January 26, 2015

Dear Pfizer Retiree:

As part of our continuous review of the benefits we provide to our colleagues and retirees, Pfizer is making a change in the way we fund prescription drug benefits offered to Medicare-eligible retirees and their Medicare-eligible dependents, effective Jan. 1, 2016.

Most importantly, if you are affected by this change, your prescription drug coinsurance percentage and per prescription minimum and maximum will NOT change in 2016. What is changing is that the retiree prescription drug plan for Medicare-eligible participants will move to a Pfizer-sponsored Medicare Part D prescription drug plan through SilverScript® Insurance Company which is affiliated with CVS/caremark, Pfizer's current pharmacy benefit manager. This change will have no effect on your medical coverage.

The plan, called **SilverScript (Employer PDP) sponsored by Pfizer** (hereinafter referred to as "SilverScript"), combines a standard Medicare Part D plan with additional prescription drug coverage provided by Pfizer. Part D is Medicare's prescription drug coverage. Your level of coverage today will not change, including 100% coverage for Pfizer and Greenstone generic drugs.

Pfizer is committed to providing its Medicare-eligible retirees with options for accessible, high quality and affordable retiree health care. This change to a Medicare Part D plan through SilverScript is the continuation of the transition that began this year with the change in medical coverage to a Pfizer-sponsored Medicare Advantage plan through United Healthcare (UHC).

Why Pfizer is Making This Change

Currently, Pfizer participates in the federal government's Retiree Drug Subsidy Program. Through this program, Pfizer receives a payment from the federal government to help offset the cost of providing prescription drug coverage to Medicare-eligible retirees and their Medicare-eligible dependents. However, the value of this subsidy has been declining in recent years, increasing Pfizer's costs to provide prescription drug benefits.

With SilverScript, Pfizer can take advantage of more favorable government subsidies and benefits available with an employer-provided group Medicare Part D plan while providing you

with the same coverage. This lower cost will make Pfizer-sponsored retiree medical coverage more sustainable and will enable Pfizer to better manage the increasing costs of providing prescription drug benefits.

This change will not necessarily mean lower contributions for you. Your current prescription drug plan design helps to keep your out-of-pocket costs low through features such as 100% coverage for Pfizer drugs, a low per prescription maximum for non-Pfizer drugs and an overall annual out-of-pocket maximum. The Pfizer coverage will continue to have no coinsurance difference between non-Pfizer drugs and their generic equivalents and no prior authorization or step therapy requirements.

What This Change Means to You

- This change does not affect your Pfizer medical coverage, including the Pfizer-sponsored Medicare Advantage options through UHC.
- This change affects only Medicare-eligible retirees and their Medicare-eligible dependents. Anyone who is not eligible for Medicare will not be affected by this change.
- Your prescription drug benefit in 2016 will have the same coinsurance percentage and per prescription minimum and maximum as it does today, with the same annual out-of-pocket maximum.
- You will continue to receive Pfizer and Greenstone drugs at no cost.
- You may have read or heard about the Medicare Part D "donut hole," a gap in Medicare Part D coverage which increases costs to participants when they reach a certain level in total drug costs. This plan does not include a donut hole so your costs will be consistent throughout the year. You will pay the same coinsurance percentage for all non-Pfizer drugs until you meet your annual out-of-pocket maximum, just like you do today.
- Moving to a Pfizer-sponsored Medicare Part D plan does mean that you will experience some administrative changes, and higher-income retirees will be required by federal law to pay an additional Medicare Part D premium to Social Security.
    - Similar to your Medicare Advantage plan, Medicare Part D is an individual benefit. If both you and your spouse are eligible for Medicare, you each will get your own materials in the mail from SilverScript.
    - You will have a Medicare Part D premium deducted from your Social Security check only if Medicare determines that you are a high income participant (in 2015, income over $85,000 for an individual or over $170,000 for a married couple filing their taxes jointly). For 2015, this Medicare Part D premium ranges from $12.30 to $70.80 per month per individual.

Please refer to the enclosed Frequently Asked Questions (FAQs) for more information. Starting late this summer, you will receive more detailed information about this change. If you have any questions now, please call the *hrSource* Center at 1-877-208-0950. Representatives are available to assist you Monday through Friday from 8:30 a.m. to midnight, Eastern Time.

Regards,



Steve First
Vice President Global Benefits

FREQUENTLY ASKED QUESTIONS

SilverScript (Employer PDP) and Medicare Part D

Q1: What is **SilverScript (Employer PDP) sponsored by Pfizer?**

A1: SilverScript (Employer PDP) is a group Medicare Part D plan which is sponsored by Pfizer for Pfizer Medicare-eligible retirees and their Medicare-eligible dependents. It combines Medicare Part D prescription drug benefits with additional Pfizer benefits to provide you with the level of coverage that you have under your current plan.

