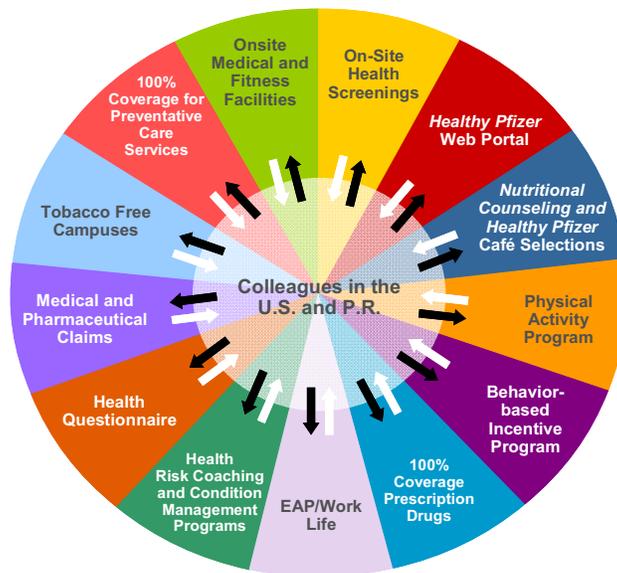


III. Documentation

In 2005, Pfizer launched Healthy Pfizer, which broadened and deepened its existing company-wide wellness initiatives. Healthy Pfizer presents an extensive and integrated network of resources to empower employees to assess, maintain and improve their health – wherever they exist on the health spectrum. These resources include:

- Annual on-site biometric screenings
- Customized health portal with a Health Risk Assessment
- Disease Management outreach programs (Diabetes, Coronary Artery Disease, Asthama)
- Lifestyle Coaching outreach programs (Healthy Weight, Physical Activity, Nutrition, Cholesterol, Smoking Cessation, Stress)
- A variety of physical fitness, nutrition and stress management programs
- Secure messages to reach targeted audiences that meet specific risk profiles



In four years, Pfizer has executed on the following overarching strategy for Healthy Pfizer:

- 1 Attain high employee participation in preventative and behavior modification programs,
- 2 Generate and measure health risk change, and
- 3 Achieve positive health and financial results.

To achieve and then demonstrate results, the program needed large scale and sustainable participation from the outset. Healthy Pfizer utilized a high-touch marketing campaign with unique branding to launch the program in 2005. This initial campaign resulted in an HRA completion rate of over 80% and introduced employees and their families to this integrated network of health and prevention resources.

The annual HRA promotion continues to be recognized as one of the most successful internal campaigns at Pfizer.

**Take your HQ.
Boost your IQ.
Now that's smart.**

The more current your Health Questionnaire (HQ) is, the smarter you are about your health.

Take your HQ in 2007 to get your reward.

Take or update your HQ by September 30, 2007 to pay the discounted 2008 Pfizer medical contribution.

It's easier and faster than ever.

Go to www.healthypfizer.com, use your Pfizer NT username and password, and click the HQ link.

Your priority is our priority. The personal health information you provide is for your personal health.

**The personal health report I received after I took my health questionnaire prompted me to visit my doctor after discovering a tumor in its early stage. I was treated and am on my way back to full recovery. The national and local Healthy Pfizer and the HQ with caring me life. This September we celebrate our 20th healthy partners and a healthy future together!

HEALTHY PFIZER
Helping You Be Your Best

1-888-43-PFIZER (1-888-437-3473)
www.healthypfizer.com

Be active
Eat well
Stay smoke free
Take time for your health

Do You HQ?

When you complete the Health Questionnaire (HQ), you:

- Get a confidential Personalized Health Report to track or begin making your progress toward health goals, and a customized plan to begin addressing personal health risks.
- Earn a \$100 discount on your 2010 medical plan contributions and to Healthy Pfizer incentive points when you complete the HQ by October 31, 2009.
- Join Pfizer colleagues everywhere in the "Drive to 75" - we're all creating a healthier Pfizer! Take or update your HQ today! Visit www.healthypfizer.com

