (unchanged excluding the effect of foreign exchange) compared to the prior year periods. The increase in sales principally reflects new promotional and distribution practices, various restructuring initiatives and the performance of Revolution, our anti-parasitic for companion animals. These benefits were partially offset by lost revenue from the sale of feed-additive product lines in November 2000, the adverse impact of foreign exchange and the impact of mad-cow and foot-and-mouth diseases in Europe.

Consumer Products

Sales of the Consumer Products segment for the third quarter of 2001 decreased 1% (up 2% excluding the effect of foreign exchange) and for the first nine months of 2001 decreased 2% (up 2% excluding the effect of foreign exchange) compared to the prior year periods. Worldwide sales of the Consumer Products segment follow:

(millions of dollars)	Third Quarter			Nine Months		
	2001	2000	% Change	2001	2000	% Change
Consumer Health Care Products	$ 602	$ 569	6	$1,801	$1,774	2
Confectionery Products	480	516	(7)	1,448	1,507	(4)
Shaving Products	183	199	(8)	535	581	(8)
Tetra Fish Products	46	46	1	137	145	(6)
Total Consumer Products	$1,311	$1,330	(1)	$3,921	$4,007	(2)

Consumer Health Care product sales increased 6% in the third quarter of 2001 (up 8% excluding the effect of foreign exchange) to $602 million, mainly due to strong sales growth of Sudafed and Benadryl, coupled with the successful launches of Lubriderm Skin Renewal in July and Listerine PocketPaks in September. In the third quarter of 2001, we sold the Barbasol shaving cream brand to Perio Inc. Sales of Confectionery products decreased 7% in the third quarter of 2001 (down 3% excluding the effect of foreign exchange) to $480 million, mainly due to increased competition and weaker economies in Europe, Canada and other markets as compared to last year, offset in part by continued strong sales of Dentyne Ice. Sales of shaving products decreased 8% in the third quarter of 2001 (down 3% excluding the effect of foreign exchange), to $183 million mainly due to sales declines in older products which were partially offset by strong sales of the triple blade Xtreme III, which was launched in major European markets earlier this year.

Revenues by Country

Revenues in the U.S. increased due to growth in pharmaceutical sales as described above. Revenues by country were as follows:

	Third Quarter				
	2001	% of Revenues	2000	% of Revenues	% Change
United States	$ 4,926	62.4	$ 4,342	60.7	13
Japan	498	6.3	495	6.9	1
All Other	2,474	31.3	2,321	32.4	7
Consolidated	$ 7,898	100.0	$ 7,158	100.0	10

	Nine Months				
	2001	% of Revenues	2000	% of Revenues	% Change
United States	$14,314	61.6	$12,776	60.0	12
Japan	1,509	6.5	1,467	6.9	3
All Other	7,406	31.9	7,065	33.1	5
Consolidated	$23,229	100.0	$21,308	100.0	9

COSTS AND EXPENSES

Cost of Sales

Cost of sales decreased 4% in the third quarter and 2% in the first nine months of 2001 as compared with the prior year periods, while revenues increased 10% in the third quarter and 9% in the first nine months of 2001. In both periods, these results were mainly attributable to favorable product and business mix, integration synergies, manufacturing efficiencies and the impact of foreign exchange.

Selling, Informational and Administrative Expenses

Selling, informational and administrative expenses increased only 1% (up 4% excluding the impact of foreign exchange) in the third quarter and decreased 2% (up 1% excluding the impact of foreign exchange) in the first nine months of 2001 as compared with the prior year periods due to cost savings stemming from the integration of Pfizer and Warner-Lambert and the impact of foreign exchange.

Research and Development Expenses

Research and development expenses increased 16% in the third quarter and 5% in the first nine months of 2001 as compared with the prior year periods. We expect to invest approximately $4.8 - $4.9 billion in R&D for full year 2001.

Certain significant regulatory actions by, and filings pending with, the FDA follow:

U.S. FDA Approvals

Product	Indication	Date Approved
Zyrtec-D 12 Hour	Oral year-round indoor/outdoor allergies and nasal congestion	August 2001
Zoloft	Long-term use for post-traumatic stress disorder	August 2001
Estrostep	Moderate acne in women	July 2001

Pending U.S. New Drug Applications (NDA)

Product	Indication	Date Filed
Zithromax	Intravenous delivery device (Vial-Mate from Baxter)	September 2001
Neurontin	Neuropathic pain	August 2001
Zithromax	Three day treatment regimen for adult respiratory infections	July 2001
Zithromax	Single-dose regimen in children with acute otitis media	February 2001
Zoloft	Premenstrual dysphoric disorder	January 2001

- On November 7, 2001, an advisory committee to the FDA recommended approval of Zithromax as both a single-dose regimen and a three-day regimen for the treatment of acute otitis media (inflammation of the middle ear) in children.

- On October 4, 2001, an advisory committee to the FDA unanimously recommended approval of both oral and intravenous formulations of Vfend for the treatment of a serious fungal infection. We anticipate that Vfend should receive regulatory action in late 2001.

- In June 2001, the European Mutual Recognition Process was completed for Relpax, a treatment for migraines. Relpax was approved in the EU in dosage levels of 20 mg., 40 mg. and 80 mg. In the fourth quarter of 2000, the FDA sent us an approvable letter for Relpax in which we were asked to

conduct an additional, short-term cardiovascular physiology study. We are currently undertaking this study.

- In the first quarter of 2001, Pharmacia Corporation filed an NDA with the FDA for valdecoxib, for the treatment of osteoarthritis, rheumatoid arthritis and acute pain. Pharmacia is the discoverer of the product and our co-promotion partner for the compound.

- In March 2001, we received an approvable letter from the FDA for an intramuscular form of Geodon, an antipsychotic for the treatment of schizophrenia. We are working closely with the FDA to bring this formulation to market.

Ongoing or planned clinical trials for additional uses and dosage forms for our currently marketed products include:

Product	**Indication**
Zithromax	Cardiovascular risk in patients with atherosclerosis—atherosclerosis is a process in which fatty substances are deposited within blood vessels
Viagra	Female sexual arousal disorder
Zoloft	Pediatric depression Pediatric post-traumatic stress disorder Social phobia
Lipitor/Norvasc	Single product that combines cholesterol-lowering and antihypertensive medications in Lipitor and Norvasc
Aricept	Vascular dementia
Celebrex	Sporadic adenomatous polyposis Bladder cancer Barrett's esophagus—a precancerous condition caused by repeated damage from stomach acid regurgitation Actinic keratosis—a precancerous skin growth caused by overexposure to sunlight

We anticipate that U.S. regulatory filings will be made during 2001 for the following products:

Product	**Indication**
Exubera – inhaled diabetes therapy (under co-development with Aventis Pharma to be supplied in a device developed by Inhale Therapeutic Systems)*	Diabetes
Pregabalin	Neuropathic pain Epilepsy

*Together with Aventis Pharma, we have completed the Phase III development program of Exubera and have begun to assemble the NDA. Recognizing that Exubera is a first-in-class product with novel attributes and expected rapid, extensive usage, the FDA and other regulatory agencies are working closely with us to enable presentation of a comprehensive data package that should maximize the full potential of Exubera in treating patients with diabetes and facilitate regulatory review of this large, complex NDA. Aventis Pharma and Pfizer are in active discussions with the FDA regarding the content and timing of the NDA; if some additional data are required, as now appears likely, the filing schedule will be revised.

On April 11, 2001, we announced a worldwide agreement with Boehringer Ingelheim to jointly market Spiriva (tiotropium), which we expect to be the first once-a-day inhaled treatment for chronic obstructive pulmonary disease. Spiriva was discovered and developed by Boehringer Ingelheim. In the second quarter of 2001, Boehringer Ingelheim filed Spiriva for marketing approval with regulatory authorities in Europe. A NDA for Spiriva is anticipated to be filed with the FDA later this year.

Additional product-related programs are in various stages of discovery and development such as:

- darifenacin for the treatment of overactive bladder
- lasofoxifene for the treatment and prevention of osteoporosis and reduction in the incidence of breast cancer with clinically useful lipid-lowering effects

Merger-Related Costs

We have incurred the following merger-related costs:

(millions of dollars)	Three Months Ended		Nine Months Ended	
	Sept. 30, 2001	Oct. 1, 2000	Sept. 30, 2001	Oct. 1, 2000
Transaction costs	$ --	$ 6	$ --	$ 226
Transaction costs related to Warner-Lambert's termination of the Warner-Lambert/ American Home Products merger	--	--	--	1,838
Integration costs	66	66	330	99
Restructuring charges	47	433	259	611
Total merger-related costs	$113	$505	$589	$2,774

- Integration costs represent external, incremental costs directly related to our merger with Warner-Lambert, including expenditures for consulting and systems integration.
- The components of the restructuring charges associated with the merger of the Warner-Lambert operations follow:

(millions of dollars)	Charges			Utilization Through Sept. 30, 2001	Reserve Sept. 30, 2001
	Year 2000	Nine Months Ended Sept. 30, 2001	Total		
Employee termination costs	$876	$182	$1,058	$ (920)	$138
Property, plant and equipment	46	63	109	(109)	--
Other	25	14	39	(30)	9
	$947	$259	$1,206	$(1,059)	$147

Through September 30, 2001, the charges for employee termination costs represent the approved reduction of our work force by 6,220 people, mainly comprising administrative functions for corporate, manufacturing, distribution, sales and research. We have notified these people and as of September 30, 2001, 5,858 employees were terminated. We will complete terminations of the remaining personnel within one year of the notification. Employee termination costs include accrued severance benefits and costs associated with change-in-control provisions of certain Warner-Lambert employment contracts. Under the terms of Warner-Lambert employment contracts, certain terminated employees may elect to defer receipt of severance benefits. Severance benefits deferred for future payments were $213 million

as of September 30, 2001 and $177 million as of December 31, 2000. The deferred severance benefits are considered utilized and are included in *Other noncurrent liabilities*. Restructuring charges for employee termination costs were $18 million in the third quarter of 2001.

The impairment and disposal charges through September 30, 2001 for property, plant and equipment primarily represent the consolidation of facilities and related fixed assets, a contract termination payment and termination of certain software installation projects. Restructuring charges for property, plant and equipment were $23 million in the third quarter of 2001.