Q2: What does the "(Employer PDP)" mean in "SilverScript (Employer PDP)"?

A2: Medicare has marketing rules that require a Medicare Part D plan to let people know what type of plan it is. "(Employer PDP)" means the plan is an employer-provided group Medicare Part D Prescription Drug Plan or PDP. Your plan will be a Pfizer-sponsored Medicare Part D plan.

Q3: What is Medicare Part D?

A3: Medicare Part D is prescription drug coverage that helps to cover the cost of prescription drugs for anyone who qualifies for Medicare Part A and/or Medicare Part B.

Q4: Will I still have no cost for my Pfizer drugs including Greenstone generic drugs?

A4: Yes. This benefit continues through the additional coverage provided by the Pfizer plan. See the Coverage and Costs section for more information.

Q5: What is the difference between the Pfizer-sponsored SilverScript Medicare Part D plan and a regular, standard Medicare Part D plan?

A5: A standard Medicare Part D plan has an annual deductible and members pay different coinsurance or copayment amounts based on their drug costs for the year. Standard Medicare Part D plans require members to pay more for their prescriptions during the coverage gap, also known as the "donut hole". After reaching Medicare's maximum out-of-pocket cost, members continue to pay part of the cost for their drugs.

With the Pfizer-sponsored SilverScript Medicare Part D plan, the Pfizer plan will provide additional coverage so you can have the same level of prescription drug coverage as you

currently have. You do not have a "donut hole" and you pay nothing once you reach Pfizer's annual out-of-pocket maximum.

Q6: How is this different from the new Pfizer-sponsored Medicare Advantage plan through United Healthcare?

A6: The new Medicare Advantage plan through United Healthcare provides medical coverage in place of Medicare Part A and Medicare Part B. Medicare Advantage plans are also known as Medicare Part C.

Your prescription drug coverage will be provided through SilverScript, the Pfizer-sponsored Medicare Part D plan affiliated with CVS/caremark.

Enrollment and Eligibility

Q7: Who is affected by this prescription drug change?

A7: This change will apply to Pfizer retirees covered under Pfizer's retiree medical program (including those covered under the Pfizer Prescription Drug Only option) in 2016 who are eligible for Medicare and their covered dependents (spouse and/or children) who are eligible for Medicare. A person can be eligible for Medicare due to age (age 65 or older) or due to disability.

Retirees who are impacted by this change have received a paper copy of this letter and FAQ mailed to their home address.

As was the case with Medicare Advantage, certain groups are not affected by this change: Aetna International , AH Robins, American Optical, Warner Lambert ESP, Warner Lambert Parke Davis OCAW Union, Warner Lambert Pre-1992 and Wyeth Change in Control.

Q8: Can I keep my current Pfizer drug coverage?

A8: No, if you are eligible for Medicare, you will automatically be enrolled for 2016 in Pfizer-sponsored Medicare Part D coverage through SilverScript for your prescription drug coverage. This applies to retirees currently enrolled in Pfizer-sponsored Medicare Advantage plans with their prescription drug benefit administered by CVS/caremark, as well as those enrolled in the Post-65 Prescription Drug Only plan administered by CVS/caremark.

Please note: By enrolling in the Pfizer retiree medical program or prescription drug only option, you will be enrolling in SilverScript. You should not enroll in an individual Medicare Part D plan or you will be disenrolled from your Pfizer-sponsored medical and/or prescription drug coverage.

Q9: What happens if I don't want to enroll in SilverScript?

A9: During annual enrollment next fall, you will have the opportunity to decide whether you want to opt out of coverage for 2016.

If you decide to opt out of the plan for 2016, you will be disenrolled from **both your Pfizer-sponsored medical and/or prescription drug coverage**. In addition, for 2016, **your covered spouse and dependent children will be disenrolled from both their Pfizer-sponsored medical and/or prescription drug coverage**.

If you were eligible to defer your enrollment in Pfizer retiree medical coverage and you enrolled in other group coverage, you may re-enroll at any time by contacting *hrSource* and confirming that you have lost the other coverage within the past 31 days. At that time, *hrSource* will provide you with your enrollment options as well as the current contribution levels. Otherwise, you must wait until Pfizer's annual enrollment period, which generally occurs each October with coverage beginning the following Jan. 1. Regardless of why you are enrolling, you must certify that you had other medical and prescription drug coverage such as Medicare Parts A, B and D or comprehensive coverage under your spouse's plan, in order to re-enroll in Pfizer's retiree medical program.

