CL 171

Robert W. Glenn
6 Woodstock Court
Greensboro, NC 27408
(336)288-8429

January 30, 2003

MP&T Director-File Reference 1102-00 1
Financial Accounting Standards Board
Of the Financial Accounting Foundation
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5 116

RE: **Invitation to Comment**
Accounting for Stock-Based Compensation: A Comparison of FASB Statement No.123, *Accounting for* Stock-Based Compensation, and Its Related Interpretations, and IASB Proposed 1FRS, Share-based Payment

Gentlemen:

The following comments are from an investor's perspective. They will provide input to the FASB on matters that should be considered in determining whether changes should be proposed to U. S. accounting standards on stock-based compensation.

As noted in "Issues For Respondents" paragraphs four and five of the Invitation to Comment, the respondent understands that the Board is not seeking comments regarding the issues of whether or not stock options granted to employees result in compensation expense or that they can be reliably measured at a fair value at the grant date. But if the respondent feels *any differences not identified* are significant the Board encourages those comments. The respondent understands the existing standards were chosen to bring closure to a divisive debate rather than necessarily finding the best way to improve the financial accounting and *reporting.*

A very special "thank you" to Mr. Tovey and the other members of the FASB research and technical activities staff as well as the other FASS senior staff members for their excellent efforts in putting together this first FASBIIASB comparative Invitation to Comment.

The respondent recognizes the mission of the FASB is to "establish and improve standards of financial accounting and reporting for the guidance and education of the public, including issuers, auditors, and users of financial information." In pursuing this mission, the objective and implicit benefit of issuing the new standard or the revised accounting is to increase credibility, enhance the relevance and representational faithfulness of the financial statements. The respondent believes his suggestions will *provide a more understandable, representationally faithful, and consistent measure* of compensation expense by recognizing the interaction between stock option programs, "share-purchase" programs, and earnings per share.

Comments in response to **"Issue 17: Please describe any additional disclosures that you believe should be required in order to inform a user of financial statements about the economics of stock-based compensation arrangements."**

1. Revised and improved standards for stock option financial accounting and reporting are desperately needed now to increase credibility and representational faithfulness for the guidance and education of the public investor. Investor confidence, the basis for our capitalistic system in corporate America, is being systemically destroyed. The incentive to own stock is being removed. Not only do shareholders lose but management, board members, employees, and even customers lose. It is a "loselose" situation for all concerned. The Board must step up.

2. The present standards are not only making comparability of financial statements very difficult for the average investor but most importantly they are allowing significant amounts of cash flow to be used to purchase company stock with minimal consequences to net income or earnings per share. These large amounts of cash used to "buyback" or "repurchase" the company's own stock are being used to neutralize the dilutive effect of shares issued under the company's stock option plans. This is illustrated in the following tables 2-1 and 2-2. See Exhibits A and B for supporting documentation.

Table 2-1
"Compensation Expense" and Dividends Paid as % of Net Income using Black-Scholes, Options Exercised, and Shares-Purchased for the three years 1999-2001

(In billions of dollars) (3 yr Ave)	Pfizer	% Net Income	"Pharma-ceutical Industry"[1]	% Net Income	"TOP TEN" S&P 500[2]	% Net Income
Net Income	$ 5,489		$ 26,574		$ 80,507	
Dividends Paid	$ 2,244	41%	$ 12,053	45%	$ 22,563	28%
"Compensation Expense" using:						
Black-Scholes	$ 629	11%	$ 1,652	6%	$ 4,468	6%
Options Exercised	$ 2,337	43%	$ 4,206	16%	$ 19,135	24%
Shares-Repurchased	$ 2,404	44%	$ 10,524	40%	$ 23,246	29%

[1] Excludes Pfizer but includes Abbott, Baxter, Bristol Myers, Colgate Palmolive, J&J, Lilly, Merck, Pharmacia, Schering-Plough, and Wyeth.

[2] Microsoft, General Electric, Exxon Mobil, WalMart, Pfizer, Citigroup, AIG, Johnson & Johnson, Coca Cola, and IBM.

Table 2-2
Weighted Ave Shares - Diluted
For the three years 1999-2001
(in billions of shares)

	Pfizer	**"Pharma-ceutical Industry"**	**"TOP TEN" S&P 500**
1998	6.362		48.741
1999	6.317	15.506	48.635
2000	6.368	15.444	48.641
2001	6.361	15.398	48.551
2002 (9/30/2002)	6.202		

3. The recent efforts by companies to move the "Black-Scholes" stock option compensation expense from the pro forma footnote to the income statement is only the tip of the compensation expense iceberg (6% Black-Scholes versus 24% Options Exercised and 29% Shares-Repurchased for the "TOP TEN" as noted in Table 2-1) and is not getting the job done, that is, recognizing the proper amount of expense. The present standards have allowed compensation or "share-repurchased" expense to be significantly understated. This has resulted in net income being overstated by 44%, 40% and 29% respectively for Pfizer, the "Pharmaceutical Industry", and the "TOP TEN" S&P 500 companies over the three years 1999 -2001. Having the CEO's and CFO's of these companies certify (under Sec. 302 of the Investor Protection Act of 2002) that their "financial statements and disclosures *fairly present*, in all material respects, the operations and financial condition of the issuer," could become grounds for shareholder suits. The significant understatement of this compensation or "shares-repurchased" expense for those companies that have "share-purchase" programs means the average investor can no longer use "earnings per share" to measure his return on investment but must now ferret out a cash flow per share from the "Statement of Cash Flows". These significant outflows of cash representing 44% of net income for Pfizer, 40% of net income for the "Pharmaceutical" Industry, and 29% of net income for the "TOP TEN" are not being properly reflected on the income statement.

4. For those companies with a stock option program without a "share-purchase" program the current standards appear credible, that is, stock options granted to employees result in compensation expense that can be reliably measured at a fair value at the grant date. Shares exercised increase the number of shares outstanding thereby reducing net income. Management (as well as shareholders) can visibly see the consequences of the stock option programs; the more stock options exercised, the more it reduces (or dilutes) earnings per share.

5. This is not the case with for those companies with a stock option program with a "share-purchase" program. The same standards applied to them do not appear credible

and are getting the job done. The consequences of their stock option programs are being obscured. The earnings are not reflective of the significant amounts of cash being used to repurchase shares to offset the dilution from the shares exercised under their stock option programs. Examples of the relationship between stock options exercised and "share-purchase" programs for Pfizer Inc and the "TOP TEN" S&P 500 companies are noted as follows: (The respondent ran out of time and did not obtain the 1998 diluted shares outstanding for those companies in the "Pharmaceutical Industry")

A. Pfizer Inc
   There were 6.362 billion diluted shares outstanding in 1998 for Pfizer as noted in Table 2-2. For the three years 1999-200 1, Pfizer had 260,710 million shares exercised (Exhibit B-6) under their stock option programs. Outstanding shares should have increased to 6.623 (6.362 + .261) billion shares at the end of 2001 but instead outstanding shares were only 6.361 billion at the end of 2001 for a difference of .262 billion shares - almost exactly the same number of shares exercised! Pfizer used 44% of its income (or $7.2 billion) in "sharepurchase" programs to offset the 260,710 million shares exercised under their stock option programs. Outstanding shares were 6.362 billion in 1998 and 6.36 1 billion in 2001 yet $7.2 billion was expended in Pfizer's "share-purchase" programs over the three year period. Only 11% was recorded as *pro forma* stock option compensation expense using Black-Scholes.