Other restructuring charges primarily consist of charges for contract termination payments—$12 million in the nine months ended September 30, 2001 ($6 million in the third quarter ended September 30, 2001) and assets we wrote off, including inventory and intangible assets—$2 million in the nine months ended September 30, 2001 (none in the third quarter ended September 30, 2001).

Since inception of the merger, other restructuring charges consist of charges for contract termination payments—$28 million, facility closure costs—$4 million and assets we wrote off, including inventory and intangible assets—$7 million.

At September 30, 2001, unutilized restructuring reserves are included in *Other current liabilities.*

We continue to anticipate total merger-related costs through 2002 of about $2.4 billion (excluding the costs associated with the termination of the Warner-Lambert/American Home Products merger).

We achieved integration-related synergies of about $360 million in the third quarter and $955 million in the first nine months ended September 30, 2001. We now expect merger-related cost savings of $1.4 billion in 2001 (versus the prior estimate of $1.3 billion) and at least $1.6 billion in 2002. Savings to date largely stem from the elimination of redundant positions in the work force, increased purchasing power of the combined entity and the reduction of operating expenses.

Other Income-Net

The following components were included in *Other income-net* for the third quarter and first nine months of 2001 and 2000:

	Third Quarter			Nine Months		
	2001	2000	% Change	2001	2000	% Change
Interest income	$(129)	$(141)	(8)	$(424)	$(413)	3
Interest expense	69	96	(27)	212	309	(31)
Gain on the sale of research-related equity investments	--	(18)	--	(17)	(183)	(91)
Gain on the sale of RID	--	--	--	--	(78)	--
Gain on the sale of Omnicef	--	--	--	--	(39)	--
Co-promotion charges	70	--	--	206	--	--
Costs associated with the withdrawal of Rezulin	--	15	--	--	118	--
Loss on the sale of Feed-Additive products	--	65	--	--	65	--
Amortization of goodwill and other intangibles	23	24	(7)	72	74	(3)
Foreign exchange	7	(29)	*	18	(42)	*
Other, net	(45)	(40)	15	(116)	(155)	(23)
Other income-net	$ (5)	$ (28)	(79)	$(49)	$(344)	(85)

* Calculation not meaningful.

Interest income in the first nine months of 2001 increased over the prior year period as a result of higher average investment levels partially offset by lower average interest rates. Interest income and interest expense for the third quarter of 2001 and interest expense for the first nine months of 2001 decreased over the prior year periods as a result of lower average interest rates.

Taxes on Income

Our projected tax rate in 2001, excluding the effect of certain significant items and merger-related costs of 25.5% is lower than the comparable rate of 27.2% in 2000. This rate reduction is due primarily to changes in product mix and tax-planning initiatives.

INCOME FROM CONTINUING OPERATIONS

Income from continuing operations and diluted earnings per share, excluding certain significant items and merger-related costs, increased by 28% and 26% in the third quarter of 2001. Income from continuing operations and diluted earnings per share, excluding certain significant items and merger-related costs increased by 31% and 29% in the first nine months of 2001. A reconciliation between reported income from continuing operations and income from continuing operations excluding certain significant items and merger-related costs follows:

(millions, except per share data)	Third Quarter			Nine Months		
	2001	2000	% Change	2001	2000	% Change
Income from continuing operations, as reported	$2,072	$1,361	52	$5,795	$2,306	151
Certain significant items and merger-related costs (see below)	113	350	(68)	411	2,433	(83)
Income from continuing operations excluding certain significant items and merger-related costs	$2,185	$1,711	28	$6,206	$4,739	31
Diluted earnings per share from continuing operations on the same basis	$ .34	$ .27	26	$ .97	$ .75	29

Certain significant items and merger-related costs follow:

	Third Quarter		Nine Months	
	2001	2000	2001	2000
Significant items, pre-tax:				
Harmonization of accounting methodology*	$ --	$ --	$(175)	$ --
Gain on the sale of research-related equity investments**	--	(18)	(17)	(183)
Co-promotion charges**	70	--	206	--
Costs associated with the withdrawal of Rezulin**	--	15	--	118
Gain on the sale of RID**	--	--	--	(78)
Gain on the sale of Omnicef**	--	--	--	(39)
Loss on the sale of feed-additive products**	--	65	--	65
Total significant items, pre-tax	70	62	14	(117)
Total merger-related costs	113	505	589	2,774
Total significant items and merger-related costs, pre-tax	183	567	603	2,657
Income taxes	70	217	192	224
Total significant items and merger-related costs, after-tax	$ 113	$ 350	$ 411	$2,433

* Represents the harmonization of Pfizer/Warner-Lambert accounting methodology for Medicaid and contract rebate accruals and is included as an increase in *Revenues*.

** Included in *Other income—net*.

DISCONTINUED OPERATIONS

Income from discontinued operations, net of tax, of $37 million in the first nine months of 2001 reflects the resolution of several post-closing matters associated with the divestiture of the Medical Technology Group and the Food Science Group.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Our net financial asset position was as follows:

(millions of dollars)	Sept. 30, 2001	Dec. 31, 2000
Financial assets*	$13,962	$9,532
Short and long-term debt	8,449	5,412
Net financial assets	$ 5,513	$4,120

* Consists of cash and cash equivalents, short-term loans and investments and long-term loans and investments.

To fund investing and financing activities, commercial paper and short and long-term borrowings are used to complement operating cash flows.

Selected measures of liquidity and capital resources:

	Sept. 30, 2001	Dec. 31, 2000
Cash and cash equivalents and short-term loans and investments (millions of dollars)*	$9,704	$7,003
Working capital (millions of dollars)	$6,960	$5,206
Shareholders' equity per common share**	$ 3.03	$ 2.58

* Cash is managed by country or region and is not always available to be used in every location throughout the world. When necessary, we utilize borrowings for various corporate purposes.

** Represents total shareholders' equity divided by the number of common shares outstanding (which excludes treasury shares and those held by our employee benefit trusts).

The increase in working capital from December 31, 2000 to September 30, 2001 primarily reflects:

- cash from current period operations
- the issuance in the first nine months of 2001 of $750 million in long-term debt (the proceeds of which were used to repay certain short-term borrowings)

partially offset by:

- purchases of property, plant and equipment
- purchases of long-term investments
- purchases of our common stock

The increase in shareholders' equity per common share is primarily due to growth in net income.

Net Cash Provided by Operating Activities

During the first nine months of 2001, net cash provided by operating activities was $6,817 million, as compared to $3,545 million in the 2000 period. The change was primarily due to:

- an increase in cash from current period operations
- the absence in 2001 of the transaction costs paid in the first nine months of 2000 of $1,838 million related to Warner-Lambert's termination of the Warner-Lambert/American Home Products merger

Net Cash Used in Investing Activities

During the first nine months of 2001, investing activities used net cash of $5,170 million, as compared to $3,360 million in the 2000 period. The increase in net cash used in investing activities in 2001 was primarily attributable to:

- more purchases of short-term and long-term investments
- less proceeds received from the sales of research-related equity investments and businesses

partially offset by more proceeds from redemptions of short-term investments.

Net Cash Used in Financing Activities

During the first nine months of 2001, net cash used in financing activities was $814 million, as compared to $1,204 million in the 2000 period. The decrease in net cash used in financing activities in 2001 was primarily attributable to:

- an increase in net proceeds from borrowings

partially offset by:

- an increase in common share purchases
- an increase in cash dividends paid
- less cash received from exercises of employee stock options

On October 25, 2001, our board of directors declared an $.11 per share fourth-quarter 2001 cash dividend on our common stock, payable on December 6, 2001 to all shareholders who own shares on November 16, 2001.

In October 2001, we issued $600 million in senior unsecured notes under a $2.5 billion shelf registration filed with the Securities and Exchange Commission in October 2000. The notes mature November 1, 2004, with interest payable semi-annually, beginning on May 1, 2002 at a rate of 3.625%.

In May 2001, we issued 60 billion yen ($489 million at date of issuance) in unsecured notes under the same $2.5 billion shelf registration. The notes mature on March 18, 2008, with interest payable semi-annually, beginning on September 18, 2001, at a rate of .80%. The proceeds from the notes were used for general corporate purposes.

In January 2001, we issued $750 million in senior unsecured notes under the same $2.5 billion shelf registration. The notes mature on February 1, 2006, with interest payable semi-annually, beginning on August 1, 2001, at a rate of 5.625%. The proceeds from the notes were used to repay certain short-term borrowings.

In June 2001, we completed the $5 billion share-purchase program authorized in September 1998. In the first half of 2001, we purchased approximately 20.3 million shares of common stock in the open market at an average price of $42.72 per share. Under this program, we purchased in total approximately 127 million shares at a total cost of $5.0 billion. Also in June 2001, we announced a new $5 billion share-purchase program, with a limit of 120 million shares to be made from time to time over the next 18 months in the open market or in privately negotiated transactions. During the third quarter, we purchased approximately 34 million shares of our common stock under the current share-purchase program, at a total cost of approximately $1.34 billion. The common stock acquired through this program will be available for general corporate purposes.

INVESTMENT AGREEMENT

In October 2001, together with Microsoft and IBM, we announced the launch of Amicore, a newly formed independent company that will develop software and services for physician practices. Amicore's focus will be to reduce the administrative workload for physicians, allowing them to put more time toward their mission of providing quality patient care.

FINANCIAL RISK MANAGEMENT

In March 2001, Pfizer purchased $276 million notional amount of Japanese yen put options to partially hedge the U.S. dollar/Japanese yen exchange impact related to forecasted intercompany inventory purchases through the end of this year.

NEW ACCOUNTING STANDARDS

In April 2001, the Emerging Issues Task Force reached a consensus on Issue No. 00-25, *Vendor Income Statement Characterization of Consideration Paid to a Reseller of the Vendor's Products*. EITF No. 00-25 requires the cost of certain vendor consideration to be classified as a reduction of revenue rather than as a marketing expense. We will adopt the provisions of EITF No. 00-25 as of January 1, 2002. Our adoption of EITF No. 00-25 will result in reclassifications of certain marketing expenses to reflect them as a reduction of revenues. These reclassifications will have no effect on net income.

In June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 141, *Business Combinations*, and No. 142, *Goodwill and Other Intangible Assets*, effective for fiscal years beginning after December 15, 2001. SFAS No. 141 eliminates the pooling of interests method of accounting for business combinations initiated after June 30, 2001. Under the provisions of SFAS No. 142, intangible assets with indefinite lives and goodwill will no longer be amortized but will be subject to annual impairment tests. Separable intangible assets with finite lives will continue to be amortized over their useful lives.