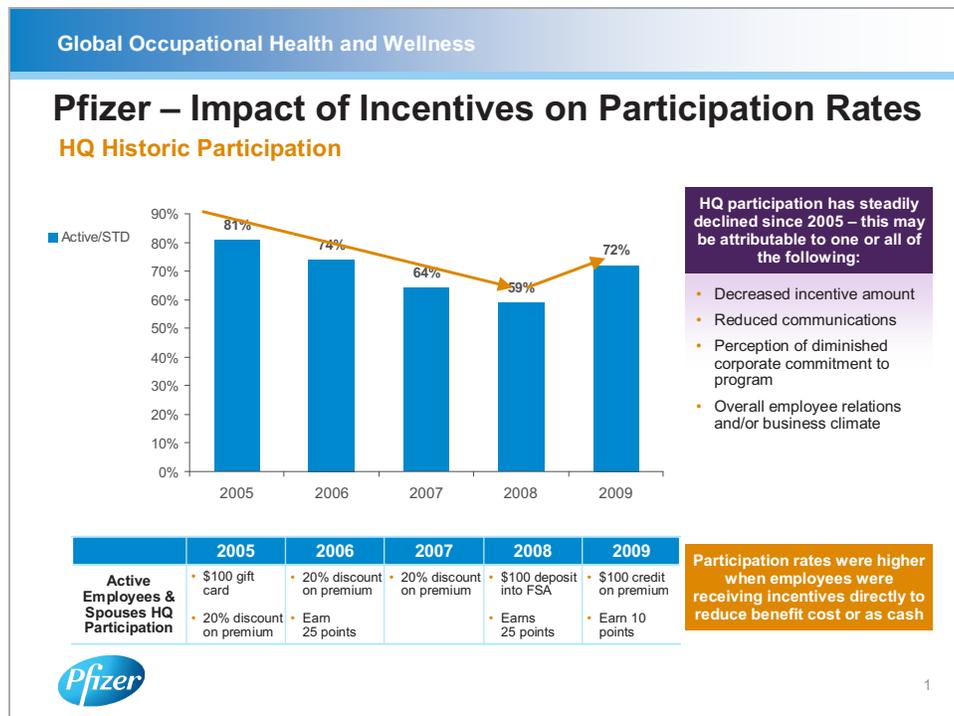
HEALTHY PFIZER
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www.healthypfizer.com

Be active
Eat well
Stay smoke free
Take time for your health

Drive to 75
Our goal: 75% of all Pfizer Colleagues Complete the HQ by October 31, 2009

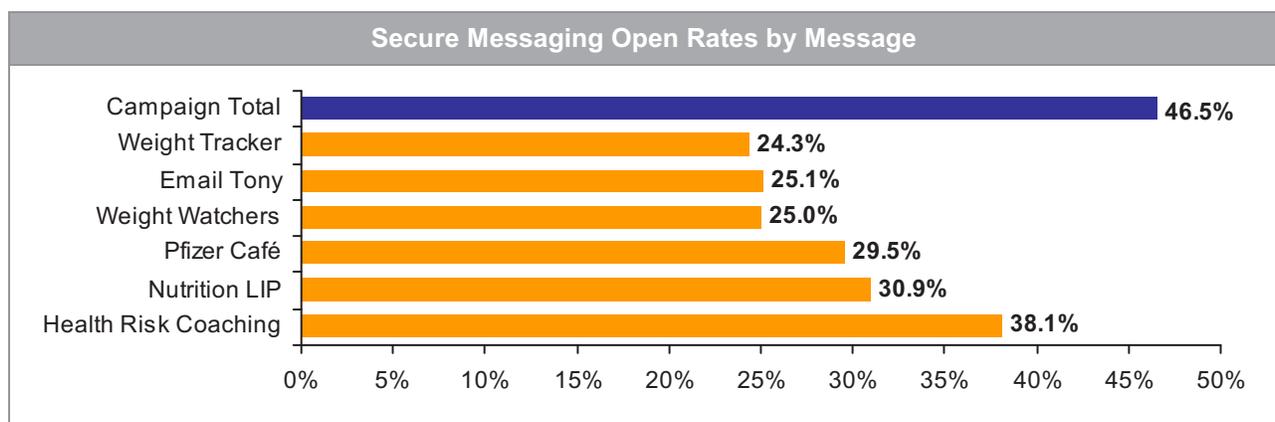
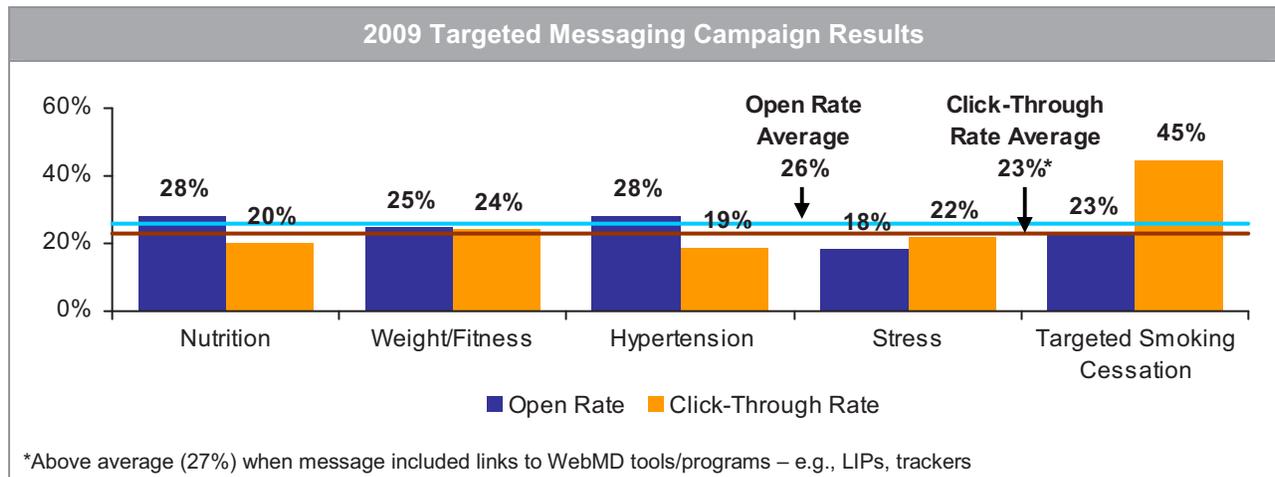
Since launch, leadership transitions, employee population departure and site closings at Pfizer have impacted Healthy Pfizer program administration. While program budget and communications experienced an associated decline, overall participation in wellness programs managed to remain strong. For example, a reduction in the incentives for completing the HRA directly impacted these participation rates (see chart below). When the incentive was reintroduced, rate of completion increased exponentially.