If your covered spouse or dependent child is eligible for Medicare, and he or she decides to opt out of SilverScript, he or she will be disenrolled from both his or her Pfizer-sponsored medical and/or prescription drug coverage. He or she will be able to re-enroll in the plans in the future, but will need to wait until the next annual enrollment period unless he or she has a qualified status change.

Q10: When does this change plan go into effect? Will it affect my prescription drug coverage in 2015?

A10: This change goes into effect on Jan. 1, 2016. There will be no change to your prescription drug coverage for 2015.

Q11: Will I still be able to cover my spouse or children who are not eligible for Medicare?

A11: Yes. Similar to the new Medicare Advantage plan, if your covered dependents – your spouse and/or children – are not eligible for Medicare, they will continue to be covered by the pre-65 medical and prescription drug plan.

Q12: My spouse is over age 65, but I am under age 65. How will that work?

A12: Similar to the new Medicare Advantage plan, you will continue to be covered on the pre-65 medical and prescription drug plans and your spouse will be moved to Medicare Advantage and SilverScript for 2016.

Q13: I am enrolled in a Medicare Part D plan through another provider. Will I be able to keep that coverage?

A13: No, if you are currently enrolled in a Medicare Part D plan through another provider, you will automatically be disenrolled from that plan when you are enrolled in SilverScript.

Also, a person eligible for Medicare cannot be enrolled in a Medicare Part D plan and an individual Medicare Advantage plan, whether or not that plan provides prescription drug coverage.

Coverage and Cost

Q14: Will my monthly contributions change?

A14: In general, monthly contributions change annually. The contribution change for 2016 has not yet been determined.

Q15: When will I find out what my monthly contribution will be for 2016?

A15: Pfizer will provide more details about the plan over the summer. Similar to past years, you will receive information about your plan options and your plan costs during annual enrollment.

Q16: Why is the cost for prescription drug coverage not significantly different from Pfizer's coverage that includes both medical coverage and prescription drug coverage?

A16: As a Medicare-eligible retiree, most of your medical expenses are covered by reimbursements the government makes to United Healthcare to provide coverage under

the Pfizer-sponsored Medicare Advantage plans. The majority of costs under the Pfizer retiree medical plan for Medicare-eligible retirees are for the prescription drug coverage.

Pfizer prescription drug coverage is a comprehensive benefit, providing 100% coverage for all Pfizer drugs including Greenstone generics, without many of the restrictions that exist in many lower-cost prescription drug plan options available in the general marketplace.

Our retirees have continually told us how much they value this coverage, but it does come at a cost to both you and Pfizer. Even with the change to a Pfizer-sponsored Medicare Part D prescription drug plan, the prescription drug benefit makes up a significant amount of the overall cost of the medical and prescription drug coverage offered to retirees.

Q17: Will my out-of-pocket cost be different?

A17: In 2016 for non-Pfizer drugs, you will have the same coinsurance percentage, the same per prescription minimum and maximum, and the same annual out-of-pocket maximum as you have currently. As prescription drug prices change, the actual dollar amount you pay may change.

Q18: Will I be able to get the same drug I am taking now, even though SilverScript is a Medicare Part D plan?

A18: Yes. Through the Pfizer-sponsored SilverScript Medicare Part D prescription drug plan, you will be covered for the same drugs that are available under your current plan.

Q19: What does the additional coverage provided by the Pfizer plan cover?

A19: The additional coverage provided by the Pfizer plan allows you to:

- Continue to receive Pfizer drugs, including Greenstone drugs at no cost
- Have no annual deductible
- Pay no more than the current coinsurance percentage along with the per prescription minimum and maximum you currently are paying until you meet your annual out-of-pocket limit
- Have coverage for drugs and supplies not covered by Medicare Part D
- Have coverage for drugs not listed on SilverScript's Medicare Part D formulary

Q20: I thought that I had prescription drug coverage through my Medicare Advantage Base or Medicare Advantage Buy-Up election. Why do we need SilverScript?

A20: If you are currently enrolled in either the Medicare Advantage Base or Buy-Up plan, this enrollment includes prescription drug coverage that is currently administered by CVS/caremark. Beginning in 2016, your prescription drug benefit will be provided by SilverScript which is affiliated with CVS/caremark.

Q21: Will I be able to use the same pharmacies?

A21: Yes, in most cases. SilverScript is affiliated with CVS/caremark, Pfizer's current pharmacy benefit manager. Most of the pharmacies in the CVS/caremark network are also in the SilverScript network. And you will also continue to have the option to use a pharmacy that is not part of the pharmacy network, but you may pay a higher cost, as you do today.

D-IRMAA: Part D premium for high-income retirees

Q22: Will my income affect what I have to pay for my Medicare Part D coverage?