We will adopt SFAS No. 141 and SFAS No. 142 as of January 1, 2002. The adoption of SFAS No. 141 is not expected to impact our financial position or results of operations. We will continue to amortize existing goodwill and intangible assets through the remainder of 2001. Application of the non-amortization provisions of SFAS No. 142 will not have a material effect on our financial condition or results of operations. We have not yet determined the impact, if any, of adopting the impairment provisions of SFAS No. 142.

In June 2001, the FASB issued SFAS No. 143, *Accounting for Asset Retirement Obligations*, effective for fiscal years beginning after June 15, 2002. SFAS No. 143 addresses financial accounting requirements for retirement obligations associated with tangible long-lived assets. The provisions of SFAS No. 143 are not expected to have a material impact on our consolidated financial statements.

In August 2001, the FASB issued SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets,* that replaces FASB Statement No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of.* The provisions of SFAS No. 144 are effective for fiscal years beginning after December 15, 2001 and, generally, are to be applied prospectively. SFAS

No. 144 requires that long-lived assets to be disposed of by sale, including those of discontinued operations, be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or in discontinued operations. Discontinued operations will no longer be measured at net realizable value or include amounts for operating losses that have not yet been incurred. SFAS No. 144 also broadens the reporting of discontinued operations to include all components of an entity with operations that can be distinguished from the rest of the entity and that will be eliminated from the ongoing operations of the entity in a disposal transaction.

OUTLOOK

In light of our strengths and accomplishments, we are comfortable with projected full-year 2001 diluted earnings per share from continuing operations of $1.30, excluding certain significant items and merger-related costs. The vast majority of our 2001 earnings growth reflects operational performance, with merger-related cost savings and a reduction in the effective tax rate providing additional benefits (for continuing operations excluding certain significant items and merger-related costs). We have now increased the estimate of full-year 2001 merger-related cost savings to about $1.4 billion. In addition, we reaffirm our prior projection of diluted earnings per share from continuing operations in 2002 at $1.56 or better, on the same basis. Foreign exchange is projected to reduce our 2001 revenues by about $900 million, at current exchange rates. As a result, total full-year 2001 revenue growth, including the unprecedented negative impact of foreign exchange and reflecting the tempered performance of the Animal Health and Consumer businesses so far this year, is now expected to be 9 percent despite the double-digit revenue growth anticipated in the fourth quarter.

SEPTEMBER 11 TERRORIST ATTACKS

The terrorist attacks did not materially impact our third-quarter results. The distribution of products was uninterrupted and the collection of accounts receivable was normal after public and private mail services returned to customary modes of operation. Our information technology infrastructure and telecommunications performed at high levels despite significant disruption to telecommunications providers.

Going forward, our business exposure to the Middle East and Pakistan is modest. We generate about $200 million in annual revenues in the region. The level of fixed assets in that area is also nominal.

Since September 11, we have donated medicines, health care products and support services in addition to the $10 million that we and the Pfizer Foundation together have pledged in donations to the relief efforts.

CAUTIONARY FACTORS THAT MAY AFFECT FUTURE RESULTS

Our disclosure and analysis in this report contain forward-looking information about our company's financial results and estimates, business prospects and products in research that involve substantial risks and uncertainties. From time to time, we also may provide oral or written forward-looking statements in other materials we release to the public. Forward-looking statements give our current expectations or forecasts of future events. You can identify these statements by the fact that they do not relate strictly to historic or current facts. They use words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," and other words and terms of similar meaning in connection with any discussion of future operating or financial performance. In particular, these include statements relating to future actions, prospective products or product approvals, future performance or results of current and anticipated products, sales efforts, expenses, the outcome of contingencies, such as legal proceedings, and financial results. Among the factors that could cause actual results to differ materially are the following:

- the success of research and development activities and the speed with which regulatory authorizations and product launches may be achieved

- competitive developments affecting our current growth products

- the ability to successfully market both new and existing products domestically and internationally
- difficulties or delays in manufacturing
- trade buying patterns
- ability to meet generic and branded competition after the expiration of our company's patents
- trends toward managed care and health care cost containment
- possible U.S. legislation affecting pharmaceutical pricing and reimbursement or Medicare
- exposure to product liability and other types of lawsuits
- contingencies related to actual or alleged environmental contamination
- our company's ability to protect its intellectual property both domestically and internationally
- interest rate and foreign currency exchange rate fluctuations
- governmental laws and regulations affecting domestic and foreign operations, including tax obligations
- changes in generally accepted accounting principles
- changes in business, political and economic conditions due to recent terrorist attacks in the U.S., the threat of future terrorist activity in the U.S. and other parts of the world, and related U.S. military action overseas
- growth in costs and expenses
- changes in our product mix
- the impact of acquisitions, divestitures, restructurings, product withdrawals and other unusual items

We cannot guarantee that any forward-looking statement will be realized, although we believe we have been prudent in our plans and assumptions. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Investors should bear this in mind as they consider forward-looking statements.

We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our 10-Q, 8-K and 10-K reports to the Securities and Exchange Commission. Our Form 10-K filing for the 2000 fiscal year listed various important factors that could cause actual results to differ materially from expected and historic results. We note these factors for investors as permitted by the Private Securities Litigation Reform Act of 1995. Readers can find them in Item 1 of that filing under the heading "Cautionary Factors That May Affect Future Results." We incorporate that section of that Form 10-K in this filing and investors should refer to it. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.

PART II - OTHER INFORMATION

Item 1: Legal Proceedings

The Company is involved in a number of claims and litigations, including product liability claims and litigations considered normal in the nature of its businesses. These include suits involving various pharmaceutical and hospital products that allege either reaction to or injury from use of the product. In addition, from time to time the Company is involved in, or is the subject of, various governmental or agency inquiries or investigations relating to its businesses.

Patent Litigation

Nifedipine Patents

On June 9, 1997, the Company received notice of the filing of an Abbreviated New Drug Application (ANDA) by Mylan Pharmaceuticals for a sustained-release nifedipine product asserted to be bioequivalent to *Procardia XL*. Mylan's notice asserted that the proposed formulation does not infringe relevant licensed Alza and Bayer patents and thus that approval of their ANDA should be granted before patent expiration. On July 18, 1997, the Company, together with Bayer AG and Bayer Corporation, filed a patent-infringement suit against Mylan Pharmaceuticals Inc. and Mylan Laboratories Inc. in the U.S. District Court for the Western District of Pennsylvania with respect to Mylan's ANDA. Suit was filed under Bayer AG's U.S. Patent 5,264,446, licensed to the Company, relating to nifedipine of a specified particle size range. On March 16, 1999, the court granted Mylan's motion to file an amended answer and antitrust counterclaims. On December 17, 1999, Mylan received final approval from the FDA for its 30 mg. extended-release nifedipine tablet. On February 28, 2000, a settlement agreement was entered into between Mylan and the Company under which the litigation was terminated and Mylan was licensed to market a generic sustained-release nifedipine product manufactured by the Company under its own trademark.

On or about February 23, 1998, Bayer AG received notice that Biovail Laboratories Incorporated had filed an ANDA for a sustained-release nifedipine product asserted to be bioequivalent to one dosage strength (60 mg.) of *Procardia XL*. The notice was subsequently received by the Company as well. The notice asserts that the Biovail product does not infringe Bayer's U.S. Patent 5,264,446. On March 26, 1998, the Company received notice of the filing of an ANDA by Biovail Laboratories of a 30 mg. dosage formulation of nifedipine alleged to be bioequivalent to *Procardia XL*. On April 2, 1998, Bayer and Pfizer filed a patent-infringement action against Biovail, relating to their 60 mg. nifedipine product, in the U.S. District Court for the District of Puerto Rico. On May 6, 1998, Bayer and Pfizer filed a second patent infringement action in Puerto Rico against Biovail under the same patent with respect to Biovail's 30 mg. nifedipine product. These actions have been consolidated for discovery and trial. On April 24, 1998, Biovail Laboratories Inc. brought suit in the U.S. District Court for the Western District of Pennsylvania against the Company and Bayer seeking a declaratory judgment of invalidity of and/or non-infringement of the 5,264,446 nifedipine patent as well as a finding of violation of the antitrust laws. Biovail has also moved to transfer the patent infringement actions from Puerto Rico to the Western District of Pennsylvania. Pfizer has opposed this motion to transfer and on June 19, 1998, moved to dismiss Biovail's declaratory judgment action and antitrust action in the Western District of Pennsylvania, or in the alternative, to stay the action pending the outcome of the infringement actions in Puerto Rico. On January 4, 1999, the court in Pennsylvania granted Pfizer's motion for a stay of the antitrust action pending the outcome of the infringement actions in Puerto Rico. On January 29, 1999, the court in Puerto Rico denied Biovail's motion to transfer the patent infringement actions from Puerto Rico to the Western District of Pennsylvania. On April 12, 1999, Biovail filed a motion for summary judgment based in part on the summary judgment motion granted to Elan in the Bayer v. Elan litigation in the Northern District of Georgia. On September 20, 1999, the court in Puerto Rico denied Biovail's motion for summary judgment without prejudice to their refiling after completion of discovery in the *Procardia XL* patent-infringement litigation. Fact discovery has been completed, but expert discovery continues.

In two decisions in March 2001 involving the '446 Patent, in which Bayer, but not the Company, was a party, the U.S. District Court for the Northern District of Georgia found against Bayer on the issue of infringement and held that the proper test to determine infringement was to compare the nifedipine crystals' particle size in the bulk raw material, rather than in the finished tablets, with the range recited in the patent claims. Based on these decisions (which are being appealed by Bayer) Biovail has filed a motion for summary judgment of non-infringement in the Company's two ANDA cases (60 mg. and 30 mg.) in the U.S. District Court for the District of Puerto Rico, asserting that the Puerto Rico court is barred from coming to a contrary conclusion by the doctrine of collateral estoppel. Bayer and the Company have responded by asking the Puerto Rico court to stay, rather than dismiss, these two cases pending resolution of Bayer's appeal of the two Georgia decisions.

