



# Adjustable Rate Allowance And Product Disposition Policy

Effective July 1, 2007  
Updated: January 1, 2018

Pfizer Consumer Healthcare  
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Madison, NJ 07940

## **Adjustable Rate Allowance and Product Disposition Policy**

Effective July 1, 2007, Pfizer Consumer Healthcare (PCH) will compensate its direct buying customers for unsaleable merchandise via payments calculated on the basis of customer's direct purchases of Eligible Brands (in the form of either an Adjustable Rate Allowance or a Swell Allowance). PCH will not allow deductions for, or returns of, unsaleable merchandise and will no longer process claims for physical product returns. This payment will represent full compensation for unsaleable merchandise except as specifically noted in this Policy. No additional compensation will be paid for unsaleable merchandise. Unsaleable merchandise, for the purposes of this Policy, shall be defined as PCH products that are damaged, defective, expired, or products whose packaging is compromised to the degree that the product is not fit for sale to consumers.

PCH may, from time to time, revise this Policy (including without limitation changes in the Adjustable Rate Allowances and the Eligible Brands). Any modifications to this Policy will be posted at [www.PCHpolicies.com](http://www.PCHpolicies.com). It is the customer's responsibility to check this site and click on the [Adjustable Rate Allowance and Product Disposition Policy](#) link to view the current Policy. All direct buying customers will be eligible for the Adjustable Rate Allowance, except for those customers notified by PCH that they will be eligible for a Swell Allowance. Swell Allowances are based on historic return rates. Customers receiving a Swell Allowance will be notified by PCH of the amount of the Swell Allowance. With the exception of the provisions of this Policy that relate to the calculation of the Adjustable Rate Allowance, all provisions of this Policy apply to customers receiving a Swell Allowance.

### **Payment Calculation**

At the end of each calendar quarter the Adjustable Rate Allowance payment for unsaleable merchandise will be calculated by multiplying the Adjustable Rate Allowance by the gross sales before cash discount for each Eligible Brand purchased directly by each customer receiving an Adjustable Rate Allowance during the previous calendar quarter and then summing the individual amounts. The Adjustable Rate Allowances and Eligible Brands are set forth in Attachment B.

The Adjustable Rate Allowance for each Eligible Brand will be reviewed periodically and adjusted as appropriate. PCH will post new Adjustable Rate Allowances at [www.PCHpolicies.com](http://www.PCHpolicies.com) at least 60 days prior to implementation. It is the customer's responsibility to check this site and click on the [Adjustable Rate Allowance and Product Disposition Policy](#) link to view the current Adjustable Rate Allowances and Eligible Brands.

At the end of each calendar quarter the Swell Allowance payment for unsaleable merchandise will be calculated by multiplying the Swell Allowance by the gross sales before cash discount for each Eligible Brand purchased directly by each customer receiving a Swell Allowance during the previous calendar quarter.

#### Payment of Allowance

Payments, based on the calculations described above, will be made to customers by PCH in the form of a check issued during the first half of each calendar quarter based on the customer's direct purchases from PCH during the previous calendar quarter. PCH reserves the right to withhold payment to any customer determined by PCH to be a significant credit risk.

#### General Provisions

Effective July 1, 2007, unless authorized by PCH in advance, in writing, all deductions for unsaleable merchandise are unauthorized. Payments to be made to any customer under this Policy will be reduced by the total amount of all deductions taken by that customer for unsaleable merchandise and any deductions taken by that customer for Adjustable Rate Allowances or Swell Allowances. This Policy is part of PCH's Terms and Conditions of Sale. PCH reserves the right to withdraw credit terms and place any customer that fails to comply with the terms of this Policy on a cash-in-advance basis.

Customers must sign and return to PCH an Adjustable Rate Allowance and Product Disposition Agreement or a Swell Allowance and Product Disposition Agreement (as appropriate), which are hereby incorporated into this Policy. PCH will post the Adjustable Rate Allowance and Product Disposition Agreement at [www.PCHpolicies.com](http://www.PCHpolicies.com). Customers who are eligible for a Swell Allowance will be provided with the Swell Allowance and Product Disposition Agreement by their PCH sales representative.