A22: Similar to Medicare Part B, some people may have to pay a Part D "Income-Related Monthly Adjustment Amount" for their Medicare Part D premium because of their annual income. This Part D Income-Related Monthly Adjustment Amount is also called and referred to in this FAQ as "D-IRMAA".

If your modified adjusted gross income as reported on your IRS tax return from two years ago is more than a certain income level, Medicare will require you to pay the D-IRMAA based on your income. For 2015, the income levels were $85,000 for an individual and $170,000 for a married couple filing jointly. There is no D-IRMAA if your income is below these amounts.

Each family member determined to be high income and enrolled in a Medicare Part D plan will pay the applicable D-IRMAA. For example, if both you and your spouse are enrolled in a Medicare Part D plan and determined to be high income, you both will pay the D-IRMAA.

Q23: How will I find out if I have to pay the D-IRMAA?

A23: If you have to pay the D-IRMAA, Social Security – not Pfizer or SilverScript – will send you a letter, telling you what the premium will be and how to pay it.

Neither Pfizer nor SilverScript are notified if you are required to pay the D-IRMAA, unless you are disenrolled by Medicare for non-payment.

Q24: How will I pay the D-IRMAA?

A24: The D-IRMAA is deducted from your Social Security check and will appear on your check as "premium withholding." If the premium is not taken from your Social Security check, you will be billed directly by Medicare. The additional amount is not paid to Pfizer or to SilverScript.

Q25: What if I don't pay the D-IRMAA?

A25: If you are required to pay the D-IRMAA, it is important that you pay this additional amount. If you don't, Medicare will disenroll you from SilverScript. If you are disenrolled from the plan, you will lose both your Pfizer-sponsored retiree medical and prescription drug coverage.

Q26: How much is the D-IRMAA per person?

A26: The D-IRMAA amounts for 2016 are not available at this time. In 2015, the D-IRMAA ranges from $12.30 to $70.80 per month per individual, depending on the person's tax filing status and income in 2013:

Individual Filing	**Married Filing Separately**	**Married Filing Jointly**	**Monthly D-IRMAA Amount Per Individual**
$85,000 or less	$85,000 or less	$170,000 or less	$ 0.00
$85,001-$107,000	Not applicable	$170,001-$214,000	$12.30
$107,001-$160,000	Not applicable	$214,001-$320,000	$31.80
$160,001-$214,000	$85,001-$129,000	$320,001-$428,000	$51.30
Over $214,000	Over $129,000	Over $428,000	$70.80

Monthly D-IRMAA amount for 2015 is based on modified adjusted gross income reported on 2013 tax returns.

Why the change is being made

Q27: Why are you making another change so soon after the Medicare Advantage plan?

A27: The move to SilverScript completes the transition to maximize federal government reimbursements for Medicare-eligible retirees and their Medicare-eligible dependents.

Pfizer made the change to retiree medical coverage in 2015 with the move to the Medicare Advantage Plan through United Healthcare.

In 2016, Pfizer's move to SilverScript affects your retiree prescription drug coverage currently with CVS/caremark. This change will not have any effect on your medical coverage.

Q28: Why are you making another change at all?

A28: The move to SilverScript will change the way Pfizer funds its prescription drug program.

Currently, Pfizer participates in the federal government's Retiree Drug Subsidy Program. Through this program, Pfizer receives a payment from the federal government to help offset the cost of providing prescription drug coverage to Medicare-eligible retirees and their Medicare-eligible dependents. As the value of this subsidy has declined, Pfizer's costs to provide prescription drug benefits have increased, making the plan less sustainable for Pfizer and for you.

With SilverScript, Pfizer can take advantage of more favorable government subsidies and benefits available with an employer-provided group Medicare Part D plan. In turn, this will enable Pfizer to better manage the increasing costs of providing prescription drug benefits.

Next Steps

Q29: When will we get more information about SilverScript?

A29: Starting late this summer, you will receive information from Pfizer and from SilverScript about how Medicare Part D works, how this plan will work with the additional coverage provided by Pfizer, and administrative changes you can expect. In addition, SilverScript will be sending you documents required by Medicare that will provide you with the details about the Medicare Part D portion of your coverage.

During the summer you will also receive a timeline, letting you know what materials to expect to receive before the end of the year.

Q30: Can I call SilverScript or CVS/caremark about this change?

A30: No, due to Medicare guidelines, you will not be able to contact CVS/caremark or SilverScript about this plan at this time. Details on when you may contact them will be provided late this summer.

In the meantime, you can call the *hrSource* Center at 1-877-208-0950, Monday through Friday, from 8:30 a.m. to midnight, Eastern Time, for more information. We are committed to keeping you updated so you can make informed decisions for you and your family.