During 2000, Teva began commercial sale in the United States of Biovail's 60 mg. extended-release nifedipine tablets alleged to be bioequivalent to the Company's 60 mg. *Procardia XL* tablets. On February 16, 2001, Bayer AG, Bayer Corporation, and Pfizer Inc. sued Biovail Corporation, Biovail Laboratories, Inc., and Teva Pharmaceuticals USA, Inc., in the U.S. District Court for the District of Puerto Rico for infringement of Bayer's U.S. Patent 5,264,446 by this actual commercial product.

On April 2, 1998, the Company received notice from Lek U.S.A. Inc. of its filing of an ANDA for a 60 mg. formulation of nifedipine alleged to be bioequivalent to *Procardia XL*. On May 14, 1998, Bayer and Pfizer commenced suit in the U.S. District Court for the District of New Jersey against Lek for infringement of Bayer's U.S. Patent 5,264,446, as well as for infringement of a second Bayer patent, 4,412,986 relating to combinations of nifedipine with certain polymeric materials. Plaintiffs amended the complaint on November 10, 1998, limiting the action to infringement of U.S. Patent 4,412,986. On January 19, 1999, Lek filed a motion to dismiss the complaint alleging non-infringement of U.S. Patent 4,412,986. Pfizer responded to this motion and oral argument was held in abeyance pending a settlement conference. In September 1999, a settlement agreement was entered into among the parties staying this litigation until the expiration of U.S. Patent 4,412,986 on November 2, 2000. This suit has now been dismissed.

On February 10, 1999, the Company received a notice from Lek U.S.A. of its filing of an ANDA for a 90 mg. formulation of nifedipine alleged to be bioequivalent to *Procardia XL*. On March 25, 1999, Bayer and Pfizer commenced suit in the U.S. District Court for the District of New Jersey against Lek for infringement of the same two Bayer patents originally asserted against Lek's 60 mg. formulation. This case was also the subject of a settlement conference. In September, 1999, a settlement agreement was entered into among the parties staying this litigation until the expiration of U.S. Patent 4,412,986 on November 2, 2000. This suit has now been dismissed.

On November 9, 1998, Pfizer received an ANDA notice letter from Martec Pharmaceutical, Inc. for generic versions (30 mg., 60 mg., 90 mg.) of *Procardia XL*. On or about December 18, 1998, Pfizer received a new ANDA certification letter stating that the ANDA had actually been filed in the name of Martec Scientific, Inc. On December 23, 1998, Pfizer brought an action against Martec Pharmaceutical, Inc. and Martec Scientific, Inc. in the U.S. District Court for the Western District of Missouri for infringement of Bayer's patent relating to nifedipine of a specific particle size. On January 26, 1999, a second complaint was filed against Martec Scientific in the U.S. District Court for the Western District of Missouri based on Martec's new ANDA certification letter. Martec filed its response to this complaint on February 26, 1999. These actions were settled and dismissed on consent on July 6, 2000.

On September 26, 2000, Pfizer received an ANDA notice letter from Andrx Pharmaceuticals, Inc. for a generic version of 60 mg. *Procardia XL*. On November 9 Bayer and Pfizer brought suit against Andrx in the U.S. District Court for the Southern District of Florida for infringement of Bayer's U.S. Patent 5,264,446. On February 12, 2001, the Company received another ANDA notice letter from Andrx, this time for a generic version of 30 mg. *Procardia XL*. This litigation has now been settled in a settlement agreement that encompasses both the 60 mg. and 30 mg. Andrx products.

Pfizer filed suit on July 8, 1997, against the FDA in the U.S. District Court for the District of Columbia, seeking a declaratory judgment and injunctive relief enjoining the FDA from processing Mylan's

ANDA or any other ANDA submission referencing *Procardia XL* that uses a different extended-release mechanism. Pfizer's suit alleges that extended-release mechanisms that are not identical to the osmotic pump mechanism of *Procardia XL* constitute different dosage forms requiring the filing and approval of suitability petitions under the Food Drug and Cosmetics Act before the FDA can accept an ANDA for filing. Mylan intervened in Pfizer's suit. On March 31, 1998, the court granted the government's motion for summary judgment against the Company. On July 16, 1999, the D.C. Court of Appeals dismissed the appeal on the ground that since the FDA had not approved any ANDA referencing *Procardia XL* that uses a different extended-release mechanism than the osmotic pump mechanism of *Procardia XL*, it was premature to maintain this action, stating that Pfizer has the right to bring such an action if, and when, the FDA approves such an ANDA. Subsequent to FDA's final approval of Mylan's ANDA, on December 18, 1999, Pfizer filed suit against FDA in the United States District Court for the District of Delaware. The suit alleges that FDA unlawfully approved Mylan's 30 mg. extended release product because FDA had not granted an ANDA suitability petition reflecting a difference in dosage form from *Procardia XL*. As a result of the settlement agreement with Mylan, Pfizer and the FDA have agreed to dismiss this suit without prejudice.

On February 22, 2001, Biovail Corporation and Biovail Laboratories, Inc. filed suit against Pfizer Inc., Mylan Laboratories, Inc., and Mylan Pharmaceuticals, Inc., in the U.S. District Court for the Eastern District of Virginia, claiming that the February 2000 settlement agreement between Pfizer and Mylan relating to a 30 mg. extended-release nifedipine tablet product is in violation of Section 1 of the Sherman Antitrust Act. At the defendants' motion this suit has been transferred to the U.S. District Court for the District of West Virginia.

On June 4, 2001, Great Lakes Health Plan filed suit against Pfizer, Mylan Laboratories, Inc., and Mylan Pharmaceuticals, Inc., in the U.S. District Court for the Eastern District of Michigan, seeking class action status and claiming that the Pfizer-Mylan settlement agreement was an antitrust violation.

As has been publicly reported, the Federal Trade Commission is conducting a review of brand-name and generic drug litigations, settlements and agreements, and has required companies to file a special report. Pfizer has timely filed the report.

Zoloft Patents

On December 17, 1999, the Company received notice of the filing of an ANDA by Zenith Goldline Pharmaceuticals for 50 mg. and 100 mg. tablets of sertraline hydrochloride alleged to be bioequivalent to *Zoloft*. Zenith has certified to the FDA that it will not engage in the manufacture, use or sale of sertraline hydrochloride until the expiration of Pfizer's U.S. Patent 4,536,518, which covers sertraline per se and expires December 30, 2005. Zenith has also alleged in its certification to the FDA that the manufacture, use and sale of Zenith's product will not infringe Pfizer's U.S. Patent 4,962,128, which covers methods of treating an anxiety-related disorder or Pfizer's U.S. Patent 5,248,699, which covers a crystalline polymorph of sertraline hydrochloride. These patents expire in November 2009 and August 2012, respectively. On January 28, 2000, the Company filed a patent infringement action against Zenith Goldline and its parent Ivax Corporation in the U.S. District Court for the District of New Jersey for infringement of the '128 and '699 Patents. Zenith Goldline filed its answer on March 10, 2000, denying infringement. Discovery has been completed. No trial date has been set.

Fluconazole Patent

On February 1, 2000, the Company received notice of the filing of an ANDA by Novopharm Limited for 50 mg., 100 mg., 150 mg. and 200 mg. tablets of fluconazole alleged to be bioequivalent to *Diflucan*. Novopharm has certified to the FDA its position that the Company's U.S. Patent 4,404,216, which covers fluconazole, is invalid. This patent expires in January 2004. On March 10, 2000, the Company filed a patent infringement action under the '216 Patent against Novopharm in the U.S. District Court for the Northern District of Illinois. Discovery is ongoing. No trial date has been set.

Neurontin Patents

In April 1998 Warner-Lambert received an ANDA notice from Purepac Pharmaceutical Co., relating to 100 mg., 300 mg., and 400 mg. gabapentin capsules, which certified Purepac's opinion that the proposed Purepac products do not infringe Warner-Lambert's U.S. Patent 4,894,476 directed to gabapentin monohydrate and that the '476 Patent is invalid in view of the prior art. In June 1998 Warner-Lambert filed a lawsuit in the U.S. District Court for the District of New Jersey against Purepac and Faulding Inc., its parent company, for infringement of the '476 Patent and U.S. Patent 5,084,479 directed to a method for treating neurodegenerative diseases with compounds including gabapentin. The defendants filed a counterclaim for unfair competition under New Jersey law based upon alleged improper listing of the'476 Patent in the FDA "Orange Book" and alleged absence of probable cause for filing suit on the '476 and '479 Patents. In August 1999 the court denied the defendants' motion for summary judgment of non-infringement of the '476 and '479 Patents, and in December 2000 the court denied the Company's motion for summary judgment dismissing the defendants' counterclaim for unfair completion but bifurcated this counterclaim from the patent infringement claims for discovery and trial. Discovery on the patent infringement claims has been completed and the defendants, on April 16, renewed their motion for summary judgment of non-infringement of the two patents-in-suit.

In May 1998 Warner-Lambert received two ANDA notice letters from TorPharm, Inc., relating to 100 mg., 300 mg., and 400 mg. gabapentin capsules, which certified TorPharm's opinion that the proposed products of its Apotex Corp. agent do not infringe Warner-Lambert's U.S. Patents 4,894,476 and 5,084,479. Warner-Lambert filed a lawsuit in the U.S. District Court for the Northern District of Illinois for infringement of the '476 and '479 Patents. In April 1999 the court denied the defendants' motion for summary judgment of non-infringement of the '479 Patent. Discovery has been completed. On March 2 the court granted the defendants' motion for summary judgment of non-infringement of the '476 Patent, and on September 13 the court granted the defendants' motion for summary judgment of non-infringement of the '479 Patent. The Company has filed a notice of appeal of these judgments to the Federal Circuit Court of Appeals.

In November 1999 Warner-Lambert received an ANDA notice letter from Faulding Inc., related to 600 mg. and 800 mg. gabapentin tablets, which certified Faulding's opinion that the proposed products of its Purepac Pharmaceutical Co. subsidiary do not infringe the '476 Patent and that this patent is invalid in view of the prior art. In December 1999 Warner-Lambert filed a lawsuit in the U.S. District Court for the District of New Jersey for infringement of the '476 and '479 Patents. The defendants filed counterclaims for unfair competition under New Jersey law and federal antitrust law violations, and in December 2000 the Court denied the Company's motion to dismiss these counterclaims. Discovery has been completed and the defendants, on April 16, moved for summary judgment of non-infringement of the two patents-in-suit.