Customers who are wholesalers are responsible for notifying their retail customers that PCH is providing an Adjustable Rate Allowance or a Swell Allowance to the Wholesaler as the exclusive remedy for unsaleable merchandise and that the Wholesaler has established a procedure to provide for the unsaleable merchandise of its retail customers. Because the Wholesaler receives an Adjustable Rate Allowance or a Swell Allowance on all direct purchases, the Wholesaler has full responsibility for resolving claims by its retail customers for unsaleable merchandise supplied by the Wholesaler.

## Product Disposition

PCH believes that this Policy provides for fair and equitable compensation to its direct-buying customers for unsaleable merchandise. Therefore, customers are responsible for properly disposing of all unsaleable merchandise in accordance with applicable laws, regulations, and the Product Disposal Guidelines set forth in Attachment A and for ensuring that unsaleable merchandise are not available for purchase by the consumer. Unsaleable merchandise must not be resold.

While PCH and its representatives will not pick up, pay for or issue credit for unsaleable merchandise, it will, upon request as a service to the customer, arrange to be provided to the customer written instructions authorizing the return of damaged (but which must be unexpired) PCH product that might be considered hazardous when sent for disposal or destruction. Such authorized, uncredited returns will go to PCH's designated third party processor for evaluation for donation. Attachment C contains a list of products that might be considered hazardous for disposal, along with their Hazardous Waste Codes. PCH will also provide written instructions authorizing the uncredited return, for destruction only, of damaged or expired products that contain List I chemicals such as PSE. Attachment D contains a list of those PCH products containing List I chemicals such as PSE and that are currently available for sale by PCH. When authorized in writing, the products listed in Attachments C and D can be returned as directed at PCH's expense.

**To obtain this authorization** – Call 1-888-773-8876 and select option # 3.

## ATTACHMENT A

### **Product Disposition Guidelines**

#### General Handling and Disposition Considerations

Proper product disposition is critical. When required to be disposed, all PCH products must be managed in accordance with all applicable local, state and federal regulations. Some of our items might be governed by hazardous waste regulations (Resource Conservation and Recovery Act – RCRA). Some investigation must be done to determine the proper method of product disposal. To help in this determination, upon request, PCH will provide material safety data sheets containing chemical content information; these are NOT intended to supersede federal, state, and local laws and regulations. It is customers' responsibility to contact PCH with any questions.

#### General Requirements

1. All unopened and unexpired PCH damaged merchandise should be donated to a local food bank (with the exception of products containing List I Chemicals which must be disposed of in a manner that makes them non-recoverable for the purpose of diversion for illicit drug manufacture) or destroyed in compliance with all federal, state, and local laws and regulations. A list of the Company's products containing List I Chemicals is provided in Attachment D.  
**NOTE:** DEA regulations exclude the disposition of List I Chemicals via "salvage" (e.g., re-sale in indistinct lots to non-registrants operating irregular distribution outlets such as flea markets).
2. Any opened or expired packages are to be destroyed in compliance with all federal, state and local laws and regulations.
3. At no time shall any damaged or expired merchandise be sold.
4. Disposition on recalls, and/or withdrawals is excluded and will be determined on a case-by-case basis. Proper handling will be communicated to customers in the recall, or withdrawal notification.
5. The Company will supply names of food banks that are associated with Feeding America upon request.

### Product Condition/Disposition Considerations

1. Donate – Damaged consumer packages (nicks, dents, scuffs, etc.); when product is not opened, exposed/leaking or expired; product is not soiled/contaminated/adulterated by other exposed/leaking product. Products containing List I Chemicals should NOT BE DONATED. Products containing List I Chemicals must be disposed of in a manner that makes them non-recoverable for the purpose of diversion for illicit drug manufacture. A list of PCH products containing List I Chemicals is provided in Attachment D.
2. Destroy – Damaged consumer packages; when product is exposed/leaking; product is soiled/contaminated by other exposed/leaking product.
3. Destroy – Damaged or undamaged consumer packages with broken or missing tamper resistant features.
4. Destroy – Damaged or undamaged consumer packages that have reached or passed the expiration date on the package.