B. "TOP TEN S&P 500 Companies
   There were 48.74 1 billion diluted shares outstanding in 1998 for the "TOP TEN" S&P 500 companies noted in Table 2-2. Those same companies for the three years 1999-200 1 had 1.451 billion shares exercised (Exhibit B-7) under their stock option programs, Outstanding shares should have increased to 50.192 (48.74 1 + 1.451) billion shares at the end of 2001 but instead outstanding shares were only 48.551 billion at the end of 2001 for a difference of 1.641 billion shares! This 1.641 billion share difference are the shares purchased for the most part under the companies "share-purchase" programs over the three years 1999-2001. Those "TOP TEN" companies used 29% of their income (or $69.7 billion) in "share-purchase" programs to offset the 1.451 billion shares exercised under their stock option programs. Only 6% was recorded as pro forma stock option compensation expense using primarily the Black-Scholes option pricing model.

Companies with "share-purchase" programs need a different standard from those who do not have a "share-purchase" program. Cash used by these companies to repurchase shares up to and equal to the number of shares exercised under their stock option programs should be accounted for in the same manner as cash used for working capital, property, plant and equipment or any other cost of doing business. When a company establishes a "share-purchase" program it necessarily obligates itself to use its assets (cash) to repurchase shares. When a company chooses to use its assets in this manner and repurchases its shares under the program, the obligation becomes a liability which should be expensed up to the amount of shares exercised under its stock option program. Any cash used to repurchase shares in excess of the shares exercised should be reflected in Shareholders' Equity as a reduction in shares outstanding. This seems similar to the rationale supporting the Earnings per share computation where the proceeds from estimated options exercised are assumed to be used to repurchase shares in the market which reduces the number of shares "expected to vest" and hence "the number of shares to be added to outstanding shares for purposes of the primary earnings per share calculation..." (Page 196, Volume ifi). In summary, the amount of expense recognized should be the *greater* of a.) the cash used to repurchase shares up to the amount of shares exercised *or* b.) the fair value of the stock options granted on the grant date as determined by option pricing models.

6. Measuring the fair value of the equity instrument at grant date is, no doubt, more readily determinable but it ignores the difference (or gain) between the value of the equity instrument at exercise date (intrinsic value). At first thought, one may think, the gain to the employee, or the difference between the grant price and the market price of the stock the day the option is exercised has nothing to do with the company's financial statements. One may think, this gain to the employee represents the fruits of his labor for a job well done during the vesting period and is "unrecognized" compensation in that it doesn't appear anywhere in a company's financial statement. It does and it does so significantly. When options are exercised, shares outstanding increase, diluting earnings per share. To offset this dilution of earnings because of the increase in the number of shares outstanding, shares are repurchased in the market to reduce or offset this increase. If the number of shares repurchased are the same as the number of shares exercised, there is a decrease in book value (shareholder's equity). This difference in book value is the difference between the grant price and the market value of the shares repurchased. So the "unrecognized" gain going to employees results in a decrease in shareholder's equity when the number of shares repurchased equals the number of shares exercised. For the "TOP TEN" companies noted in 5 B above this is what happened over the three years ending 2001. The outstanding shares remained basically the same (decreased by 190 million shares from 48.74 I to 48.55 1 billion shares) yet the companies purchased approximately 1.641 billion shares for $69.7 billion (or 29% of their net income) in their "share-purchase" programs. Thus, determining the fair value of stock option compensation expense at the date of grant (use of Black-Scholes et al) ignores this huge "hidden" loss of equity on the part of shareholders which has accrued to the benefit of those employees receiving those stock options whose value was determined at grant date rather than exercise date. The preceding scenario is magnified when one company acquires another for stock and all of the outstanding options of the acquired company become immediately exercisable. Stock repurchases increase significantly to offset the dilution in earnings resulting from sudden increase in options exercised. Pfizer Inc spent $2.4 billion per year or 44% of their net income for their "share-purchase" programs for the period 1999-2001. However, as a result of the Warner-Lambert acquisition, for just the nine months ended 9/29/2002 Pfizer has spent $4.7 billion or <u>*75%* of</u> <u>net</u> <u>income</u> <u>to</u> buy back shares with shares outstanding only dropping slightly from 6.36 1 to 6.202 billion shares. The stock option expense recognized was only a fraction of this.

7. Restoring investor credibility regarding stock options is a two step process especially if the proper expense is not being charged against income as noted in the preceding paragraphs. The first step is to expense “share-purchases” Up to the amount of shares exercised under the companies stock option programs. This will impact net income by not allowing an anti-dilutive effect on earnings per share without a corresponding expense. No more “free” rides as some have stated. This may lead an entity to reassess the costs and benefits of its existing plans and adjust accordingly. The second step is needed for those companies who may adopt alternatives to circumvent any new standards or who may not have policies providing for fair and reasonable limitations on the amount of cash used to repurchase shares. Shareholder proposals are needed that can assure a fair and balanced allocation of the company’s cash flows. Such a proposal is currently under review by the Securities and Exchange Commission for submission in Pfizer Inc.’s 2003 Proxy Materials. See Exhibit C.

Thank you for the opportunity to express my concerns about stock options, a subject that not only affects every investor but the very pillars of our capitalistic society. Properly recognizing compensation expense will restore investor confidence, however if new or revised standards are not forthcoming, the infectious greed permeating the system will prevail and the incentive to invest will be completely removed to the detriment of all.

Sincerely,

R. W. Glenn

Enclosures

EXHIBIT A-1 through A-8 (Pfizer and "Pharmaceutical" Industry).
EXHIBIT B-1 through B-7 ("TOP TEN" S&P 500 Companies).
EXHIBIT C-1 through C-5 (Pfizer Shareholder Proposal Relating to Common Stock Purchases)

Copies to:

Mr. John C. Bogle
Kimberley Crook, Project Manager, IASB (in response to Questions 1 and 2)
Mrs. Margaret M. Foran
Dr. Allan Greenspan
Office of the Chief Counsel, Div of Corp Finance, Sec and Exch Commission
Pfizer Board of Directors
Sir David Tweedie, IASB