In November 1999 Apotex Corp. and Apotex Inc. filed suit against Warner-Lambert in the U.S. District Court for the Northern District of Illinois alleging federal antitrust violations. Warner-Lambert filed a motion to dismiss the action which was granted. Apotex subsequently added antitrust counterclaims to the copending gabapentin capsule patent infringement suit in the Northern District of Illinois. This counterclaim has been stayed pending resolution of the patent infringement issues and was voluntarily dismissed with prejudice by the plaintiffs on September 21, 2001.

In February 1999 Geneva Pharmaceuticals, Inc., filed an action in the U.S. District Court for the Eastern District of Michigan against Warner-Lambert for a declaratory judgment that its proposed 100 mg., 300 mg. and 400 mg. gabapentin capsule products do not infringe the '476 Patent directed to gabapentin monohydrate. This action has been transferred to the U.S. District Court for the District of New Jersey. Discovery has been completed. The Company's motion to dismiss this complaint and Geneva's motion for summary judgment of non-infringement are pending.

On April 25, 2000, U.S. Patent 6,054,482, which claims anhydrous gabapentin formulations containing low levels of lactam and mineral acid, was issued to Warner-Lambert's Godecke Aktiengesellschaft subsidiary (Godecke). This patent was listed in the FDA's "Orange Book" under the Company's

Neurontin capsule and tablet products on the same day. On April 28 Purepac Pharmaceutical Co. (Purepac) and Faulding Inc. filed suit in the U.S. District Court for the District of New Jersey against Warner-Lambert and Godecke for a declaratory judgment that the ’482 Patent is invalid and would not be infringed by Purepac’s proposed gabapentin capsule and tablet products. On June 15 Warner-Lambert and Godecke moved to dismiss the complaint, and also filed suit in the same court against Purepac and Faulding Inc. seeking orders enjoining them from pursuing their declaratory judgment action and compelling them to submit appropriate certifications to the FDA regarding the ’482 Patent. This suit also alleges infringement of the ’482 Patent. On June 15 Warner-Lambert received a notice letter from Purepac and Faulding Inc. which certified their position that the proposed Purepac gabapentin tablet and capsule products do not infringe the ’482 Patent. On July 20, Pfizer, Warner-Lambert, and Godecke filed another suit in federal court in New Jersey against Purepac and Faulding Inc. for infringement of the ’482 Patent. The defendant’s answer to this last suit includes counterclaims for antitrust violations under the Sherman Act and unfair competition. The three suits were consolidated and the April 28 suit was dismissed by the court. On November 27 the Company filed a motion to dismiss the counterclaims in the July 20 suit and on January 16, 2001, the defendants filed a motion for summary judgment of non-infringement. The Company’s brief in opposition to this motion for summary judgment and the defendants' reply brief have been filed. The court may rule on this summary judgment motion for non-infringement at any time.

On June 15, 2000, Warner-Lambert received a notice letter from TorPharm, Inc., certifying its opinion that the proposed gabapentin capsule products of its Apotex Corp. agent do not infringe the ’482 Patent. On July 20 Pfizer, Warner-Lambert, and Godecke filed suit in the U.S. District Court for the Northern District of Illinois for infringement of the ’482 Patent. The defendants' answer includes counterclaims for antitrust violations under the Sherman Act. On November 6 the Company filed a motion to dismiss these counterclaims. On March 7 the defendants filed a motion for summary judgment of non-infringement. The Company's brief in opposition to this motion and the defendants' reply brief have been filed. The court may rule on this summary judgment motion at any time.

On July 25, 2000, Warner-Lambert received a notice letter from Teva Pharmaceuticals USA (Teva), relating to 600 mg. and 800 mg. gabapentin tablets, which certified Teva’s opinion that its proposed products do not infringe the ’482 Patent, and on September 7 a similar notice letter relating to 100 mg., 300 mg., and 400 mg. gabapentin capsules, which also stated Teva’s opinion that the ’482 Patent is invalid. On August 24 and September 20, Pfizer, Warner-Lambert, and Godecke filed two lawsuits, for tablets and capsules respectively, in the U.S. District Court for the District of New Jersey against Teva and Teva Pharmaceuticals Industries Ltd. for infringement of the ’482 Patent.

On October 2, 2000, the Company filed a motion with the Federal Judicial Panel on Multidistrict Litigation to consolidate all of the above-identified patent cases involving U.S. Patent 6,054,482 for pretrial proceedings in the U.S. District Court for the District of New Jersey. Purepac/Faulding Inc. and Apotex/TorPharm filed oppositions. This motion was granted on February 5. Patent infringement suits (described below) based on the ‘482 Patent against Zenith/Ivax and Eon Labs have subsequently been joined into these consolidated proceedings. Discovery is in progress and is scheduled to be completed by November 16, 2001.

In November 2000, Warner-Lambert and Godecke received notice letters from Zenith Goldline Pharmaceuticals, Inc., relating to its proposed 100 mg., 300 mg. and 400 mg. gabapentin capsules, certifying Zenith’s opinion that the Company’s ’482 Patent is invalid. On December 14, Pfizer Inc., Warner-Lambert and Godecke filed suit in the U.S. District Court for the District of New Jersey against Zenith Laboratories, Inc., Zenith Goldline Pharmaceuticals, Inc. and Ivax Corporation (Zenith’s parent company) for infringement of the ’482 Patent. In December 2000 Warner-Lambert received a notice letter from Zenith Goldline Pharmaceuticals, Inc. notifying Warner-Lambert that Zenith had filed an ANDA on 600 mg. and 800 mg. gabapentin tablets and certifying Zenith’s opinion that the ’482 Patent is invalid, and also that the ’476 Patent and the ’479 Patent are both invalid and would not be infringed by the manufacture, use or sale of the proposed Zenith tablet product. In January and February the Company filed suits against Zenith Laboratories, Inc., Zenith Goldline Pharmaceuticals, Inc. and Ivax Corporation in the U.S. District Court for the District of New Jersey for infringement of the ’482 Patent

(January suit) and the ’476 and ’479 Patents (February suit). In February 2001, the Company received a comparable notice letter from Zenith directed to proposed 100 mg., 300 mg. and 400 mg. gabapentin tablet products. On March 30 the Company filed two suits against Zenith Laboratories, Inc., Zenith Goldline Pharmaceuticals, Inc., and Ivax Corporation in the U.S. District Court for the District of New Jersey for infringement of the ‘482 Patent, and the ‘476 and ‘479 Patents, respectively. Discovery is in progress in the suits related to the '476 and '479 Patents.

In February 2001, Warner-Lambert received a notice letter from Eon Labs Manufacturing, Inc. relating to its proposed 100 mg., 300 mg. and 400 mg. gabapentin capsule products, certifying Eon’s opinion that the Company’s ’482, ’476 and ’479 Patents would not be infringed by the manufacture, use or sale of the proposed Eon products. On March 20 the Company filed suit against Eon Labs in the U.S. District Court for the Eastern District of New York for infringement of the ‘482 Patent.

Celebrex Litigation

On April 11, 2000, the University of Rochester filed a patent infringement action in the U.S. District Court for the Western District of New York against the Company, G.D. Searle & Co., Inc., Monsanto Co., and Pharmacia Corp., under its U.S. Patent 6,048,850, relating to the use of COX-2 inhibiting compounds. It is alleged that sales of *Celebrex* infringe the broad method of use claims of this patent. The Company has answered denying infringement. Discovery is in progress. No trial date has been set.

Quinapril Patents

In January 1999 Warner-Lambert received a letter from Teva Pharmaceuticals USA informing it that Teva had filed an ANDA on 40 mg. quinapril hydrochloride tablets allegedly bioequivalent to the Company’s *Accupril* product. This letter also certified Teva’s opinion that the Company’s U.S. Patent 4,473,450, which is directed to stable formulations of ACE inhibitor compounds and expires in February 2007, is invalid, and further informed us that manufacture, use and sale of the proposed product would await expiration of the basic product patent on quinapril hydrochloride (U.S. Patent 4,344,949) in October 2002. In March 1999 Warner-Lambert filed suit against Teva Pharmaceuticals USA in the U.S. District Court for the District of New Jersey for infringement of the ’450 Patent. Discovery is in progress and a Markman hearing on claim construction is expected to be conducted in the autumn of this year. No trial date has yet been scheduled.

Glucotrol Patents

In a letter dated May 25, 2001 Andrx Pharmaceuticals, LLC notified the Company that Andrx had filed an ANDA on 10 mg. extended-release glipizide tablets said to be bioequivalent to our 10 mg. *Glucotrol XL.* This letter also set forth Andrx' position that the six Alza patents (exclusively licensed to the Company) listed in the "Orange Book" under our product would not be infringed by the proposed Andrx product (and in one case that the patent is invalid). On July 9 Pfizer Inc. and Alza Corporation, as coplaintiffs, filed two suits (one in the U.S. District Court for the District of New Jersey and the other in the U.S. District Court for the Southern District of Florida) against Andrx Corporation, Andrx Pharmaceuticals, Inc. and Andrx Pharmaceuticals, LLC under the provisions of the Hatch-Waxman Act for infringement of these six patents. The plaintiffs have subsequently dropped the allegation of infringement of two of these patents. By agreement between the parties this litigation on the four remaining patents will proceed against Andrx Pharmaceuticals, Inc. and Andrx Pharmaceuticals, LLC in the Southern District Court of Florida.

In a letter dated June 21, 2001 Barr Laboratories, Inc. notified the Company that it had filed an ANDA on a generic product said to be equivalent to our *Estrostep Fe* oral contraceptive product. This letter set forth Barr's position that our U.S. Patent 4,962,098 listed in the "Orange Book" under our product is invalid. The Company has subsequently filed suit against Barr for infringement of this patent and also U.S. Patent 5,010,070 (which is not listed in the "Orange Book").

Schneider Catheter Litigation

On July 28, 2000, Dr. Tassilo Bonzel filed a suit against the Company and various currently or formerly affiliated codefendants in Minnesota state court alleging breach of contract, fraudulent transfer of his license agreement with Schneider (Europe) AG, unjust enrichment, breach of fiduciary duty, tortious interference with contractual relationship, and civil conspiracy, and seeking a declaratory judgment that Dr. Bonzel is free to terminate the aforementioned license agreement. The claims arise from the Company's 1998 sale of the Schneider companies to Boston Scientific Corporation (BSC), which is named in Dr. Bonzel's complaint as an involuntary plaintiff. On August 28 the Company and BSC removed the suit to the U.S. District Court for the District of Minnesota and on August 30 Dr. Bonzel filed a motion to remand it to state court, which the Company and BSC opposed. This motion to remand was granted on February 6. Additionally, on September 18 BSC filed a motion with the federal court in Minnesota to be dismissed from this action as an involuntary plaintiff. This motion was also granted on February 6. BSC has been added as a codefendant party in the Minnesota state court action and discovery is in progress. On April 11 the defendants filed a motion to dismiss this litigation so that the plaintiff can refile it in a more convenient forum; this motion was renewed on September 5, 2001.