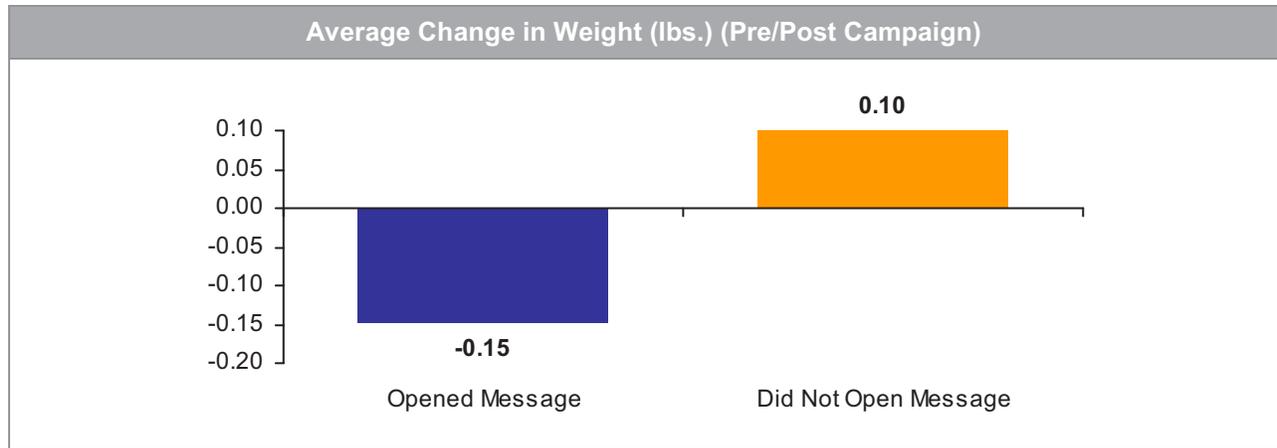


Healthy Pfizer communications became more targeted over time. Within the first year, the program tagline “Helping You Be Your BEST” emerged to emphasize the four lifestyle pillars of prevention that exemplified our goals. BEST stands for Be Active, Eat Well, Stay Smoke Free and Take Time for Your Health. Virtually every event or initiative can be tied back to one of these tenets of good health.



To further target audiences and customize programs, Healthy Pfizer utilizes HRA results to develop mini messaging campaigns for those participants in a specific risk category. Using WebMD secure messaging, employees with risk for obesity, sedentary lifestyle, high blood pressure, and even pregnant women, receive a series of informative messages that address the relevant condition and guide the employee to the variety of resources – online, onsite and telephonic – that can help them mitigate that risk. Employees who open these messages are significantly more likely to use a lifestyle improvement tool or program, and in the case of the Healthy Weight campaign, showed weight loss.