PFIZER AND "PHARMACEUTICAL" INDUSTRY Exhibit A-1

RWG
7/20/2002

	Annual Reports 2001	2000	1999	3yr Ave	Compensation Expense Recorded (SAFS #123) (Black-Scholes option pricing model)			3yr Ave	%
Value of Options (Exercised)									
Abbott	$256	$169	$274	$233	$150	$186	$146	$161	69.0%
Baxter	130	102	54	95	164	59	51	91	95.8%
Bristol Myers	519	431	919	623	246	218	198	221	35.4%
Colgate Palmolive	111	197	394	234	45	58	45	49	21.1%
J & J	530	897	648	692	263	189	140	197	28.5%
Lilly	212	595	534	447	210	89	81	127	28.3%
Merck	618	1,411	1,147	1,059	401	360	289	350	33.1%
Pharmacia	137	353	286	259	90	403	239	244	94.3%
Schering-Plough	47	231	311	196	81	54	66	67	34.1%
Wyeth	258	433	416	369	201	150	85	145	39.4%
	$2,818	$4,819	$4,983	$4,207	$1,851	$1,766	$1,340	$1,652	39.3% Industry
					65.7%	36.6%	26.9%		
Pfizer	$1,673	$3,099	$2,239	$2,337	$560	$807	519	$629	26.9%
					33.5%	26.0%	23.2%		
Value of Options (Granted)									
Abbott	$1,125	$682	$835	$881	$150	$186	$146	$161	18.2%
Baxter	1,111	717	334	721	164	59	51	91	12.7%
Bristol Myers	1,324	1,037	1,584	1,315	246	218	198	221	16.8%
Colgate Palmolive	447	517	605	523	45	58	45	49	9.4%
J & J	326	2,243	1,413	1,327	263	189	140	197	14.9%
Lilly	2,046	114	852	1,004	210	89	81	127	12.6%
Merck	2,909	2,206	2,316	2,477	401	360	289	350	14.1%
Pharmacia	1,217	564	841	874	90	403	239	244	27.9%
Schering-Plough	321	588	476	462	81	54	66	67	14.5%
Wyeth	1,613	932	1,361	1,302	201	150	85	145	11.2%
	$12,439	$9,600	$10,617	$10,885	$1,851	$1,766	$1,340	$1,652	15.2%
					14.9%	18.4%	12.6%		
Pfizer	$3,589	$2,140	$3,514	$3,081	$560	$807	519	$629	20.4%
					15.6%	37.7%	14.8%		

EXHIBIT A-2

Shareholder Proposal	Annual Reports			Page 2
Factual Support	2001	2000	1999	3yr Ave
(millions of dollars)				
Net Income				
Abbott	1,550	2,786	2,446	2,261
Baxter	612	740	797	716
Bristol Myers	5,245	4,711	4,167	4,708
Colgate Palmolive	1,147	1,064	937	1,049
J & J	5,668	4,953	4,273	4,965
Lilly	2,780	3,058	2,721	2,853
Merck	7,282	6,822	5,891	6,665
Pharmacia	1,501	717	1,378	1,199
Schering-Plough	1,943	2,423	2,110	2,159
Wyeth	2,285	negative	negative	
	$30,013	$27,274	$24,720	$26,574 INDUSTRY
Pfizer	7,788	3,726	4,952	5,489
Value of Options Granted				
Abbott (1)	$1,125	$682	$835	$880
Baxter (2)	1,111	717	334	721
Bristol Myers (3)	1,324	1,037	1,584	1,315
Colgate Palmolive (4)	447	517	605	523
J & J (5)	326	2,243	1,413	1,327
Lilly (6)	2,046	114	852	1,004
Merck (7)	2,909	2,206	2,316	2,477
Pharmacia (8)	1,217	564	841	874
Schering-Plough (9)	321	588	476	462
Wyeth (10)	1,613	Not meaningful		
	$12,438	$8,669	$9,255	$9,583
Pfizer	3,589	2,140	3,514	3,081
Options/Net Income				
Abbott	72.5%	24.5%	34.1%	38.9%
Baxter	181.5%	96.9%	42.0%	100.6%
Bristol Myers	25.2%	22.0%	38.0%	27.9%
Colgate Palmolive	39.0%	48.6%	64.6%	49.9%
J & J	5.7%	45.3%	33.1%	26.7%
Lilly	73.6%	3.7%	31.3%	35.2%
Merck	39.9%	32.3%	39.3%	37.2%
Pharmacia	81.1%	78.6%	61.0%	72.9%
Schering-Plough	16.5%	24.3%	22.5%	21.4%
Wyeth	70.6%	Not meaningful		
	41.4%	31.8%	37.4%	$\boxed{36.1\%}$
	46.1%	57.4%	71.0%	$\boxed{56.1\%}$

Exhibit A-3

Shareholder Proposal Factual Support	Annual Reports 2001	2000	1999	Page 1 3yr Ave
(millions of dollars)				
Cash Dividends Paid				
Abbott	$1,271	$1,146	$1,003	$1,140
Baxter	341	84	338	254
Bristol Myers	2,137	1,930	1,707	1,925
Colgate Palmolive	397	382	366	382
J & J	2,047	1,724	1,479	1,750
Lilly	1,207	1,126	1,001	1,111
Merck	3,145	2,798	2,590	2,844
Pharmacia	651	622	641	638
Schering-Plough	911	802	716	810
Wyeth	1,211	1,201	1,184	1,199
	$13,318	$11,815	$11,025	$12,053
Pfizer	$2,715	$2,197	$1,820	$2,244
Value of Options Granted				
Abbott (1)	$1,125	$682	$835	$880
Baxter (2)	1,111	717	334	721
Bristol Myers (3)	1,324	1,037	1,584	1,315
Colgate Palmolive (4)	447	517	605	523
J & J (5)	326	2,243	1,413	1,327
Lilly (6)	2,046	114	852	1,004
Merck (7)	2,909	2,206	2,316	2,477
Pharmacia (8)	1,217	564	841	874
Schering-Plough (9)	321	588	476	462
Wyeth (10)	1,613	932	1,361	1,302
	$12,438	$9,601	$10,616	$10,885
Pfizer	$3,589	$2,140	$3,514	$3,081
Options/Dividends				
Abbott	88.5%	59.5%	83.2%	77.2%
Baxter	325.7%	853.6%	99.0%	283.4%
Bristol Myers	62.0%	53.7%	92.8%	68.3%
Colgate Palmolive	112.6%	135.4%	165.3%	137.1%
J & J	15.9%	130.1%	95.5%	75.8%
Lilly	169.5%	10.1%	85.1%	90.3%
Merck	92.5%	78.9%	89.4%	87.1%
Pharmacia	186.9%	90.6%	131.2%	137.0%
Schering-Plough	35.3%	73.4%	66.4%	57.0%
Wyeth	133.2%	77.6%	114.9%	108.6%
	93.4%	81.3%	96.3%	$\boxed{90.3\%}$
Pfizer	132.2%	97.4%	193.1%	$\boxed{137.3\%}$

Exhibit A-4

Shareholder Proposal	Annual Reports			Page 1	RWG
Factual Support	2001	2000	1999	3yr Ave	7/18/2002
(millions of dollars)					
Cash Dividends Paid					
Abbott	$1,271	$1,146	$1,003	$1,140	
Baxter	341	84	338	254	
Bristol Myers	2,137	1,930	1,707	1,925	
Colgate Palmolive	397	382	366	382	
J & J	2,047	1,724	1,479	1,750	
Lilly	1,207	1,126	1,001	1,111	
Merck	3,145	2,798	2,590	2,844	
Pharmacia	651	622	641	638	
Schering-Plough	911	802	716	810	
Wyeth	1,211	1,201	1,184	1,199	
	$13,318	$11,815	$11,025	$12,053	*INDUSTRY*
Pfizer	$2,715	$2,197	$1,820	$2,244	

