

	Your 2006 SBC Retiree Prescription Drug Program	Standard 2006 Medicare Prescription Drug Program
Mail Order Drug Program	<p>There is no deductible. You pay the following copayments*:</p> <ul style="list-style-type: none"> • Generic \$20 • Formulary \$47 • Non Formulary \$87 <p>Once the copay is applied, the program covers 100% of covered drug costs up to a 90-day supply.</p> <p>*Limitations apply. For example, you will pay more if you do not use a generic prescription drug when available.</p> <p>Refer to your medical plan SPD for more information.</p>	<p>Mail order is not part of the standard program but may be available through one of the private companies providing this coverage.</p>
Out-of-Pocket Maximum	<p>There is no out-of-pocket maximum.</p>	<p>After a participant spends \$3,600 TrOOP costs, the program covers 95% of covered drug costs for the remainder of the year. If you do not have any other coverage, this means that your out-of-pocket maximum for the Medicare prescription drug program would be met when your covered drug expenses total at least \$5,100 for 2006.</p> <p><i>“TrOOP” refers to your true out-of-pocket expense for the Medicare prescription drug program for covered drug expenses. Your TrOOP includes your deductible and coinsurance but does not include any amounts paid by other coverage you may have. For example, payments made by your SBC prescription drug program do not apply to your TrOOP.</i></p>
Actuarial Equivalence	<p>The SBC prescription drug benefit under the SBC medical programs (unless you are enrolled in an HMO, which is not a Medicare Advantage HMO) is currently valued as equal to or better than the coverage provided under the standard Medicare prescription drug program.</p>	

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Coordination of Benefits <i>If you enroll in a Medicare prescription drug program you will still be eligible to participate in the SBC retiree prescription drug program.</i>	<p>If you do not enroll in a Medicare prescription drug program, your SBC prescription drug benefit will not be affected.</p> <p>If you enroll in a Medicare prescription drug program, your SBC coverage will continue, but it will be secondary and will be coordinated with your Medicare program. This means that we will determine your benefit that would be payable under the SBC program provisions and subtract the amount payable by Medicare.</p>	<p>If you enroll in a Medicare prescription drug program, your Medicare prescription drug program will be your primary coverage.</p>
For More Information	<p>If you have questions or concerns about your 2006 SBC medical program prescription drug coverage, refer to your medical program SPD, summary of material modifications, or <i>Benefits Updates</i> online through the Benefits section of http://access.sbc.com or contact Caremark, the prescription drug claims administrator, at 1-800-378-8851.</p>	<p>If you have questions about the Medicare prescription drug program, visit www.medicare.gov or call Medicare at 1-800-633-4227.</p>

Other Important Information You Should Know

The following additional information may apply to your personal situation and can help you decide which prescription drug coverage is best for you.

If Most of Your Prescription Drugs Are Covered

Your SBC medical program, which includes prescription drug coverage, is primarily paid for by your former employer. In addition, the prescription drug coverage included with your SBC medical program is, on average, at least as good as the standard Medicare prescription drug coverage. Therefore, if your prescription drugs are typically covered by your current prescription drug coverage and you are not eligible for extra help from Medicare, you should consider **keeping your current coverage** and **not joining** a Medicare prescription drug program.

If You Have Limited Income

If you have limited income and resources less than \$11,500 (single) or \$23,000 (married and living together) in 2005, you may pay less for your prescription drugs **if you join** a Medicare prescription

drug program. In addition, you may qualify for extra help in paying for your Medicare prescription drug program. If you think you qualify for extra help, you should contact the Social Security Administration or your state Medicaid office to apply. You can also apply online at www.socialsecurity.com (the Social Security Web site).

If You Are Paying Monthly Contributions (for Example, a COBRA Participant)

The cost of your current prescription drug coverage is included in your medical program monthly contribution. You may pay less for prescription drugs **if you join** a Medicare prescription drug program, but you will pay an additional monthly contribution for your Medicare prescription drug program. Depending on your situation, you might want to consider joining a Medicare prescription drug program **instead of** or **in addition to** your current retiree coverage. Learn more about coordination of benefits in the **At-a-Glance Comparison Chart** in this document.