In the spirit of continuous improvement, Healthy Pfizer and its vendor partners solicit both formal and spontaneous feedback from participants throughout the year. In 2009, Pfizer hired Mercer Human Resources Consulting to conduct focus groups at demographically diverse worksites. These sessions took the pulse of our employee clients and informed decisions on future programs and communications.

2009 Focus Groups

- **Research methodology at-a-glance**
 - Mercer conducted 16 focus groups with 114 participants across 8 sites
 - 308 written surveys were collected from focus group participants (114), sales force members (61) and attendees of business unit event (133)
- **The goal of this research was to:**
 - Evaluate the “state of the program”
 - Identify barriers to participation
 - Identify tools, incentives and other drivers that may help motivate colleagues to participate
- **The focus groups results and recommendations will help:**
 - Determine what program design and communication changes may be necessary to achieve desired metrics and ROI
 - Tell the Healthy Pfizer “story” to management (business case)

Mercer 0

2009 Focus Groups – Results and Action Plan

- **What’s Working Well:**
 - Colleagues view Healthy Pfizer as a valuable program
 - Most colleagues completed the HQ and noted the incentives as their chief motivator
 - Most colleagues participated in and were enthusiastic about Healthy Strides and the BEST onsite health screenings
- **Areas for Improvement:**
 - Most colleagues felt Healthy Pfizer communications could be more effective, frequent, and engaging
 - Healthy Pfizer Selections (cafeteria meals)
 - Better, easier-to-understand incentives
- **Action Plan Examples**
 - In Jan 2010 Launched “Health 365” multi-media awareness campaign that features unique perspectives on a different health topic each month
 - Developing “Makeover Mondays” at each worksite to feature healthy makeovers of colleague recipe submissions
 - With WebMD, creating incentive plan for 2011 that rewards participating in activities that reduce user’s particular lifestyle or health risk.

Mercer 0

Essential to the Healthy Pfizer program are health outcomes that translate into financial outcomes. A metrics-driven approach was established prior to launch to gauge progress toward this bottom line. Thorough data collection for all programs and services is employed month over month.

A team of health outcome researchers¹ from Ingenix Inc evaluated Healthy Pfizer results and outcomes. Together with Pfizer, Ingenix expects to publish at least one manuscript in a peer-reviewed journal describing the health and cost outcomes associated with the Healthy Pfizer program.

The Ingenix team created a robust Pfizer-specific integrated database including key elements needed to evaluate Pfizer's program. These elements included fields from eligibility files, medical/drug claims, short-term disability program files, health risk appraisals, and health management program participation files for Pfizer's biometrics, walking, fitness centers, lifestyle coaching, and disease management programs. Four years of the program data were used, reflecting program experience since inception in 2005.

Two types of analyses were conducted. First, the "risk and cost evaluation" looked at relationships between health risks and various sorts of medical, pharmacy, and productivity-related expenditures. Second, the "return on Investment (ROI) analyses" estimated the return on Pfizer's investment in its programs. Ingenix employed models that accounted for the longer-term impact of these programs. These models not only provide annual estimates that are often required for corporate bookkeeping, but also show the financial impact of the program over time by providing separate ROI estimates for increasing years of program participation. The latter is important as one would expect longer program participation to yield improved health risks and health status, which in turn should reduce expenditures and increase ROI.

Outcome metrics used in these analyses reflect:

- Participation rates and demographics for participants and non-participants, by program
- Health status metrics and prevalence estimates for individual health risks
- Changes in health risks and health status over time
- Changes in medical and disability costs associated with changes in health risk status
- Return on investment by selected program and for the overall program

Study Populations:

The study population of interest consisted of those employees eligible for benefits in any year from 2005-2008. The number of employees declined from 43,500 in 2005 to 30,000 in 2008. Demographic measures showed Pfizer's employees to be about 55% male, with an average age of 42 years. The risk and cost evaluation analyses were conducted on eligible employees within a specific calendar year. These analyses served year-over-year program management needs and guided decisions related to program strategy, incentive design, vendor selection, and communications that need to be made annually. Of note, Pfizer opted to change lifestyle coaching and disease management vendors, restructure incentives, and their walking program over the course of the time period, so annual views provided some information about the consequences of these changes as well. The ROI analyses were also conducted on eligible members, but were designed to capture the impact of longer-term program participation. Specifically, program participants were grouped into those with less than 1, 1 to 2, 2 to 3, and greater than 3 years of continuous program participation. The analyses yielded separate ROI measures for each group.