	Annual Reports				
Value of Options Exercised	2001	2000	1999	3yr Ave	
Abbott (1)	$256	$169	$274	$233	
Baxter (2)	130	102	54	95	
Bristol Myers (3)	519	431	919	623	
Colgate Palmolive (4)	111	197	394	234	
J & J (5)	530	897	648	692	
Lilly (6)	212	595	534	447	
Merck (7)	618	1,411	1,147	1,059	
Pharmacia (8)	137	353	286	259	
Schering-Plough (9)	47	231	311	196	
Wyeth (10)	258	433	416	369	
	$2,817	$4,819	$4,981	**$4,206**	*INDUSTRY*
Pfizer	$1,673	$3,099	$2,239	**$2,337**	

Options/Dividends				
Abbott	20.1%	14.7%	27.3%	20.4%
Baxter	38.1%	121.8%	15.9%	37.5%
Bristol Myers	24.3%	22.3%	53.8%	32.4%
Colgate Palmolive	28.0%	51.5%	107.6%	61.3%
J & J	25.9%	52.0%	43.8%	39.5%
Lilly	17.6%	52.9%	53.3%	40.2%
Merck	19.6%	50.4%	44.3%	37.2%
Pharmacia	21.1%	56.7%	44.6%	40.6%
Schering-Plough	5.1%	28.8%	43.5%	24.2%
Wyeth	21.3%	36.0%	35.1%	30.8%
	21.2%	40.8%	45.2%	34.9%
Pfizer	61.6%	141.1%	123.0%	104.1%

Exhibit A-5

"FREE" CASH FLOW

RWG
7/20/2002

	2001	2000	1999	
	Cash from Operations			
Abbott	$3,567	$3,100	$3,035	
Baxter	1,149	1,214	1,083	
Bristol Myers	5,402	4,652	4,224	
Colgate Palmolive	1,600	1,536	1,293	
J & J	8,864	6,903	5,920	
Lilly	3,662	3,732	2,742	
Merck	9,080	7,687	6,131	
Pfizer	9,291	6,195	5,493	
Pharmacia	1,899	1,002	1,697	
Schering-Plough	2,512	2,511	2,020	
Wyeth	(4,447)	555	2,166	
	42579	39087	35804	42,579 39,087 35,804
	Property Plant Equip Purchases-Net			
Abbott	1,164	1,036	987	
Baxter	669	547	529	
Bristol Myers	1,023	589	709	
Colgate Palmolive	340	367	373	
J & J	1,568	1,523	1,767	
Lilly	852	673	450	
Merck	2,725	2,728	2,561	
Pfizer	2,135	2,100	2,410	
Pharmacia	1,020	774	1,046	
Schering-Plough	759	763	543	
Wyeth	1,516	1,426	610	
	13771	12526	11985	
	Cash Dividends Paid			
Abbott	1,271	1,146	1,003	
Baxter	341	84	338	
Bristol Myers	2,137	1,930	1,707	
Colgate Palmolive	397	382	366	
J & J	2,047	1,724	1,479	
Lilly	1,207	1,126	1,001	
Merck	3,145	2,798	2,590	
Pfizer	2,715	2,197	1,820	
Pharmacia	651	622	641	
Schering-Plough	911	802	716	
Wyeth	1,211	1,201	1,184	
	16033	14012	12845	
	"Free Cash Flow"			3Yr Ave
Abbott	1,132	918	1,045	1,032
Baxter	139	583	216	313
Bristol Myers	2,242	2,133	1,808	2,061
Colgate Palmolive	863	787	554	735
J & J	5,249	3,656	2,674	3,860
Lilly	1,603	1,933	1,291	1,609
Merck	3,210	2,161	980	2,117
Pfizer	4,441	1,898	1,263	2,534
Pharmacia	228	(394)	10	(52)
Schering-Plough	842	946	761	850
Wyeth	(7,174)	(2,072)	372	(2,958)
	12775	12549	10974	12,099

Exhibit A-6

		Common Stock Purchases			% FCF	3Yr Ave
Abbott	Ok	17	465	-329		51
Baxter	Ok	288	375	184		282
Bristol Myers	Ok	1589	2338	1419	86.5%	1,782
Colgate Palmolive	Ok	1230	1041	624	131.4%	965
J & J	Ok	2570	973	840	37.9%	1,461
Lilly	Ok	546	1053	1453	63.2%	1,017
Merck	Ok	3891	3545	3582	173.5%	3,673
Pfizer	Ok	3665	1005	2542	94.9%	2,404
Pharmacia	Ok	864	0	170		345
Schering-Plough	Ok	34	855	504	54.6%	464
Wyeth		0	393	1058		484
		14694	12043	12047	106.8%	12,928
						<2,404>
						10,524 INDUSTRY

	Weighted Ave Shares - Diluted			
Abbott	1566	1566	1558	
Baxter	609	597	590	
Bristol Myers	1965	1997	2027	
Colgate Palmolive	607	626	638	
J & J	3099	3099	3100	
Lilly	1090	1096	1106	
Merck	2319	2352	2404	
Pfizer	6361	6368	6317	
Pharmacia	1340	1328	1288	
Schering-Plough	1472	1477	1486	
Wyeth	1331	1306	1309	
	21759	21812	21823	
LESS PFIZER	15398	15444	15506	INDUSTRY

	Free Cash Flow/Share		
Abbott	$0.71	$0.29	$0.88
Baxter	($0.24)	$0.35	$0.05
Bristol Myers	$0.33	($0.10)	$0.19
Colgate Palmolive	($0.60)	($0.41)	($0.11)
J & J	$0.86	$0.87	$0.59
Lilly	$0.97	$0.80	($0.15)
Merck	($0.29)	($0.59)	($1.08)
Pfizer	$0.12	$0.14	($0.20)
Pharmacia	($0.47)	($0.30)	($0.12)
Schering-Plough	$0.55	$0.06	$0.17
Wyeth	($5.39)	($1.89)	($0.52)
	($0.09)	$0.02	($0.05)

	Long Term Debt		
Abbott	4335	1076	1337
Baxter	2486	1726	2601
Bristol Myers	6237	1336	1342
Colgate Palmolive	2812	2537	2243
J & J	2217	3163	3429
Lilly	3132	2634	2812
Merck	4799	3601	3144
Pfizer	2609	1123	1774
Pharmacia	2731	3624	1958
Schering-Plough	112	109	6
Wyeth	7357	2395	3606
	38827	23324	24252