PCH considers disposition of unsaleable merchandise by resale to or through salvage or secondary markets an infringement upon its Trademarks and reserves the right to seek reimbursement from its customers for any damages or expenses resulting from such unauthorized sale.

PCH reserves the right to discontinue payments to any customer for Adjustable Rate Allowances, Swell Allowances and/or unsaleable merchandise under this Policy if it is determined that the customer is in violation of these disposition guidelines.

Exceptions to and Areas Not Covered by this Policy

This Adjustable Rate Allowance and Product Disposition Policy does not cover the following:

Over, Short & Damage (OS&D) Claims on Delivery – PCH has a separate Policy for handling OS&D claims. Any claims for reimbursement for OS&D will be handled under the PCH OS&D Policy. The details of this policy are available upon request.

Discontinued Products – PCH has a separate Policy for handling products discontinued either by PCH or its customers. Any claims for reimbursement for discontinued products will be handled under PCH's Discontinued Item Markdown Program. Details about the terms of this program are available upon request.

Product Recalls – Product recalls and withdrawals are not covered under this Policy and will be handled by PCH on an individual case-by-case basis.

**ATTACHMENT B**

**Rates Effective January 1, 2018**

<b>Eligible Brands</b>	<b>Adjustable Rate</b>
<b>Pain Management</b>	<b>0.665%</b>
Advil Advil Migraine Advil PM ThermaCare	
<b>ChapStick</b>	<b>0.241%</b>
<b>Dietary Supplements</b>	<b>0.750%</b>
Centrum Centrum Centrum Silver Centrum Specialist Centrum Kids Caltrate ProNutrients	
<b>Gummy Only</b>	<b>1.766%</b>
Centrum Adult Multi-Gummies Centrum Multi-Gummies Women Centrum Multi-Gummies Men Centrum Multi-Gummies plus Omega 3 Centrum Multi-Gummies plus Beauty Emergen-C Core Gummies Caltrate Gummy Bites	
<b>Gastrointestinal (x Nexium)</b>	<b>0.824%</b>
Fibercon Prep H	
<b>Nexium</b>	<b>0.688%</b>
<b>Respiratory</b>	<b>0.868%</b>
Alavert Advil Cold & Sinus Advil Congestion Relief Dimetapp Dristan Primatene ( <b>Tablets Only</b> ) Robitussin Cough Syrups Children's Advil Anbesol	
<b>Emergen-C</b>	<b>1.327%</b>
Emergen-C Emergen-ZZZ	