Engagement:

Leveraging incentives and an active communications strategy, engagement rates remained high throughout the 4-year time period. For the Health Risk Assessment (HRA) engagement rates ranged from 58% to 81%. Engagement rates for Lifestyle Coaching (LM) ranged from 15% to 40% of those who were eligible, based on their health risks. Engagement in the Walking program ranged from 13% to 38%, while Fitness Centers (FC) were used by 15% to 28% of employees at selected locations. Engagement in disease management (DM) program ranged from 28% to 55% of those identified as eligible for these programs.

¹ Group members included Drs. Ron Ozminkowski, Shirley Musich, Kevin Hawkins, and Bin Fang. Combined, these staff members have several years of academic quality research experience and have published substantially in peer-reviewed journals.

Figure 1: Example of HRA Participant and Non-participant Demographics

Demographic	HRA Participant				NRA Non-Participant			
	2005	2006	2007	2008	2005	2006	2007	2008
Eligible Count	35,171	30,958	24,564	16,999	8,315	11,133	14,050	12,380
Unique Medical Enrollee Count	26,797	25,794	21,451	15,153	6,002	8,462	10,868	10,786
Response Rate	80.9%	73.6%	63.6%	57.9%				
% Male	54.3%	53.5%	54.2%	52.0%	60.7%	57.2%	56.0%	58.3%
Average Age	40.8	41.2	42.0	42.2	44.4	41.9	41.6	42.0
Average # of M's +H's Risks	2.68	2.54	2.50	2.82				
Cost Outcomes								
Medical Paid	\$66,994,396	\$74,988,532	\$66,128,622	\$50,504,981	\$13,443,410	\$22,613,103	\$23,422,991	\$35,876,045
Rx Carve-Out Paid	\$24,061,292	\$32,554,993	\$30,546,549	\$23,831,083	\$4,752,176	\$8,501,833	\$8,292,509	\$15,020,585
Average Annual Medical/Drug Costs	\$3,398	\$4,169	\$4,507	\$4,906	\$3,032	\$3,677	\$2,918	\$4,719
Average Annual Disability Costs	\$822	\$1,110	\$1,097	\$1,052	\$833	\$1,061	\$847	\$1,343

Effectively managing program components and vendor responsiveness requires that program managers have an understanding of who is attracted to a specific program, given the communications strategy and the design or positioning of the program. Equally important, however, is the characterization of those who chose not to participate in a particular program or year. Often certain demographic groups (e.g., young men), minorities, or those in lower socioeconomic groups are less likely to respond to typical communications and health management program offerings. Thus, for each program, demographics (including % male, average age) and average medical, drug, and disability expenditures were used to characterize participants and non-participants within each program year, and these data were used to drive program decisions. (See Figure 1) For example, successful implementation of the Walking program (targeting those employees without access or opportunity to use onsite fitness centers) was characterized by a 38% participation rate. By year 3, participation had dropped to 13% though, resulting in a restructuring of the program and a new vendor selected to run it.

Health Outcomes:

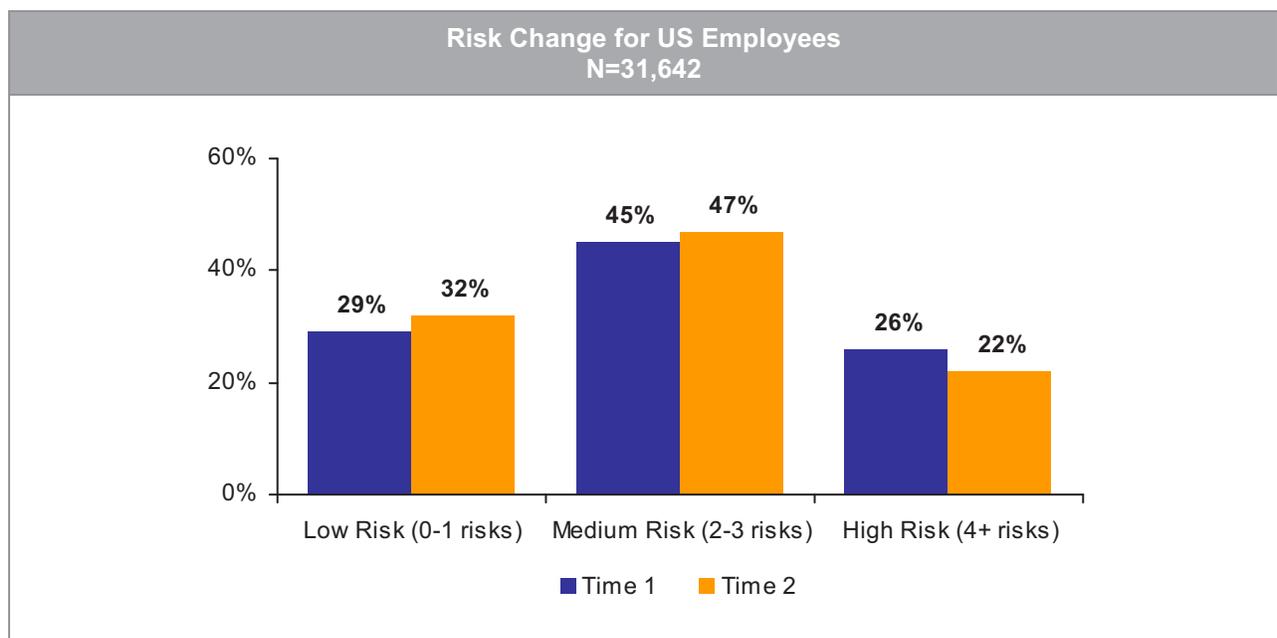
Metrics regarding health status and risks were measured on 35,171, 30,958, 24,564 and 16,999 HRA participants from 2005-2008, respectively. Weight, physical activity, blood pressure, and cholesterol were the most prevalent health risks identified across all years. Active smoking cessation strategies were associated with reduced population smoking rates, from 6% to 3%. General improvements in nutrition, physical activity, and a flat trend in those considered overweight or obese were especially noteworthy. (See Figure 2)