Exhibit A-7

Shareholder Proposal Factual Support		Annual Reports 2001	2000	1999

RWG
7/18/2002

(thousands of shares)		2001	2000	1999
Shares Exercised	ABT	12,572	11,391	11,428
Grant Price per share		48.64	36.03	44.68
Exercised Price per share		28.30	21.21	20.74
Fair value of stock option granted		$13.31	$10.60	$12.26
Expected dividend yield		2.00%	2.00%	1.40%
Risk-free interest rate		4.90%	6.80%	5.10%
Expected stock price volatility		27.00%	26.00%	24.00%
Expected term until exercise		5.40	5.40	5.30
(2) Shares Exercised	BAX	5,225	5,706	3,915
Grant Price per share		46.54	37.66	33.36
Exercised Price per share		21.65	19.73	19.59
Fair value of stock option granted		$18.21	$13.75	$11.30
Expected dividend yield		1.00%	1.25%	1.50%
Risk-free interest rate		4.90%	6.10%	5.40%
Expected stock price volatility		36.00%	31.00%	29.00%
Expected term until exercise		6.00	6.00	6.00
(3) Shares Exercised	BMY	13,917	17,606	20,425
Grant Price per share		62.45	49.72	65.39
Exercised Price per share		25.17	25.26	20.41
Fair value of stock option granted		$22.59	$17.17	$17.37
Expected dividend yield		1.50%	1.50%	2.40%
Risk-free interest rate		5.75%	6.30%	5.50%
Expected stock price volatility		28.60%	24.50%	21.80%
Expected term until exercise		7.00	7.00	7.00
Assumed forfeiture rate		3.0%	3.0%	3.0%
(4) Shares Exercised	CL	5,565	9,361	14,587
Grant Price per share		57.00	53.00	53.00
Exercised Price per share		37.00	32.00	26.00
Fair value of stock option granted		$9.37	$10.95	$8.61
Expected dividend yield		2.50%	2.50%	2.50%
Risk-free interest rate			3.3% to 6.2%	
Expected stock price volaility			22% to 41%	
Expected term until exercise			2 Years to 7 Years	
(5) Shares Exercised	JNJ	30,622	27,130	21,410
Grant Price per share		36.31	48.29	41.95
Exercised Price per share		19.00	15.22	11.68
Fair value of stock option granted		$13.72	$14.79	$15.00
Expected dividend yield		1.33%	1.40%	1.13%
Risk-free interest rate		4.87%	5.45%	6.32%
Expected stock price volatility		27.00%	27.00%	24.00%
Expected term until exercise		5.00	5.00	5.00
(6) Shares Exercised	LLY	4,298	9,242	10,849
Grant Price per share		76.10	86.75	68.22
Exercised Price per share		26.72	22.33	19.04
Fair value of stock option granted		$26.59	$29.25	$20.27

Exhibit A-8

RWG
7/18/2002

		Annual Reports		
		2001	2000	1999
Expected dividend yield	LLY	1.80%	2.26%	2.73%
Risk-free interest rate	(Con't)	4.58%	5.02%	6.15%
Expected stock price volatility		33.10%	32.70%	25.20%
Expected term until exercise		7.00	7.00	7.00
Forfeiture rate		0	0	0
(7) Shares Exercised	MRK	11,604	30,638	18,368
Grant Price per share		79.12	66.97	80.04
Exercised Price per share		25.90	20.91	17.59
Fair value of stock option granted		$25.42	$23.28	$24.75
Expected dividend yield		1.70%	1.80%	1.40%
Risk-free interest rate		4.80%	6.50%	5.10%
Expected stock price volatility		29.00%	28.00%	24.00%
Expected term until exercise		6.70	6.60	6.70
(8) Shares Exercised	PHA	7,150	43,574	11,527
Grant Price per share		47.85	38.92	46.86
Exercised Price per share		28.66	30.82	22.05
Fair value of stock option granted		$39.17	$38.60	$27.78
Expected dividend yield		1.13%	1.00%	1.98%
Risk-free interest rate		4.68%	6.75%	6.64%
Expected stock price volatility		28.60%	26.00%	24.80%
Expected term until exercise		5.00	5.00	5.00
(9) Shares Exercised	SGP	2,000	9,000	8,000
Grant Price per share		40.15	42.03	52.86
Exercised Price per share		16.81	16.36	13.96
Fair value of stock option granted		$13.35	$13.82	$12.38
Expected dividend yield		1.50%	1.70%	2.20%
Risk-free interest rate		4.90%	6.30%	5.10%
Expected stock price volatility		35.00%	32.00%	23.00%
Expected term until exercise		5.00	5.00	5.00
(10) Shares Exercised	WYE	8,550	15,123	10,589
Grant Price per share		56.89	56.51	62.00
Exercised Price per share		26.74	27.90	22.76
Fair value of stock option granted		$17.76	$18.76	$14.36
Expected dividend yield		1.60%	1.60%	2.20%
Risk-free interest rate		4.80%	6.30%	5.60%
Expected stock price volatility		32.10%	31.20%	25.00%
Expected term until exercise		5.00	5.00	4.00
Shares Exercised	PFE	54,082	130,756	75,872
Grant Price per share		45.34	32.49	37.32
Exercised Price per share		14.41	8.79	7.81
Fair value of stock option granted		$15.12	$11.12	$11.79
Expected dividend yield		1.41%	1.54%	1.26%
Risk-free interest rate		5.00%	6.65%	5.06%
Expected stock price volatility		31.45%	30.68%	26.22%
Expected term until exercise		5.50	5.35	5.75

Exhibit B-1

"TOPTEN" S+P 500 Companies

	Value of Options Exercised				% Net Income
Microsoft	$6,114	$13,925	$8,458	$9,499	116%
General Electric	989	1,746	1,857	1,531	12%
Exxon Mobil	347	828	536	571	4%
WalMart	239	274	271	261	4%
Pfizer	1,673	3,099	2,239	2,337	43%
Citigroup	1,677	2,530	1,634	1,947	15%
AIG	189	473	269	310	5%
Johnson & Johnson	530	897	648	692	14%
Coca Cola	167	376	164	236	8%
IBM	1,222	2,015	2,015	1,751	22%
	$13,147	$26,165	$18,092	$19,135	**24%**
% Net Income	15%	31%	26%		

	Compensation Expense Recorded				
Microsoft	$2,262	$1,249	$676	$1,396	17%
General Electric	198	198	196	197	2%
Exxon Mobil	285	296	149	243	2%
WalMart	79	60	53	64	1%
Pfizer	560	807	519	629	11%
Citigroup	560	588	461	536	4%
AIG	144	94	56	98	2%
Johnson & Johnson	263	189	140	197	4%
Coca Cola	202	182	160	181	6%
IBM	1239	890	648	926	12%
	$5,792	$4,553	$3,058	$4,468	**6%**
% Net Income	7%	5%	4%		

	Common Stock Purchases				
Microsoft	$6,074	$4,896	$2,950	$4,640	57%
General Electric	2,435	(469)	1,002	989	8%
Exxon Mobil	5,721	2,352	670	2,914	21%
WalMart	1,214	193	101	503	8%
Pfizer	3,665	1,005	2,542	2,404	44%
Citigroup	3,045	4,066	3,954	3,688	28%
AIG	1,042	1,402	700	1,048	17%
Johnson & Johnson	2,570	973	840	1,461	29%
Coca Cola	277	133	15	142	5%
IBM	3,652	6,073	6,645	5,457	70%
	$29,695	$20,624	$19,419	$23,246	**29%**
% Net Income	34%	24%	28%		