Trademark and Unfair Competition

Trovan Trademark

On September 22, 1999, the jury in a trademark-infringement litigation brought against Pfizer in the U.S. District Court for the Central District of California by Trovan Ltd. and Electronic Identification Devices, Ltd., relating to use of the *Trovan* mark for trovafloxacin issued a verdict in favor of the plaintiffs with respect to liability, holding that the Company had infringed Trovan Ltd.'s mark and had acted in bad faith. Following a further damage trial, on October 12, 1999, the jury awarded Trovan Ltd. a total of $143 million in damages, comprising $5 million actual damages, $3 million as a reasonable royalty and $135 million in punitive damages. The court held a hearing on December 27, 1999, on whether to award the plaintiffs profits based on the Company's sales of *Trovan* and, if so, the amount of same. On February 24, 2000, the court entered judgment on the jury verdict and enjoined the Company's use of the *Trov*an mark effective October 16, 2000. The plaintiff's request to be awarded the Company's profits from *Trovan* sales and for treble damages was denied. Following a hearing on March 24, 2000 the court vacated its previous rulings based on the jury verdicts, including the injunction against continued use of *Trovan* and the cancellation of the Company's U.S. trademark registration, and granted the motion for mistrial. The court also granted the Company's remittitur motions, eliminating the "reasonable royalty" award ($3 million) and reducing the maximum damages award from $8 million to $500,000 and the maximum enhanced award from $135 million to $1.5 million. The plaintiffs have appealed to the Ninth Circuit Court of Appeals the district court's refusal to enjoin the Company's continued use of the *Trovan* trademark. Additionally, the district court (at the plaintiffs' request) has certified certain legal issues to the Ninth Circuit for determination before the case is retried.

Products Liability Litigation

Shiley Incorporated

As previously disclosed, a number of lawsuits and claims have been brought against the Company and Shiley Incorporated, a wholly owned subsidiary, alleging either personal injury from fracture of 60 degree or 70 degree Shiley Convexo Concave ("C/C") heart valves, or anxiety that properly functioning implanted valves might fracture in the future, or personal injury from a prophylactic replacement of a functioning valve.

To resolve all claims alleging anxiety that properly functioning valves might fracture in the future, the Company entered into a settlement agreement in January 1992 in Bowling v. Shiley, et al., a case brought in the U.S. District Court for the Southern District of Ohio, that established a worldwide settlement class of people with C/C heart valves and their spouses, except those who elected to exclude themselves. The settlement provided for a Consultation Fund of $90 million, which was fixed by the

number of claims filed, from which valve recipients received payments that are intended to cover their cost of consultation with cardiologists or other health care providers with respect to their valves. The settlement agreement established a second fund of at least $75 million to support C/C valve-related research, including the development of techniques to identify valve recipients who may have significant risk of fracture, and to cover the unreimbursed medical expenses that valve recipients may incur for certain procedures related to the valves. The Company's obligation as to coverage of these unreimbursed medical expenses is not subject to any dollar limitation. Following a hearing on the fairness of the settlement, it was approved by the court on August 19, 1992, and all appeals have been exhausted.

Generally, plaintiffs in heart valve litigations seek money damages. Based on the experience of the Company in defending these claims to date, including insurance proceeds and reserves, the Company is of the opinion that such actions should not have a material adverse effect on the financial position or results of the Company. Litigation involving insurance coverage for the Company's heart valve liabilities has been resolved.

Rezulin

Rezulin, a Warner-Lambert oral therapy for the treatment of type 2 diabetes, was launched in the United States in March 1997 and withdrawn from the market in March 2000, following reports of liver damage, including liver failure requiring liver transplants, and death. The package insert for *Rezulin* was revised in October 1997 in response to post-marketing reports of adverse liver events. The revised labeling recommended that physicians monitor liver enzymes periodically. The labeling subsequently was changed three times to increase the recommended frequency of liver enzyme monitoring and to add other information regarding indications and adverse liver events.

Since *Rezulin*'s withdrawal from the market, a number of suits and claims against Warner-Lambert (and in some instances against the Company as well) have been filed. As of October 10, 2001, 66 Federal and 24 state class action suits have been filed seeking medical monitoring; seven Federal and eight state class actions seek damages or restitution; individual Federal and state suits have been filed seeking damages or restitution for personal injuries on behalf of about 4,500 *Rezulin* patients; claims on behalf of 373 *Rezulin* patients have been received, and over 8,000 claims remain unfiled.

The cases filed in or removed to Federal courts have been consolidated for certain pretrial purposes in the U.S. District Court for the Southern District of New York by order of the Judicial Panel on Multi-District Litigation, and the class actions seeking medical monitoring have been consolidated under a single class complaint. Most of these cases are in early stages of discovery. Trials of Rezulin cases are anticipated to commence in late 2001 and continue thereafter.

The Company is defending these actions and, considering its insurance and reserves, is of the opinion that these actions should not have a material adverse effect on the financial position or results of the Company.

Celebrex

Following publication of reports that Cox-2 inhibitors may be associated with an increase in heart attacks, the Company, Pharmacia, and Merck, have been sued in three purported class actions alleging inadequate cardiac warnings and seeking relief in the form of consumer fraud rebates (2 suits) or medical monitoring and labeling changes (one suit). Three individual wrongful death actions also allege cardiovascular events or conditions as at least one cause of death. Under the Celebrex co-marketing agreement, the personal injury and wrongful death suits and claims are Pharmacia's responsibility and the Company has tendered the cases for defense and indemnity by Pharmacia. All of the lawsuits are either newly served or in the early stages of discovery.

Trovan

During May and June, 1999, the FDA and the European Union's Committee for Proprietary Medicinal Products (CPMP) reconsidered the approvals to market *Trovan*, a broad-spectrum antibiotic, following post-market reports of severe adverse liver reactions to the drug. On June 9, 1999, the Company announced that, regarding the marketing of *Trovan* in the United States, it had agreed to restrict the indications, limit product distribution, make certain other labeling changes and communicate revised warnings to health care professionals in the United States. On July 1, 1999, Pfizer received the opinion of the CPMP recommending a one-year suspension of the licenses to market *Trovan* in the European Union. The CPMP opinion has been finalized in a Final Decision by the European Commission.

Since June 1999, suits in both Federal and state courts, and unfiled claims, on behalf of approximately 85 *Trovan* patients have been received by the Company alleging liver injuries due to ingestion of *Trovan.* Approximately half of these matters have been resolved. There are also three purported state court class actions in South Carolina seeking damages and injunctive relief on behalf of *Trovan* patients and their spouses and one purported class action in Nigeria arising out of a clinical trial during a meningitis epidemic in 1996. The cases are in early stages of discovery.

The Company is defending these actions and, considering its insurance and reserves, is of the opinion that these actions should not have a material adverse effect on the financial position or results of the Company.

Thimerosal

Since August 2001 the Company has been served with two purported class actions in Oregon state court and one purported class action in Florida state court. The Company has also been served with one individual lawsuit in Oregon state court. The Company is aware of additional purported class action lawsuits that have been filed, but not served, in state courts in Massachusetts, Missouri, and California.

The suits generally allege that children received toxic levels of mercury through a preservative, Thimerosal, that was used in multi-dose vials of pediatric vaccines, that allegedly caused the recipients to develop or to be placed at a higher risk of developing autism or other neurological disorders. The relief sought includes medical monitoring and/or money damages for children with diagnosed injuries. The Company is identified as one of several vaccine manufactures named in the suits. Other defendants include Thimerosal manufacturers and physicians.

During the 1990s the Parke-Davis Division of Warner-Lambert manufactured and sold an influenza vaccine called Fluogen. Although the Fluogen vaccine was often given to adults, it was also indicated for use in children. Multi-dose vials of Fluogen contained the preservative Thimerosal. Warner-Lambert sold the Fluogen vaccine business to King Pharmaceuticals in 1998. Pfizer Inc. has made no vaccine since the mid-1970s. The litigation is in its earliest stages. The Company is defending the litigation and, considering its reserves and insurance, is of the opinion that the litigation will not have a material adverse effect on its financial position or results.

Asbestos

Through the early 1970s, Pfizer Inc. (Minerals Division) and Quigley Company, Inc. ("Quigley"), a wholly owned subsidiary, sold a minimal amount of one construction product and several refractory products containing some asbestos. These sales were discontinued thereafter. Although these sales represented a minor market share, the Company has been named as one of a number of defendants in numerous lawsuits. These actions, and actions related to the Company's sale of talc products in the past, claim personal injury resulting from exposure to asbestos-containing products, and nearly all seek general and punitive damages. In these actions, the Company or Quigley is typically one of a number of defendants, and both have been members of the Center for Claims Resolution (the "CCR"), a joint defense organization of several defendants that has been defending these claims. The Company and Quigley have been responsible for varying percentages of defense and liability payments for all members of the CCR. With the reformation and/or dissolution of CCR, the Company and Quigley will

defend the litigation separately from other CCR members. A number of cases alleging property damage from asbestos-containing products installed in buildings have also been brought against the Company, but most have been resolved and none are active.

As of September 30, 2001, there were 90,227 personal injury claims pending against Quigley and 59,071 such claims against the Company (excluding those that are inactive or have been settled in principle), and 74 talc cases against the Company.

The Company believes that its costs incurred in defending and ultimately disposing of the asbestos personal injury claims, as well as the property damage and talc claims, will be largely covered by insurance policies issued by several primary insurance carriers and a number of excess carriers that have agreed to provide coverage, subject to deductibles, exclusions, retentions and policy limits. Litigation against excess insurance carriers seeking damages and/or declaratory relief to secure their coverage obligations has been largely resolved.