Figure 2. Individual Health Risks for 2005-2008



From 2005-2008, 31,642 employees completed at least two HRAs. Changes in health risks tracked over time showed the greatest improvements in physical activity, cholesterol, nutrition, and smoking. Overall, among repeat HRA participants, there was an increase in the percentage at low risk by 3 percentage points and a decrease in the percentage at high risk by 4 percentage points. (See Figure 3) The program was characterized by low risk maintenance (i.e., a high percentage who remained low risk over time) and risk reduction programming (i.e., a high percentage who transitioned from high risk to either medium or low risk over time) thus serving employee health needs across the entire health continuum.

Figure 3. Overview Risk Change



Expenditure Outcomes:

Linking health risks to expenditures of various types provides an opportunity to manage those health risks that are especially strong cost-drivers (for both medical and disability payments). To assess the relationship of health risks with medical and disability payments, individual health risks were stratified by three categories of risk severity: not at risk, moderate severity, and high severity. Average medical and disability costs were then determined across each of the three risk categories. For medical, payments generally increased with increasing risk severity for weight, stress, physical activity, health perception, life satisfaction, job satisfaction, depression, cholesterol and blood pressure. For disability, costs generally increased with increasing risk severity for weight, tobacco, stress, safety belt, physical activity, health perception, nutrition, life satisfaction, job satisfaction, depression, cholesterol, and blood pressure. Those at highest risk severity generally incurred the highest costs, and those at moderate risk demonstrated higher costs than those not at risk.

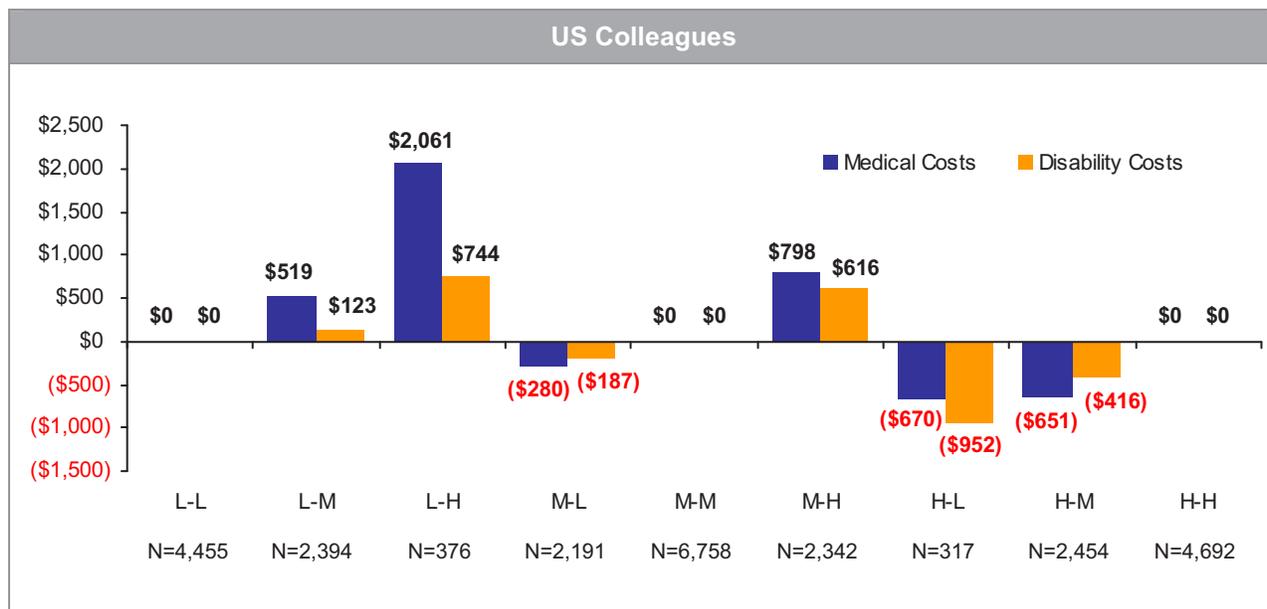
As health risks were grouped to health status categories, the impact of risk combinations became evident. As expected, those who carried more health risks incurred higher medical and disability payments (i.e., those at medium and high risk compared to those at low risk). Overall, about 20% of medical and disability costs were associated with excess modifiable health risks in the employee population. (See Figure 4)