Exhibit 8-2

(millions of dollars)	2001	2000	1999	3yr Ave	RWG 8/2/2002
	Annual Reports				
Net Income					
Microsoft	$7,346	$9,421	$7,785	$8,184	
General Electric	13,684	12,735	10,717	12,379	
Exxon Mobil	15,320	17,720	7,910	13,650	
WalMart	6,671	6,295	5,377	6,114	
Pfizer	7,788	3,726	4,952	5,489	
Citigroup	14,126	13,519	11,243	12,963	
AIG	5,363	6,639	6,186	6,063	
Johnson & Johnson	5,668	4,953	4,273	4,965	
Coca Cola	3,969	2,177	2,431	2,859	
IBM	7,723	8,093	7,712	7,843	
	$87,658	$85,278	$68,586	$80,507	
Options Exercised/Net Income					
Microsoft	83.2%	147.8%	108.6%	116.1%	
General Electric	7.2%	13.7%	17.3%	12.4%	
Exxon Mobil	2.3%	4.7%	6.8%	4.2%	
WalMart	3.6%	4.3%	5.0%	4.3%	
Pfizer	21.5%	83.2%	45.2%	42.6%	
Citigroup	11.9%	18.7%	14.5%	15.0%	
AIG	3.5%	7.1%	4.4%	5.1%	
Johnson & Johnson	9.4%	18.1%	15.2%	13.9%	
Coca Cola	4.2%	17.3%	6.8%	8.2%	
IBM	15.8%	24.9%	26.1%	22.3%	
	15.0%	30.7%	26.4%	23.8%	
Cash Dividends Paid					
Microsoft	0	0	0	0	
General Electric	6,358	5,401	4,587	5,449	
Exxon Mobil	6,254	6,123	5,872	6,083	
WalMart	1,249	1,070	890	1,070	
Pfizer	2,715	2,197	1,820	2,244	
Citigroup	3,185	2,654	2,139	2,659	
AIG	743	776	709	743	
Johnson & Johnson	2,047	1,724	1,479	1,750	
Coca Cola	1,791	1,685	1,580	1,685	
IBM	929	879	834	881	
	$25,271	$22,509	$19,910	$22,563	
Options Exercised/Dividend					
Microsoft	na	na	na	na	
General Electric	15.6%	32.3%	40.5%	28.1%	
Exxon Mobil	5.6%	13.5%	9.1%	9.4%	
WalMart	19.1%	25.6%	30.5%	24.4%	
Pfizer	61.6%	141.1%	123.0%	104.1%	
Citigroup	52.6%	95.3%	76.4%	73.2%	
AIG	25.4%	61.0%	38.0%	41.8%	
Johnson & Johnson	25.9%	52.0%	43.8%	39.5%	
Coca Cola	9.3%	22.3%	10.4%	14.0%	
IBM	131.6%	229.2%	241.6%	198.8%	
	52.0%	116.2%	90.9%	84.8%	

Exhibit 6-3

"FREE" CASH FLOW

(millions of dollars)

RWG 8/2/2002

	Annual Reports 2001	2000	1999	3yr Ave	
	Cash From Operations				
Microsoft	$13,422	$11,426	$12,146	$12,331	
General Electric	32,195	22,690	24,593	26,493	
Exxon Mobil	22,889	22,937	15,013	20,280	
WalMart	10,260	9,604	8,194	9,353	
Pfizer	9,291	6,195	5,493	6,993	
Citigroup	26,578	2,673	11,223	13,491	
AIG	7,710	9,081	12,643	9,811	
Johnson & Johnson	8,864	6,903	5,920	7,229	
Coca Cola	4,110	3,585	3,883	3,859	
IBM	14,265	9,274	10,111	11,217	
	$149,584	$104,368	$109,219	$121,057	
	Property Plant Equip Purchases-Net				
Microsoft	$1,103	$879	$583	$855	
General Electric	8,175	7,200	9,240	8,205	
Exxon Mobil	9,989	8,446	10,849	9,761	(XOM does
WalMart	8,383	8,042	6,183	7,536	
Pfizer	2,135	2,100	2,410	2,215	
Citigroup	1,774	2,249	1,750	1,924	(C doesn't b
AIG	4,195	2,719	1,666	2,860	
Johnson & Johnson	1,568	1,523	1,767	1,619	
Coca Cola	678	688	1,024	797	
IBM	4,495	3,997	4,752	4,415	
	$42,495	$37,843	$40,224	$40,187	
	Cash Dividends Paid				
Microsoft	$0	$0	$0	$0	
General Electric	6,358	5,401	4,587	5,449	
Exxon Mobil	6,254	6,123	5,872	6,083	
WalMart	1,249	1,070	890	1,070	
Pfizer	2,715	2,197	1,820	2,244	
Citigroup	3,185	2,654	2,139	2,659	
AIG	743	776	709	743	
Johnson & Johnson	2,047	1,724	1,479	1,750	
Coca Cola	1,791	1,685	1,580	1,685	
IBM	929	879	834	881	
	$25,271	$22,509	$19,910	$22,563	
	"Free Cash Flow"				
Microsoft	$12,319	$10,547	$11,563	$11,476	
General Electric	17,662	10,089	10,766	12,839	
Exxon Mobil	6,646	8,368	(1,708)	4,435	
WalMart	628	492	1,121	747	
Pfizer	4,441	1,898	1,263	2,534	
Citigroup	21,619	(2,230)	7,334	8,908	
AIG	2,772	5,586	10,268	6,209	
Johnson & Johnson	5,249	3,656	2,674	3,860	
Coca Cola	1,641	1,212	1,279	1,377	
IBM	8,891	4,443	4,525	5,953	
	$81,868	$44,061	$49,085	$58,338	

EXHIBIT B-4

Common Stock Purchases

Microsoft	$6,074	$4,896	$2,950	$4,640
General Electric	2,435	(469)	1,002	989
Exxon Mobil	5,721	2,352	670	2,914
WalMart	1,214	193	101	503
Pfizer	3,665	1,005	2,542	2,404
Citigroup	3,045	4,066	3,954	3,688
AIG	1,042	1,402	700	1,048
Johnson & Johnson	2,570	973	840	1,461
Coca Cola	277	133	15	142
IBM	3,652	6,073	6,645	5,457 "NET"
	$29,695	$20,624	$19,419	$23,246

Weighted Ave Shares - Diluted

					1998
Microsoft	5574	5536	5482	5531	5345
General Electric	9988	10027	10016	10010	9996
Exxon Mobil	6941	7033	7063	7012	7082
WalMart	4481	4484	4474	4480	4521
Pfizer	6361	6368	6317	6349	6362
Citigroup	5194	5160	5181	5178	5305
AIG	2655	2635	2644	2645	2628
Johnson & Johnson	3099	3099	3100	3099	3083
Coca Cola	2487	2487	2487	2487	2496
IBM	1771	1812	1871	1851	1923
	48,551	48,641	48,635	48,642	48,741
	2001	2000	1999		

Free Cash Flow+Dividend/Share after Stk Purchase

Microsoft	$1.12	$1.02	$1.57	$1.24
General Electric	2.16	1.59	1.43	1.73
Exxon Mobil	1.03	1.73	0.49	1.08
WalMart	0.15	0.31	0.43	0.29
Pfizer	0.55	0.49	0.09	0.37
Citigroup	4.19	(0.71)	1.07	1.52
AIG	0.93	1.88	3.89	2.23
Johnson & Johnson	1.53	1.42	1.07	1.34
Coca Cola	1.27	1.11	1.14	1.17
IBM	2.04	(0.73)	(0.69)	0.21
	$14.97	$8.11	$10.49	

Stock Price

Microsoft	8/2	$44.41
General Electric	8/2	29.50
Exxon Mobil	8/2	33.61
WalMart	8/2	46.10
Pfizer	8/2	30.90
Citigroup	8/2	30.88
AIG	8/2	60.25
Johnson & Johnson	8/2	52.25
Coca Cola	8/2	50.10
IBM	8/2	67.88
		445.88