From 1967 to 1982, a Warner-Lambert subsidiary owned American Optical Company, which at certain times manufactured a line of personal protective clothing and respirators for use in general industrial settings. Certain of the protective clothing items (e.g., certain gloves) contained asbestos. American Optical discontinued production of protective clothing in 1976, and sold its protective clothing business in its entirety in 1977. In May 1982, Warner-Lambert sold American Optical. As part of that sale, the Warner-Lambert subsidiary agreed to indemnify the purchaser against product liability claims arising out of alleged use or exposure to American Optical products up to the date of closing.

As of September 30, 2001, American Optical was named a defendant in lawsuits involving approximately 64,046 individual plaintiffs. Approximately two-thirds of these lawsuits involve claims for asbestos-related disease developed as a result of exposure to asbestos-containing protective clothing allegedly manufactured by American Optical. The remaining one-third consists of claims for silica-related disease developed as a result of exposure to silica while using allegedly defective respirators manufactured by American Optical.

Based on the Company's experience in defending the claims to date and considering its insurance and reserves, the Company is of the opinion that the actions should not have a material adverse effect on the financial position or results of the Company.

Rimadyl

In October 1999 the Company was sued in an action seeking unspecified damages, costs and attorney's fees on behalf of a purported class of people whose dogs had suffered injury or death after ingesting *Rimadyl*, an antiarthritic medication for older dogs. The suit, which was filed in state court in South Carolina, is in the early pretrial stages. The Company is defending this action and is of the opinion that it should not have a material adverse effect on the financial position or results of the Company.

Consumer Litigation

Plax

FDA administrative proceedings relating to *Plax* are pending, principally an industry-wide call for data on all anti-plaque products by the FDA. The call-for-data notice specified that products that have been marketed for a material time and to a material extent may remain on the market pending FDA review of the data, provided the manufacturer has a good faith belief that the product is generally recognized as safe and effective and is not misbranded. The Company believes that *Plax* satisfied these requirements and prepared a response to the FDA's request, which was filed on June 17, 1991. This filing, as well as the filings of other manufacturers, is still under review and is currently being considered by an FDA Advisory Committee. The Committee has issued a draft report recommending that plaque removal claims should not be permitted in the absence of data establishing efficacy against gingivitis. The process of incorporating the Advisory Committee recommendations into a final monograph is expected to take several years. If the draft recommendation is ultimately accepted in the final monograph,

although it would have a negative impact on sales of *Plax*, it will not have a material adverse effect on the sales, financial position or results of the Company.

On January 15, 1997, an action was filed in Circuit Court, Chambers County, Alabama, purportedly on behalf of a class of consumers, variously defined by the laws or types of laws governing their rights and encompassing residents of up to 47 states. The complaint alleges that the Company's claims for *Plax* were untrue, entitling them to a refund of their purchase price for purchases since 1988. The court has issued an order denying class certification.

Pediculicides

Since December 1998, five actions have been filed, in state courts in Texas, California, Illinois and Louisiana, purportedly on behalf of statewide or nationwide classes of consumers who allege that Pfizer's and/or Warner-Lambert's and other manufacturers' advertising and promotional claims for Pfizer's *Rid* and Warner-Lambert's *Nix* and other pediculicides were untrue, entitling them to refunds, other damages and/or injunctive relief. One of the Texas cases has been voluntarily dismissed, the Louisiana case has been resolved, and the Company obtained summary judgment in the California case. Proceedings in the other Texas case and Illinois cases are still in early stages.

The Company is defending these actions and is of the opinion that they should not have a material adverse effect on the financial position or results of the Company.

Desitin

In December 1999 and January 2000, two suits were filed in California state courts against the Company and other manufacturers of zinc oxide-containing powders. The first suit was filed by the Center for Environmental Health and the second was filed by an individual plaintiff on behalf of a purported class of purchasers of baby powder products. The suits generally allege that the label of *Desitin* powder violates California's "Proposition 65" by failing to warn of the presence of lead, which is alleged to be a carcinogen. In January, 2000, the Company received a notice from a California environmental group alleging that the labeling of *Desitin* ointment and powder also violates Proposition 65 by failing to warn of the presence of cadmium, which is alleged to be a carcinogen. Several other manufacturers of zinc oxide-containing topical baby products have received similar notices. The Company believes that the labeling for *Desitin* complies with applicable legal requirements.

Diabinese (Brazil)

In June, the Ministry of Justice of the State of Sao Paulo, Brazil, commenced a civil public action against the Company's Brazilian subsidiary, Laboratorios Pfizer Ltda. ("Pfizer Brazil") asserting that during a period in 1991 Pfizer Brazil withheld sale of the pharmaceutical product *Diabinese* in violation of antitrust and consumer protection laws. The action sought the award of moral, economic and personal damages to individuals and the payment to a public reserve fund. In February 1996, the trial court issued a decision holding Pfizer Brazil liable. The trial court's opinion also established the amount of moral damages for individuals who might make claims later in the proceeding and set out a formula for calculating the payment into the public reserve fund which could have resulted in a sum of approximately $88 million. Pfizer Brazil appealed this decision. In September 1999, the appeals court issued a ruling upholding the trial court's decision as to liability. However, the appeals court decision overturned the trial court's decision concerning damages, ruling that criteria to apply in the calculation of damages, both as to individuals and as to payment of any amounts to the reserve fund, should be established only in a later stage of the proceeding. The Company's appeal from the ruling is still pending. The Company believes that this action should not have a material adverse effect on the financial position or results of the Company.

Employment Litigation

A wholly-owned subsidiary of Warner-Lambert has been named as a defendant in class actions filed in Puerto Rico Superior Court by current and former employees from the Vega Baja, Carolina and Fajardo

plants, as well as Kelly Services temporary employees assigned to those plants. The lawsuits seek monetary relief for alleged violations of local statutes and decrees relating to meal period payments, minimum wage, overtime and vacation pay. The Company is defending these actions and is of the opinion that they should not have a material adverse effect on the financial position or results of the Company.

Antitrust

Brand-Name Prescription Drugs Antitrust Litigation

In 1993, both Pfizer and Warner-Lambert were named, together with numerous other manufacturers of brand-name prescription drugs and certain companies that distribute brand-name prescription drugs, in suits in federal and state courts brought by various groups of retail pharmacy companies, alleging that the manufacturers violated the Sherman Act by agreeing not to give retailers certain discounts and that the failure to give such discounts violated the Robinson Patman Act. A class action was brought on the Sherman Act claim, as well as additional actions by approximately 3,500 individual retail pharmacies and a group of chain and supermarket pharmacies (the "individual actions") on both the Sherman Act and Robinson Patman Act claims. A retailer class was certified in 1994 (the "Federal Class Action"). In 1996, fifteen manufacturer defendants, including Pfizer and Warner-Lambert, settled the Federal Class Action. Pfizer's share was $31.25 million and Warner-Lambert's share was $15.1 million. Trial began in September 1998 for the class case against the non-settlers, and the District Court also permitted the opt-out plaintiffs to add the wholesalers as named defendants in their cases. The District Court dismissed the case at the close of the plaintiffs' evidence. The plaintiffs appealed and, on July 13, 1999, the Court of Appeals upheld most of the dismissal but remanded on one issue, while expressing doubts that the plaintiffs could prove any damages. The District Court has since opined that the plaintiffs cannot prove such damages.

Retail pharmacy cases also have been filed in state courts in five states, and consumer class actions were filed in state courts in fourteen states and the District of Columbia alleging injury to consumers from the failure to give discounts to retail pharmacy companies. Most of the consumer class actions have been settled in principle.

In addition to its settlement of the retailer Federal Class Action (see above), Pfizer and Warner-Lambert have also settled several major opt-out retail cases, and along with other manufacturers: (1) have entered into agreements to settle all outstanding consumer class actions, which settlements are going through the approval process in the various courts in which the actions are pending; and (2) have settled the California consumer case.

The Company believes that these brand-name prescription drug antitrust cases, which generally seek damages and certain injunctive relief should not have a material adverse effect on the financial position or results of the Company.

The Federal Trade Commission opened an investigation focusing on the pricing practices at issue in the above pharmacy antitrust litigation. In July 1996, the Commission issued subpoenas for documents to both Pfizer and Warner-Lambert, among others, to which both responded. A second subpoena was issued to both companies for documents in May 1997 and both again responded. The investigation was closed, with no further action, effective May 30, 2001.

Former Food Science Division

In 1999, the Company pleaded guilty to one count of price fixing of sodium erythorbate from July 1992 until December 1994, and one count of market allocation of maltols from December 1989 until December 1995, and paid a total fine of $20 million. The activities at issue involved the Company's former Food Science Group, a division that manufactured food additives and that the Company divested in 1996. The Department of Justice has stated that no further antitrust charges will be brought against the Company relating to the former Food Science Group, that no antitrust charges will be brought against any current director, officer or employee of the Company for conduct related to the products of

the former Food Science Group, and that none of the Company's current directors, officers or employees was aware of any aspect of the activity that gave rise to the violations. Five purported class action suits involving these products were filed against the Company; two in California State Court, and three in New York Federal Court, all of which have been settled.

Following the U.S. Antitrust proceedings, the Canadian authorities opened an investigation into pricing of sodium erythorbate only, not maltols, that resulted in the entry of a guilty plea on October 24, 2001; payment of a fine of CDN$1.5 million; and closure as to all products and all employees, officers, and directors of the Company. The court accepted the plea on October 24, 2001 and the matter has been closed by the Canadian authorities.

Environmental Matters

The operations of the Company are subject to federal, state, local and foreign environmental laws and regulations. Under the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended ("CERCLA" or "Superfund"), the Company has been designated as a potentially responsible party by the United States Environmental Protection Agency with respect to certain waste sites with which the Company may have had direct or indirect involvement. Similar designations have been made by some state environmental agencies under applicable state Superfund laws. Such designations are made regardless of the extent of the Company's involvement. The Company owns or previously owned several sites for which it may be the sole responsible party. There are also claims that the Company may be a responsible party or participant with respect to several waste site matters in foreign jurisdictions. Such claims have been made by the filing of a complaint, the issuance of an administrative directive or order, or the issuance of a notice or demand letter. These claims are in various stages of administrative or judicial proceedings. They include demands for recovery of past governmental costs and for future investigative or remedial actions. In many cases, the dollar amount of the claim is not specified. In most cases, claims have been asserted against a number of other entities for the same recovery or other relief as was asserted against the Company. The Company is currently participating in remedial action at a number of sites under federal, state, local and foreign laws.

