Please note that the information contained in this document is confidential and not subject to disclosure under Exemption 4 to the Freedom of Information Act, 5 U.S.C. § 552(b)(4), the Trade Secrets Act, 18 U.S.C. § 1905, and the Medicaid Drug Rebate Act, 42 U.S.C. § 1396r-8(b)(3)(D).

September 30, 2025

Albert Bourla
Chief Executive Officer
Pfizer Inc.

SUBJECT: LETTER OF AGREEMENT – Implementing Voluntary Most Favored Nation (MFN) Drug Pricing in the United States

Dear Mr. Bourla:

WHEREAS, Executive Order 14273, *Lowering Drug Prices by Once Again Putting Americans First* and Executive Order 14297, *Delivering Most-Favored Nation Prescription Drug Pricing to American Patients* (May 12, 2025), contemplate a framework under which pharmaceutical manufacturers and the Secretary of the Department of Health and Human Services ("HHS") and the Administrator for the Centers for Medicare & Medicaid Services ("CMS") may negotiate to achieve most-favored-nation price targets to bring prescription drug prices for American patients in line with comparably developed nations; and

WHEREAS, Pfizer Inc. ("Pfizer" or "Drug Manufacturer"), intends to provide voluntary access to most-favored-nation price targets across both public and private payer markets in the United States during the Covered Period through federal programs, other arrangements established and maintained by CMS, and otherwise, as further described below; and

WHEREAS, in response to discussions between Pfizer and HHS (collectively "the parties"), the parties are voluntarily proposing the following terms and agree to engage in diligent and good faith negotiations of definitive agreement(s) as may be necessary to effectuate these terms.

NOW THEREFORE, HHS and Pfizer, each on its own behalf, hereby voluntarily agree to the following:

1. **Definitions**

    A. "Covered Markets" means all public and private payers in the United States.

    B. "Covered Period" means the period from the effective date(s) of any Definitive Agreement(s) to January 20, 2029.

C. "Covered Product(s)" (b) (4) [redacted]

D. "Definitive Agreement(s)" means an agreement that will reflect and effectuate the intent of this agreement and will be executed between Pfizer and HHS. The parties to these future agreements may include other government agencies.

E. "Effective Date" is the day upon which both parties execute this agreement.

F. "Pfizer" means Pfizer Inc., a Delaware corporation, and its affiliates, to be further defined in a Definitive Agreement.

G. "Unit" has the same meaning as that term is defined in 42 U.S.C. § 1395w–3a(b)(2)(B).

2. <u>Requirements for Definitive Agreements</u>

A. The parties agree that, following the execution of this agreement, they will enter into diligent and good faith negotiations to execute future Definitive Agreement(s), with the goal of doing so on or before December 1, 2025, that reflect and provide further detail on the agreed upon terms in this agreement.

B. Each Definitive Agreement will incorporate provisions mutually agreed to by the parties to accomplish and effectuate the terms in this agreement, including the specific operations, processes, and mechanisms Pfizer and HHS will implement to lower costs for Covered Products across Covered Markets as detailed herein.

3. <u>MFN Pricing in Medicaid</u>

A. Definitions applicable to this section (MFN Pricing in Medicaid):

i. "Medicaid MFN Price" means, with respect to a Medicaid MFN Drug, an amount equal to: (b) (4) [redacted]

(b) (4) [redacted]

ii. "Manufacturer-Reported Net Price" (b) (4) [redacted]

iii. "Medicaid MFN Drug" (b) (4) [redacted]

iv. "Specified Country Basket" (b) (4) [redacted]

B. Pfizer will offer to make available to state Medicaid agencies in all 50 states and the District of Columbia and the U.S. territories Medicaid MFN Drugs at prices no greater than the Medicaid MFN Price during the Covered Period, as described and subject to the conditions below.

i. A Medicaid MFN Price will be available for a Medicaid MFN Drug [redacted]

(b) (4) [redacted]

ii. Pfizer will provide Medicaid MFN Prices through supplemental rebate agreements.

iii. Specifically, the Medicaid MFN Price for a Medicaid MFN Drug will be effectuated through (b) (4) [redacted] MFN Rebate that is equal to the difference between the Medicaid price minus the MFN Price multiplied by the number of Units dispensed (b) (4) [redacted]

iv. Pfizer will make Medicaid MFN Prices available to states that have signed supplemental rebate agreements beginning the later of January 1, 2026 or first full calendar quarter after: (b) (4) [redacted] CMS has approved applicable state plan amendments, as agreed to by the state.

v. HHS will work with states to ensure that the supplemental rebate agreements described herein will supersede any supplemental rebate agreements that Pfizer previously executed with any state, as necessary and agreed to by the state. For the avoidance of doubt, Pfizer's compliance with this agreement is not contingent on any state's decision to enter or not enter into such supplemental rebate agreement.

C. Pfizer will engage a reputable third-party, independent public accounting firm of its choice to confirm that the pricing available to state Medicaid programs is the Medicaid MFN Price.