Figure 4. US Employees Risk Summary



The power of health management programming is associated with the science of the association between health risks and expenditures. Not only are higher payments associated with those at higher risk and lower expenditures associated with those who are healthier but the expectations are, that as health risks are improved, payments changes are likely to follow those changes in health status. For Pfizer, changes in medical and disability payments did indeed follow changes in health status that occurred over the time period. To assess this, the low risk group was defined as having 0 or 1 biometric or other health risk, the medium risk group had 2 or 3 such risks and the high risk group had 4 or more biometric or other health risks. Among repeat HRA participants those who reduced their risk category (i.e., transitioned from medium to low, high to low or high to medium) also reduced costs. The reverse was also consistent-- those who increased health risks increased costs (i.e., low to medium or high and medium to high). (See Figure 5)

Figure 5. Changes in Costs with Changes in Risks



The net gains for any program depend on the balance between those improving health risks, those staying the same and those increasing health risks over the time period. For Pfizer, as seen above, there was a net risk improvement in the employee participant populations—more employees improved rather than decreased their biometric or health risks. Further verification of the impact of the program was demonstrated by tracking medical and disability payment trends over the 4 years. High level participants (those who participated in at least 2 programs) demonstrated moderated cost trends compared to those who never participated.

Return on Investment:

While return on investment (ROI) is generally considered a bottom line number by which the impact of a given health management program is judged, the Pfizer risk and cost evaluation as structured provided additional engagement, health and cost outcomes to guide expectations and to substantiate the reality of the ROI calculations.

The ROI method used a four step process: 1) define program participants and non-participant subgroups; 2) use propensity score weighting to adjust for demographic and health status-related differences between program participants and non-participants; 3) measure expenditure trends for participants and non-participants for periods before and after programs began and then calculate the difference between these two trends (i.e., the trend for participants vs. the trend for nonparticipants) – this difference yields estimates of the benefits of program participation; 4) calculate the cost-benefit metrics for each program (HRA, wellness, LM and DM). Step 4 contrasts the benefits of participation vs the costs of offering programs, to yield ROI metrics of interest. Results are presented for all programs combined, based on medical, drug, and disability expenditures by calendar year. The cost-benefit metrics included the return on investment ratio (i.e., the ratio between savings associated with participation and the costs of providing these programs, in today’s dollars) and the net present value (i.e., the difference in savings vs. costs expressed in actual dollar amounts).

The Healthy Pfizer program ROI increased from 0.38 in year 1, 0.74 in year 2, 2.15 in year 3, to 2.61 in the fourth year. (See Figure 6) Consistent with most health management program ROI results, the program did not break even (exceed 1.0) until year 3 of the program. To better understand those programs most influential in driving the medical and disability cost savings, the ROIs for each of the individual program subgroups were calculated: HRA, LM, DM and wellness (i.e., biometrics, walking and fitness centers). (See Figure 7). As is evident, most of the savings were generated from participation in the HRA and wellness programs.