To the extent possible with the limited amount of information available at this time, the Company has evaluated its responsibility for costs and related liability with respect to the above sites and is of the opinion that the Company's liability with respect to these sites should not have a material adverse effect on the financial position or results of the Company. In arriving at this conclusion, the Company has considered, among other things, the payments that have been made with respect to the sites in the past; the factors, such as volume and relative toxicity, ordinarily applied to allocate defense and remedial costs at such sites; the probable costs to be paid by the other potentially responsible parties; total projected remedial costs for a site, if known; existing technology; and the currently enacted laws and regulations. The Company anticipates that a portion of these costs and related liability will be covered by available insurance.

Through its own internal audit procedures, the Company has become aware of certain practices related to the sampling of waste water at its Parsippany, N.J. manufacturing facility which may not comply with regulatory requirements enacted or adopted for the purpose of protecting the environment. The Company voluntarily disclosed its initial detection of potential non-compliance to the New Jersey Department of Environmental Protection (NJDEP) and to the U.S. Environmental Protection Agency (USEPA). Since then, the Company voluntarily disclosed information acquired since the initial disclosure to the NJDEP. Further disclosure to the USEPA may be required in the future. While no formal enforcement proceeding has been initiated, it is possible that such a proceeding may be commenced in the future and that civil penalties in excess of $100,000 may be sought.

FDA Required Post-Marketing Reports

In April 1996, Pfizer received a Warning Letter from the FDA relating to the timeliness and completeness of required post-marketing reports for pharmaceutical products. The letter did not raise any safety issue about Pfizer drugs. The Company has been implementing remedial actions designed to remedy the issues raised in the letter. During 1997, the Company met with the FDA to apprise them of

the scope and status of these activities. A review of the Company's new procedures was undertaken by FDA in 1999. The Company and Agency met to review the findings of this review and agreed that commitments and remedial measures undertaken by the Company related to the Warning Letter have been accomplished. The Company agreed to keep the Agency informed of its activities as it continues to modify its processes and procedures.

Neurontin Investigation

Certain employees of Warner-Lambert were served with subpoenas in January 2000, by the U.S. Attorney's office in Boston, Massachusetts, directing them to provide testimony before a federal grand jury in Boston. The U.S. Attorney's office is conducting an inquiry into Warner-Lambert's promotion of *Neurontin*. The Company is cooperating with the inquiry and cannot predict what the outcome of the investigation will be.

In addition, a former employee of Warner-Lambert has commenced a civil lawsuit in the U.S. District Court for the District of Massachusetts against Warner-Lambert, on behalf of the United States, under 31 U.S.C. 3730. The lawsuit alleges that the company has violated the Federal False Claims Act based on certain alleged sales and marketing practices concerning its drugs *Neurontin* and *Accupril.* The Company is defending this action and is of the opinion that it should not have a material adverse effect on the financial position or results of the Company.

Securities Litigation

Immune Response Corp.

On July 20, 2001, the Company's subsidiary, Agouron Pharmaceuticals, Inc., was served with three related purported class actions brought under sections 10(b) and 20(a) and Rule 10b-5 of the Securities Exchange Act. The complaints allege that Agouron, Immune Response Corp. (IRC), and the CEOs of each misled the investing public about the status of and prospects for Remune, an AIDS treatment in development, that had been licensed by IRC to Agouron in June 1998. On July 16, 2001, Agouron announced that, in accordance with the terms of the IRC agreement, it had determined not to pursue the development of Remune.

Merger Litigation

In November 1999, following the announcement by Warner-Lambert of its executions of the American Home Products Corporation (AHP) Merger Agreement, Pfizer filed suit against Warner-Lambert, its board of directors and AHP, seeking to invalidate certain provisions in the AHP Merger Agreement and enjoin their implementation. Pursuant to a settlement agreement executed on February 6, 2000, in connection with the termination of the AHP Merger Agreement and the execution of the Pfizer Merger Agreement, Warner-Lambert, AHP and Pfizer entered into settlement agreements with respect to this litigation. Shortly thereafter the litigation against AHP was dismissed with prejudice and the litigation between Pfizer and Warner-Lambert was dismissed without prejudice.

Warner-Lambert, its Directors and AHP have been named in approximately 40 lawsuits in Delaware Chancery Court, one lawsuit in Morris County, New Jersey, and two lawsuits in federal court in New Jersey brought on behalf of purported classes of Warner-Lambert's shareholders. These lawsuits involve allegations similar to those contained in Pfizer's lawsuit, referred to above, and contain additional allegations, including that the consideration to be paid to Warner-Lambert's shareholders in the proposed merger with AHP was inadequate. The Company is defending these actions and is of the opinion that they should not have a material adverse effect on the financial position or results of the Company.

Tax Matters

The Internal Revenue Service has completed and closed its audits of our tax returns through 1995.

In November 1994, Belgian tax authorities notified Pfizer Research and Development Company N.V./S.A. ("PRDCO"), an indirect, wholly owned subsidiary of our company, of a proposed adjustment to the taxable income of PRDCO for fiscal year 1992. The proposed adjustment arises from an assertion by the Belgian tax authorities of jurisdiction with respect to income resulting primarily from certain transfers of property by our non-Belgian subsidiaries to the Irish branch of PRDCO. In January 1995, PRDCO received an assessment from the tax authorities for additional taxes and interest of approximately $432 million and $97 million, respectively, relating to these matters. In January 1996, PRDCO received an assessment from the tax authorities, for fiscal year 1993, for additional taxes and interest of approximately $86 million and $18 million, respectively. The additional assessment arises from the same assertion by the Belgian tax authorities of jurisdiction with respect to all income of the Irish branch of PRDCO. Based upon the relevant facts regarding the Irish branch of PRDCO and the provisions of Belgian tax laws and the written opinions of outside counsel, we believe that the assessments are without merit.

Item 6: Exhibits and Reports on 8-K

(a) Exhibits

1) Exhibit 12 - Ratio of Earnings to Fixed Charges
2) Exhibit 15 - Accountants' Acknowledgment

(b) Reports on Form 8-K

- On July 16, 2001, we filed a Current Report on Form 8-K attaching our unaudited restated consolidated statements of operations for the quarters ended April 2, 2000, July 2, 2000, October 1, 2000 and for the quarter and year ended December 31, 2000. The restated statements of operations reflect the adoption of Emerging Issues Task Force Issue No. 00-14, *Accounting for Certain Sales Incentives* and accounting adjustments pertaining to the harmonization of certain of our Company's and the former Warner-Lambert Company's accounting methodologies. These reclassifications had no effect on net income.

- On October 24, 2001, we filed a Current Report on Form 8-K attaching our press release dated October 17, 2001, reporting our financial results for the third quarter and first nine months of 2001.

PFIZER INC. AND SUBSIDIARY COMPANIES

SIGNATURE

Under the requirements of the Securities Exchange Act of 1934, this report was signed on behalf of the Registrant by the authorized person named below.

Pfizer Inc.

(Registrant)

Dated: November 13, 2001 /s/ L. V. Cangialosi

L. V. Cangialosi, Vice President; Controller
(Principal Accounting Officer and
Duly Authorized Officer)

Exhibit 12

PFIZER INC. AND SUBSIDIARY COMPANIES
RATIO OF EARNINGS TO FIXED CHARGES

(millions of dollars, except ratios)	Nine Months Ended Sept. 30, 2001	Year Ended December 31, 2000	1999	1998	1997	1996
Determination of earnings:						
Income from continuing operations before provision for taxes on income and minority interests	$7,745	$5,781	$6,945	$4,397	$3,979	$3,636
Less:						
Minority interests	14	14	5	2	10	74
Adjusted income	7,731	5,767	6,940	4,395	3,969	3,562
Fixed charges	292	496	463	334	389	373
Total earnings as defined	$8,023	$6,263	$7,403	$4,729	$4,358	$3,935
Fixed charges:						
Interest expense (a)	$ 212	$ 390	$ 364	$ 251	$ 315	$ 307
Rents (b)	80	106	99	83	74	66
Fixed charges	292	496	463	334	389	373
Capitalized interest	35	46	40	26	10	15
Total fixed charges	$ 337	$ 542	$ 503	$ 360	$ 399	$ 388
Ratio of earnings to fixed charges	24.5	11.6	14.7	13.1	10.9	10.1

(a) Interest expense includes amortization of debt discount and expenses.
(b) Rents included in the computation consist of one-third of rental expense which the Company believes to be a conservative estimate of an interest factor in its leases, which are not material.

Exhibit 15

ACCOUNTANTS' ACKNOWLEDGMENT

To the Shareholders and Board of Directors of Pfizer Inc.:

We hereby acknowledge our awareness of the incorporation by reference of our report dated November 13, 2001, included within the Quarterly Report on Form 10Q of Pfizer Inc. for the quarter ended September 30, 2001, in the following Registration Statements:
- Form S-8 dated October 27, 1983 (File No. 2-87473),
- Form S-8 dated March 22, 1990 (File No. 33-34139),
- Form S-8 dated January 24, 1991 (File No. 33-38708),
- Form S-8 dated November 18, 1991 (File No. 33-44053),
- Form S-3 dated May 27, 1993 (File No. 33-49629),
- Form S-8 dated May 27, 1993 (File No. 33-49631),
- Form S-8 dated May 19, 1994 (File No. 33-53713),
- Form S-8 dated October 5, 1994 (File No. 33-55771),
- Form S-3 dated November 14, 1994 (File No. 33-56435),
- Form S-8 dated December 20, 1994 (File No. 33-56979),
- Form S-4 dated February 14, 1995 (File No. 33-57709),
- Form S-8 dated March 29, 1996 (File No. 33-02061),
- Form S-8 dated September 25, 1997 (File No. 333-36371),
- Form S-8 dated April 24, 1998 (File No. 333-50899),
- Form S-8 dated April 22, 1999 (File No. 333-76839),
- Form S-4 dated March 9, 2000 (File No. 333-90975),
- Form S-8 dated June 19, 2000 (File No. 333-90975),
- Form S-8 dated June 19, 2000 (File No. 333-39606),
- Form S-8 dated June 19, 2000 (File No. 333-39610),
- Form S-3 dated October 20, 2000 (File No. 333-48382),
- Form S-8 dated April 27, 2001 (File No. 333-59660), and
- Form S-8 dated April 27, 2001 (File No. 333-59654).

Pursuant to Rule 436(c) under the Securities Act of 1933, such report is not considered a part of a registration statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

KPMG LLP

New York, New York
November 13, 2001