D. (b) (4) [redacted]

(b) (4) [redacted]

[redacted]

4. MFN Pricing for Newly Launched Drugs

A. Definitions applicable to this section (MFN Pricing for Newly Launched Drugs):

i. "Net Effective Price" for a Newly Launched Drug (b) (4) [redacted]

ii. "Net Effective MFN Price" for a Newly Launched Drug (b) (4) [redacted]

iii. "Newly Launched Drug" (b) (4) [redacted]

iv. "Specified Country Basket" (b) (4) [redacted]

(b) (4) [redacted]

B. (b) (4) [redacted]

C. Pfizer will engage a reputable third-party independent public accounting firm of its choice to confirm that the Net Effective Price for Newly Launched Drugs in the U.S. complies with the requirements of this section. For the avoidance of doubt, good faith effort referenced in Section 4.B. relates to Pfizer's need to estimate and make reasonable assumptions regarding (b) (4) [redacted] Net Effective Price and Net Effective MFN Price.

D. (b) (4) [redacted]

5. Provision of Increased Revenues Abroad to American Patients and Taxpayers

A. For purposes of this section, "Specified Country Basket" (b) (4) [redacted]

B. The parties will negotiate a separate revenue-share agreement (the "MFN Increased Revenue Share Agreement"). Under this agreement, Pfizer will agree to provide a certain percentage of its incremental revenues resulting from increased prices (b) (4) [redacted].

C. (b) (4) [redacted]

6. Direct-to-Patient ("DTP") Access to Discounted Prices

A. Definitions applicable to this section (DTP Access to Discounted Prices):

i. "Medicaid MFN Price" (b) (4) [redacted]

ii. "Platform Product" means a product that Pfizer makes available on (b) (4) [redacted] DTP mechanism.

B. Effective January 1, 2026, Pfizer will (b) (4) [redacted] make available select Pfizer products at discounted cash prices (b) (4) [redacted] ("Platform Products"). (b) (4) [redacted]

C. As of January 1, 2026, Pfizer will make available its Platform Products at a cash price via (b) (4) [redacted] DTP mechanism to U.S. patients with no insurance or with commercial insurance. Pfizer may expand its offering to all patients, regardless of their insurance status, if it receives sufficient confirmation, as determined by Pfizer in its sole discretion, that doing so would not violate healthcare fraud and abuse laws.

D. HHS acknowledges that consistent with 42 C.F.R. 447.504(c), 447.505(c), and 414.804(a), Pfizer reasonably assumes that discounts and any other price concessions offered to U.S. patients through a DTP platform are exempt from Average Manufacturer Price ("AMP"), Medicaid Best Price, and Average Sales Price ("ASP").

E. (b) (4) [redacted].

F. Pfizer's offers will be available on (b) (4) [redacted] DTP mechanism (b) (4) [redacted] from a U.S. government-operated DTP platform. (b) (4) [redacted]

G. (b) (4) [redacted]

7. **General Provisions**

A. The parties agree that any and all of the future Definitive Agreement(s), once fully executed, will supersede and replace the relevant portions of this agreement.

B. The parties understand and agree that this agreement is intended only to create the obligation between the parties to engage in diligent and good faith negotiations on the terms of future Definitive Agreement(s) pursuant to which the parties shall effectuate and further define the terms in this agreement.

C. By signing this agreement, each party recognizes that the choice to enter into future Definitive Agreement(s) (or not enter into such agreement(s)) is voluntary.

D. (b) (4) [redacted]

E. Unless otherwise provided herein, this agreement shall continue in full force and effect until the earlier of (i) the execution of future Definitive Agreement(s) that expressly supersedes this agreement or (ii) ninety (90) days from the execution of this agreement. If no such Definitive Agreement(s) is executed within ninety (90) days, this agreement shall automatically terminate and be deemed null and void, with no further obligation on either party, unless the parties mutually agree in writing to extend such period.

F. (b) (4) [redacted] Nothing in this agreement alters the applicability of statutory or regulatory requirements that might otherwise relate to drug prices, including but not limited to the requirements of the Medicare Drug Price Negotiation Program.

G. The undersigned individuals signing on behalf of Pfizer and HHS each hereby attest that he or she is authorized by the party for whom they are signing to execute this agreement.

H. All future Definitive Agreement(s) shall include representations and warranties from HHS that:
   i. It has the legal authority and power to execute the Definitive Agreement(s) and bind HHS to the terms of the agreement(s); and

   ii. The Definitive Agreement(s) includes an unmistakable promise that HHS will take all regulatory, administrative, and other actions necessary to effectuate the terms of the agreement(s).

I. None of the provisions contained herein is intended by the parties, nor shall any provision be deemed, to confer any benefit on any person or entity not a party to this agreement, nor shall this agreement be enforceable by any third party. No third party is entitled to rely on any of the representations, warranties, and agreements contained in this agreement, and the parties assume no liability to any third party based on the terms of the agreement.

8. <u>Confidentiality</u>

A. HHS will protect the confidentiality of any proprietary information provided by Pfizer in order to effectuate the goals of this agreement and the future Definitive Agreement(s), to the fullest extent allowed by law. For example, subject to applicable laws, proprietary information, including trade secret and confidential commercial or financial information, would be protected from disclosure under Exemptions 3 and/or 4 of the Freedom of Information Act (FOIA) (5 U.S.C. § 552(b)(3), (4)).

B. HHS and Pfizer will protect the confidentiality of this agreement to the fullest extent allowed by law.

9. <u>Non-Exclusive Agreement</u>

A. Nothing in this agreement prohibits the U.S. Government from entering into similar arrangements with other manufacturers.

[redacted]

9.30.25

Robert F. Kennedy, Jr.
Secretary, U.S. Department of Health
and Human Services

Date

[redacted]

9-30-2025

Albert Bourla
CEO, Pfizer Inc.

Date