Figure 6. Healthy Pfizer Overall Programs

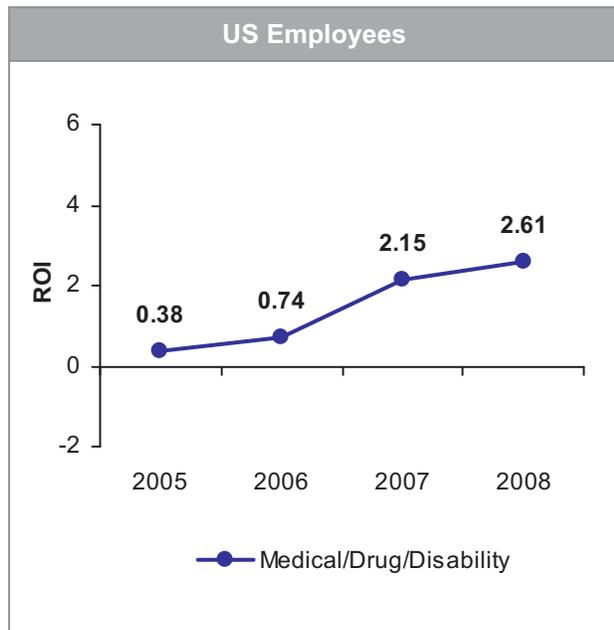
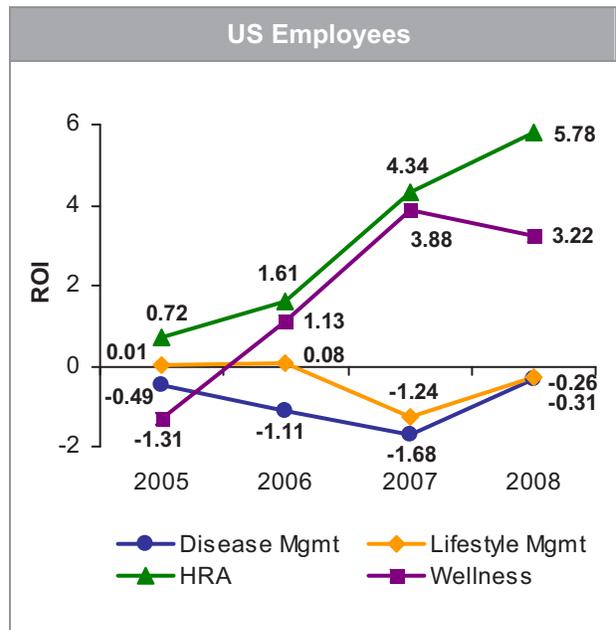


Figure 7. Healthy Pfizer Programs Medical and Disability



The HRA program exceeded an ROI of 1.0 (break-even) in Year 2 of the program and increased to an ROI of 5.78 in Year 4—likely a result of the robust programmatic options supporting the program. The wellness program achieved an ROI of 1.13 in Year 2 and reached a plateau between year 3 and year 4 ending with an ROI of 3.22. LM and DM programs did not achieve a positive ROI at any time during the program. Furthermore, examination of the longer-term savings ROI models indicated that most of the cost savings for HRA and wellness was driven by the multiple successive year models (i.e., 2 to 4 Years). This indicates that not only initial participation in the HRA and wellness programs is important but that repeat participation is critical to the success of health management programming. For LM, there were some indications that two years of program experience could be beneficial (although longer-term populations were small). Total documented savings for the Healthy Pfizer health management program in 2008 amounted to \$9.5 million yielding \$5.9 million in NPV after subtracting the costs associated with the program.

In summary, the Healthy Pfizer program is a very actively-managed, comprehensive health management program with documented health and cost outcomes. Creative marketing and incentive designs drove high annual participation in the HRA and wellness programs. An important learning from the advanced longer-term savings ROI models was that while high participation per se is a key metric for any program design, repeat participation in successive years may be even more important to successful cost outcomes. The annual ROI trends for the HRA and wellness programs were driven by successive multiple year participation patterns. The lack of positive ROIs for LM and DM programs were consistent with other program experiences and deserves additional exploration. For LM, most lifestyle coaching programs are designed as annual programs with restricted opportunities for longer-term management. These results would indicate that perhaps longer-term enrollment (up to 2 years) may be an important program modification. For DM, current program designs may be beneficial to some segments of targeted populations (e.g., younger, lower cost, newly diagnosed disease, etc.) yet this may be masked by analyses of entire participant groups. Current methods or metrics may need to be expanded to better identify potential program impacts, to identify what is working and to enhance program designs.

The Healthy Pfizer program has benefited from detailed program management, cutting edge program design and integrated program delivery systems. Overall, the Healthy Pfizer health management program has achieved high engagement rates, risk reduction in key health risks, evidence of cost reduction associated with risk reduction and an ROI of 2.61 in 4 years.