Exhibit B-5

	Stock Price/FCF+Dividend	
Microsoft	39.6	35.9
General Electric	13.7	17.1
Exxon Mobil	32.5	31.0
WalMart	311.6	157.1
Pfizer	56.3	82.8
Citigroup	7.1	19.7
AIG	64.6	27.0
Johnson & Johnson	34.3	39.0
Coca Cola	39.5	42.7
IBM	33.5	333.7
	29.5	

Long Term Debt			
Microsoft	0	0	0
General Electric	79,806	82,132	71,427
Exxon Mobil	7,099	7,280	8,402
WalMart	15,687	12,501	13,672
Pfizer	2,609	1,123	1,774
Citigroup	121,631	111,778	88,481
AIG	46,395	38,169	34,583
Johnson & Johnson	2,217	3,163	3,429
Coca Cola	1,219	835	854
IBM	15,963	18,371	14,124
	$292,626	$275,352	$236,746

Exhibit 8-6

(thousands of shares)		2001	2000	1999	TOTAL
Shares Exercised	MSFT	123,000	198,000	175,000	496,000
Shares Granted		224,000	304,000	78,000	
Grant Price per share		60.84	79.87	54.62	
Exercised Price per share		11.13	9.54	6.29	
Fair value of stock option granted		$29.31	$36.67	$20.90	
Expected dividend yield		0.00%	0.00%	0.00%	
Risk-free interest rate		5.30%	6.20%	4.90%	
Expected stock price volatility		39.00%	33.00%	32.00%	
Expected term until exercise		6.40	6.20	5.00	
Shares Exercised	GE	31,801	44,758	61,679	138,238
Shares Granted		60,946	46,278	51,281	
Grant Price per share		41.15	47.84	37.93	
Exercised Price per share		10.04	8.82	7.82	
Fair value of stock option granted		$12.15	$15.76	$11.23	
Expected dividend yield		1.60%	1.20%	1.30%	
Risk-free interest rate		4.90%	6.40%	5.80%	
Expected stock price volatility		30.50%	27.10%	23.70%	
Expected term until exercise		6.00	6.40	6.50	
Shares Exercised	XOM	16,949	28,714	22,500	68,163
Shares Granted		34,717	36,224	44,198	
Grant Price per share		37.12	45.19	39.00	
Exercised Price per share		16.63	16.35	15.16	
Fair value of stock option granted		$6.89	$10.18	$9.85	XOM only
Expected dividend yield		2.50%	2.00%	2.10%	
Risk-free interest rate		4.60%	5.50%	6.20%	
Expected stock price volatility		16.00%	16.00%	16.00%	
Expected term until exercise		6.00	6.00	6.00	
Shares Exercised	WMT	9,433	7,865	8,182	25,480
Shares Granted		11,281	9,841	5,790	
Grant Price per share		47.71	48.30	44.62	
Exercised Price per share		22.37	13.50	11.44	
Fair value of stock option granted		$24.00	$22.00	$13.00	
Expected dividend yield			.4% to 1.3%		
Risk-free interest rate			4.4% to 7.2%		
Expected stock price volatility			23% to 41%		
Expected term until exercise		5.80	5.80	5.80	
Shares Exercised	PFE	54,082	130,756	75,872	260,710
Shares Granted		79,155	65,863	94,168	
Grant Price per share		45.34	32.49	37.32	
Exercised Price per share		14.41	8.79	7.81	
Fair value of stock option granted		$15.12	$11.12	$11.79	
Expected dividend yield		1.41%	1.54%	1.26%	
Risk-free interest rate		5.00%	6.65%	5.06%	
Expected stock price volatility		31.45%	30.68%	26.22%	
Expected term until exercise		5.50	5.35	5.75	

Exhibit B-7

Shares Exercised	C	**57,603**	**127,787**	**93,094**	278,484
Shares Granted		**71,022**	**143,925**	**69,222**	
Grant Price per share		**52.23**	**45.94**	**36.25**	
Exercised Price per share		**23.12**	**26.14**	**18.70**	
Fair value of stock option granted		**$11.69**	**$9.94**	**$10.65**	
Expected dividend yield		**$0.92**	**$0.76**	**$0.47**	
Risk-free interest rate		**4.63%**	**6.17%**	**5.17%**	
Expected stock price volatility		**38.76%**	**41.35%**	**46.10%**	
Expected term until exercise		**3.00**	**3.00**	**3.00**	
Shares Exercised	AIG	**6,209**	**5,797**	**5,673**	17,679
Shares Granted		**8,772**	**2,179**	**2,749**	
Grant Price per share		**71.56**	**95.48**	**62.43**	
Exercised Price per share		**41.16**	**13.80**	**14.97**	
Fair value of stock option granted			**?**		
Expected dividend yield		**0.20%**	**0.17%**	**0.20%**	
Risk-free interest rate		**5.10%**	**5.42%**	**5.33%**	
Expected stock price volatility		**28.00%**	**27.00%**	**25.00%**	
Expected term until exercise		**7.00**	**7.00**	**7.00**	
Shares Exercised	JNJ	**30,622**	**27,130**	**21,410**	79,162
Shares Granted		**8,975**	**46,456**	**33,674**	2001 grants delayed to 2/20(
Grant Price per share		**36.31**	**48.29**	**41.95**	
Exercised Price per share		**19.00**	**15.22**	**11.68**	
Fair value of stock option granted		**$13.72**	**$14.79**	**$15.00**	
Expected dividend yield		**1.33%**	**1.40%**	**1.13%**	
Risk-free interest rate		**4.87%**	**5.45%**	**6.32%**	
Expected stock price volatility		**27.00%**	**27.00%**	**24.00%**	
Expected term until exercise		**5.00**	**5.00**	**5.00**	
Shares Exercised	KO	**7,000**	**12,000**	**6,000**	25,000
Shares Granted		**45,000**	**32,000**	**28,000**	
Grant Price per share		**48.11**	**57.35**	**53.53**	
Exercised Price per share		**24.30**	**26.00**	**26.12**	
Fair value of stock option granted		**$15.09**	**$19.85**	**$15.77**	
Expected dividend yield		**1.60%**	**1.20%**	**1.20%**	
Risk-free interest rate		**5.10%**	**5.80%**	**6.20%**	
Expected stock price volatility		**31.90%**	**31.70%**	**27.10%**	
Expected term until exercise		**5.00**	**5.00**	**4.00**	
Shares Exercised	IBM	**20,355**	**18,243**	**23,160**	61,758
Shares Granted		**43,410**	**42,601**	**42,787**	
Grant Price per share		**110.00**	**102.00**	**115.00**	
Exercised Price per share		**37.00**	**35.00**	**28.00**	
Fair value of stock option granted		**$42.00**	**$36.00**	**$46.00**	
Expected dividend yield		**0.50%**	**0.50%**	**0.40%**	
Risk-free interest rate		**4.40%**	**5.10%**	**6.60%**	
Expected stock price volatility		**37.70%**	**32.00%**	**27.30%**	
Expected term until exercise		**5.00**	**5.00**	**5.00**	

TOTAL SHARES EXERCISED 1.450674 billion

Exhibit C-1

Robert W. and Sally B. Glenn
6 Woodstock Court
Greensboro, NC 27408

December 31, 2002

VIA US MAIL
Office of the Chief Counsel
Division of Corporate Finance
Securities and Exchange Commission
450 Fifth Street, N. W.
Washington, D. C. 20549

Other File Nos. HO- 372046 ?
HO- 370952 ?