Learn More About Your 2006 SBC Prescription Drug Coverage and Option for Additional Prescription Drug Coverage Through Medicare



A Word About Medicare Premium Penalties

Because your SBC prescription drug coverage has been determined to be creditable coverage, you do not have to enroll in a Medicare prescription drug program in 2006 to avoid a premium penalty later. A penalty applies only if you do not maintain creditable coverage, which means that coverage is at least as good as the Medicare standard

prescription drug program. Because the SBC retiree medical program prescription drug coverage meets this requirement, you will not pay a penalty as long as you maintain your current coverage. If you choose to drop your current coverage in 2006 and then enroll in a Medicare prescription drug program, you will not be subject to the premium penalty.

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Important: This document was written for easy readability. Therefore, it may contain generalizations and informal language, such as "SBC employees," rather than precise legal terms. Also, this document only summarizes benefits, and individual situations may vary. For full details, including eligibility, you should consult the summary plan descriptions, summary of material modifications or the official plan documents. In all cases, the official plan documents govern and are the final authority on the terms of the plans. The SBC companies reserve the right to terminate or amend any and all benefits plans, subject to bargaining agreements. Benefits described in this document may be subject to collective bargaining. Participation is neither a contract nor a guarantee of future employment.

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Beginning Nov. 15, 2005, individuals who are eligible for Medicare will have the opportunity to enroll in a new Medicare prescription drug program. This program will be available from a number of private companies that are not affiliated with SBC.



Because SBC medical programs include prescription drug coverage and you are eligible to enroll in an SBC medical program, you may decide not to join a Medicare prescription drug program. However, individual situations vary. So it's important that you take the time to learn about each program to ensure you are well-informed before deciding whether to enroll in the Medicare prescription drug program at this time.

We've included a side-by-side comparison chart of some of the highlights of both prescription drug programs to help you determine whether to enroll in a Medicare prescription drug program.

These are highlights only. All program provisions, including limitations and exclusions will apply.

For more information concerning the SBC program, refer to your summary plan description (SPD) and any updates, which are available online through the **Benefits** section at <http://access.sbc.com> or call Caremark, the prescription drug claims administrator, at **1-800-378-8851**. For information concerning the Medicare prescription drug program visit www.medicare.gov or call Medicare at **1-800-633-4227**.

At-a-Glance Comparison Chart

	Your 2006 SBC Retiree Prescription Drug Program	Standard 2006 Medicare Prescription Drug Program
Monthly Contributions	Generally, monthly contributions are not required. For certain surviving spouses and COBRA participants, monthly contributions are included in the monthly medical program contribution.	\$32 - \$35 each month for each participant, which will not be reimbursed by SBC. <i>Note: This is the standard premium. You will pay less if you qualify as low-income. For more information, refer to If You Have Limited Income section in this document.</i>
Annual Deductible	\$50 for each participant when you use a retail pharmacy.	\$250 for each participant.
Retail Pharmacy Copayment/ Coinsurance	After your \$50 deductible is satisfied, you pay the following copayments when you use a network retail pharmacy: <ul style="list-style-type: none"> • Generic \$10 • Formulary \$23 • Non Formulary \$40 Once the copay is applied, the program covers 100%* of covered drug costs up to a 30-day supply. <i>*Limitations apply. For example, you will pay more if you do not use a generic prescription drug when available or if you use a non-network pharmacy. Also, maintenance drugs must be purchased through the Caremark mail order pharmacy after the second fill. Refer to your medical plan SPD for more information.</i>	After the \$250 deductible is satisfied, you pay the following coinsurance: <ul style="list-style-type: none"> • 25% coinsurance of your covered drug costs up to an additional \$2,000. Then you pay: <ul style="list-style-type: none"> • 100% of your covered drug costs until your actual out-of-pocket payment reaches the "TrOOP" as described in this document. At this point, you pay: <ul style="list-style-type: none"> • 5% coinsurance of your covered drug costs for the remainder of the year. This describes the standard program. Individual Medicare prescription drug programs may offer enhanced benefits. <i>Note: This is the standard coinsurance. You will pay less if you qualify as low-income. For more information, refer to If You Have Limited Income section in this document.</i>