## ATTACHMENT C

ATTACHMENT C		
Hazardous Items		
Description	UPC	Waste Code
Primatene Mist Inhaler .5 oz. <b>(Divested 7/2/08)</b>	3-0573-2910-20-8	P042
Primatene Mist Refill .5 oz. <b>(Divested 7/2/08)</b>	3-0573-2910-30-7	P042
Primatene Mist Refill .75 oz. <b>(Divested 7/2/08)</b>	3-0573-2910-40-6	P042
Centrum 15 ct.	3-0005-4239-16-7	D010
Centrum 30 ct.	3-0005-4239-70-9	D010
Centrum 100ct.	3-0005-4451-70-5	D010
Centrum 200ct.	3-0005-4451-74-3	D010
Centrum 300ct.	3-0005-4451-72-9	D010
Centrum 365ct.	3-0005-4451-80-4	D010
Centrum Silver 30 ct.	3-0005-4463-50-0	D010
Centrum Silver 110ct.	3-0005-4463-67-8	D010
Centrum Silver 150 ct.	3-0005-4177-58-2	D010
Centrum Silver 220 ct.	3-0005-4177-90-2	D010
Centrum Silver 285ct.	3-0005-4463-71-5	D010
Centrum Silver Adult 80 ct.	3-0005-4463-81-4	D010
Centrum Silver Adult 125 ct.	3-0005-4463-91-3	D010
Centrum Ultra Women's 100 ct.	3-0005-4755-50-6	D010
Centrum Ultra Women's 200 ct.	3-0005-4755-70-4	D010
Centrum Ultra Women's 250 ct.	3-0005-4755-80-3	D010
Centrum Silver Ultra Women's 100 ct.	3-0005-4756-50-3	D010
Centrum Silver Ultra Women's 200 ct.	3-0005-4756-70-1	D010
Centrum Silver Ultra Women's 250 ct.	3-0005-4756-80-0	D010
Centrum Ultra Men's 100 ct.	3-0005-4757-50-0	D010
Centrum Ultra Men's 200 ct.	3-0005-4757-70-8	D010
Centrum Ultra Men's 250 ct.	3-0005-4757-80-7	D010
Centrum Silver Ultra Men's 100 ct.	3-0005-4758-50-7	D010
Centrum Silver Ultra Men's 200 ct.	3-0005-4758-70-5	D010
Centrum Silver Ultra Men's 250 ct.	3-0005-4758-80-4	D010
Centrum Specialist Energy 60 ct.	3-0005-4470-60-7	D010
Centrum Specialist Energy 120 ct.	3-0005-4470-13-3	D010
Centrum Specialist Vision 60 ct.	3-0005-4367-60-0	D010
Centrum Specialist Vision 120 ct.	3-0005-4367-95-2	D010
Centrum Specialist Prenatal 56 ct.	3-0005-4365-56-9	D010
Centrum Performance 60ct. <b>(Discontinued 2011)</b>	3-0005-4430-61-8	D010
Centrum Performance 120ct. <b>(Discontinued 2011)</b>	3-0005-4430-13-7	D010
Centrum Performance 150ct. <b>(Discontinued 2011)</b>	3-0005-4430-29-8	D010
Centrum Performance 45 ct. <b>(Discontinued 2010)</b>	3-0005-4430-45-8	D010
Centrum Performance 75 ct. <b>(Discontinued 2010)</b>	3-0005-4430-19-9	D010
Centrum 50 ct. <b>(Discontinued 2010)</b>	3-0005-4239-18-1	D010
Centrum 130 ct. <b>(Discontinued 2010)</b>	3-0005-4239-30-3	D010
Centrum 180 ct. <b>(Discontinued 2010)</b>	3-0005-4239-36-5	D010
Centrum 250 ct. <b>(Discontinued 2010)</b>	3-0005-4239-26-6	D010
Centrum 325ct. <b>(Discontinued 2010)</b>	3-0005-4451-75-0	D010
Centrum Silver 60 ct. <b>(Discontinued 2011)</b>	3-0005-4177-19-3	D010
Centrum Silver 100 ct. <b>(Discontinued 2010)</b>	3-0005-4177-23-0	D010
Centrum Silver 270ct. <b>(Discontinued 2010)</b>	3-0005-4463-70-8	D010

**Important Note:** The above list is based on federal regulations. Please make sure to consult state and local laws, rules and regulations, which may impose more stringent requirements and/or designate additional products as potentially hazardous for disposal. Customer is responsible, at customer's expense, for

properly disposing of all unsaleable merchandise in accordance with all applicable laws, rules and regulations.

**ATTACHMENT D**

<b>Products Containing LIST I CHEMICALS</b>	
<b>Description</b>	<b>UPC</b>
Advil Cold & Sinus - Caplet 20 ct.	3-0573-0180-10-8
Advil Cold & Sinus - Caplet 40 ct.	3-0573-0180-21-4
Advil Cold & Sinus - Liqui-Gel 16 ct.	3-0573-0184-16-8
Advil Allergy Sinus - Caplet 20 ct.	3-0573-0188-10-4
Advil Multi-Symptom Cold - Caplet 10 ct.	3-0573-0198-10-3
Alavert D Allergy & Sinus 12 Hour - Tablets 12 ct.	3-0573-2660-12-7
Alavert D Allergy & Sinus 12 Hour - Tablets 24 ct.	3-0573-2660-24-0
Primatene - Tablets 24 ct.	3-0573-2952-10-9
Primatene - Tablets 60 ct.	3-0573-2952-20-8
Robitussin Cough & Cold D - 8 oz. (Discontinued 2009)	3-0031-8704-19-6
Robitussin Cough & Cold D - 8 oz. (Discontinued 2010)	3-0031-8706-18-3