Re: **Pfizer Inc** Shareholder Proposal of Robert W. and Sally B. Glenn

Dear Ladies and Gentlemen:

Please find the enclosed "Shareholder Proposal Relating to Common Stock Purchases" and all supporting documentation in six copies in response to Pfizer's December 20,2002 letter to you.

We respectively request that the staff of the Division of Corporation Finance concur with our view that the Proposal be included in Pfizer Inc.'s 2003 Proxy Materials. A copy of this letter with all supporting documentation will be mailed to Pfizer.

The following Exhibits are included:

RWG Exhibit 1 is the revised Shareholder Proposal in response to Pfizer's December 20, 2002 letter.
RWG Exhibit 2 contains citations and factual support in response to item II.B in Pfizer's December 20, 2002 letter.
RWG Exhibit 3 contains response to items I.A.&B. and II.A.
RWG Exhibit 4 contains documentation in support of Exhibit 3.
RWG Exhibit 5 contains documentation in support of Exhibit 2.
RWG Exhibit 6 contains financial documentation from Pfizer's various reports.
RWG Exhibit 7 contains two page summary and documents missing from Pfizer's Background and Chronology, December 20, 2002 letter.

A good overview for this Shareholder Proposal is found in a couple of articles in the July 26,2002 letter to Dr. McKinnell. When reading these articles, keep in mind this has been a learning process as we are neither lawyers or accountants, no one is paying us to do this, we don't represent any political party or organization. Our intent has been sincere and from the heart, perhaps a little zealous at times, to offer a constructive proposal that will benefit all concerned - management, board members, employees, accountants, shareholders, and even customers.

Exhibit C-2

Office of the Chief Counsel
Division of Corporate Finance
Page 2
December 31,2002

Most importantly, the stock option question and expensing thereof is not limited to Pfizer as noted in "Black-Scholes Doesn't Work!" paper. Of the TOP TEN S&P 500 companies, only Coca Cola appears to be the one company without a problem. Wal-Mart and GE look good over the three years but not so for the latest year. Are we pointing fingers at management, perhaps, but shareholders do have the final say on stock option plans and the record doesn't speak well based on my review.

In the November 30,2002 letter to Mr. John C. Bogle, Founder and Former CEO of The Vanguard Group, Mr. Bogle sums it up pretty well in his recent speech to Missouri students, *I hope that the present move to expense all options gains momentum so companies can get about the business of designing sound compensation programs that, at long last, fairly link the interests of management with the interests of shareholders Afier the present awful era, surely shareholders deserve no less.*" (RWG underlining). Amen!

Thank you for your time and consideration. May God bless you, your family, and may the Securities and Exchange Commission and Pfizer have the best year ever!

Sincerely,

Sally B. Glenn

R. W. Glenn Sally B. Glenn

Enclosures

Copy of Cover letter, Exhibits 1 and 2
Pfizer Board of Directors
Mr. John C. Bogle
Mrs. Margaret M. Foran
Dr. Allan Greenspan
Sir David Tweedie
And Others

Exhibit C-3

RWG EXHIBIT I

Pfizer Shareholder Proposal By
Robert W. Glenn and Sally B. Glenn, As Revised
And Submitted To Securities and Exchange Commission on
December 31, 2002

Exhibit C-4

Shareholder Proposal Relating to Common Stock Purchases

"Resolved, the Shareholders request the Board of Directors implement a policy limiting annual purchases of common stock (or share buybacks) to the lesser of not more than 40% of the previous year's net income 90% of the previous year's common stock dividends paid." (51 words includes heading)

Proponent's Statement in Support of the Resolution

This proposal will provide a fair and balanced allocation of the company's cash flows without the need for any limitations on stock options granted, exercised, awarded, or shares issued. However, by limiting the amount of cash used to buy back common stock, earnings per share will *decrease* when stock options exercised exceed the amount of shares bought back under this proposal. Earnings per share will *increase* when shares bought back under this proposal exceed stock option exercised. The 40°/W90% limitations used are in line with Peer Group experience. (96 words includes heading)

For the three years 1999-2001, Pfizer granted 239.2 million shares to employees in options with a fair market value at the time of grant of $9.2 billion (not including 6.3 million shares under the Performance-Contingent Share Award Program). Using the Black-Scholes pricing model $1.9 billion was recorded as *pro forma* compensation expense for option grants. *(58* words)

For the same three years, Pfizer's options granted were 56% of *net income* compared to 36% for the ten companies comprising Pfizer's Peer Group. Pfizer's options granted were 137% of *dividends paid* versus 90% for the Peer Group. Pfizer shares granted were significantly higher than the Peer Group. (48 words)

During this same period, Pfizer used $7.2 billion in cash (44% of its net income) to buy back 178 million shares. Rather than decreasing, shares outstanding increased from 6.118 billion to 6.2 10 billion because stock options were *exercised* for 261million shares or $5.3 billion. For the Nine Months Ended September 29,2002, Pfizer used 75% of its net income to buy back shares. (64 words)

For the same period, Pfizer paid out $6.7 billion (41% of its net income) in dividends. Cash used by Pfizer to buy back shares was 107% of dividends paid. For the Nine Months Ended September 29,2002, dividends paid by Pfizer were 38% of net income. (46 words)

Page Total (363 words)

Exhibit C-5

The following table summarizes our results as if we had bought back the number of shares permitted under this proposal for 2001:

(millions except per share data)	2001 As Reported	2001 Pro forma
Net Income……………………………	$ 7,788	$ 7,788
Stock Option		
Compensation Expense……………	-0-	560
* ~~Pro forma~~ Net Income………………	$ 7,788	$ 7,228
Cash Flow before dividends (1)……..	$ 3,491	$ 5,666
Cash used		
To purchase shares…………………	$ 3,665	$ 1,490 (2)
Shares Repurchased…………………	88.8	36.1
Price per share………………………	$ 41.26	$ 41.26
Weighted average		
shares - diluted……………………	6,361	6,413
Diluted earnings per share…………	$ 1.22	$ 1.13
Cash Flow before dividends		
Per share…………………………	$ .55	$ .88
Market Value per share 12/31.	$ 39.85	$ 39.85
Market Value/Cash Flow……………	72X	45X

(1) Net cash provided by operating activities…..	$ 9,291	$ 9,291
Less: Net Property, Plant Equip Purchases…	(2,135)	(2,135)
Purchases of Common Stock……..	(3,665)	(1,490)
Cash Flow before dividends …………….	$ 3,491	$ 5,666

(2) Lesser of 40% of the previous year's net income is $ 1,490 billion or
90% of the previous year's dividend paid is $ 1,977 billion (126 words)

Total (489 words)

Note: Regarding the 500 word limitation. Any numbers used with words in text are counted. For example, "$7.2 billion" would be counted as two words. Numbers not used in text with words not counted.