



**Merck & Co., Inc.  
Financial Highlights Package  
First Quarter 2017  
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**MERCK & CO., INC.**  
**CONSOLIDATED STATEMENT OF INCOME - GAAP**  
**(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)**  
**(UNAUDITED)**

**Table 1**

|   | GAAP     |          | % Change |
|---|----------|----------|----------|
|   | 1Q17     | 1Q16     |          |
| Sales   | \$ 9,434 | \$ 9,312 | 1%       |
| Costs, Expenses and Other                                 |          |          |          |
| Materials and production <sup>(1)</sup>                   | 3,015    | 3,572    | -16%     |
| Marketing and administrative <sup>(1)</sup>               | 2,411    | 2,318    | 4%       |
| Research and development <sup>(1)</sup>                   | 1,796    | 1,659    | 8%       |
| Restructuring costs <sup>(2)</sup>                        | 151      | 91       | 66%      |
| Other (income) expense, net <sup>(1)</sup>                | 58       | 48       | 21%      |
| Income Before Taxes                                       | 2,003    | 1,624    | 23%      |
| Taxes on Income   | 447      | 494      |          |
| Net Income  | 1,556    | 1,130    | 38%      |
| Less: Net Income Attributable to Noncontrolling Interests | 5        | 5        |          |
| Net Income Attributable to Merck & Co., Inc.              | \$ 1,551 | \$ 1,125 | 38%      |
| Earnings per Common Share Assuming Dilution               | \$ 0.56  | \$ 0.40  | 40%      |
| Average Shares Outstanding Assuming Dilution              | 2,766    | 2,795    |          |
| Tax Rate  | 22.3%    | 30.4%    |          |

(1) Amounts include the impact of acquisition and divestiture-related costs, restructuring costs and certain other items. See accompanying tables for details.

(2) Represents separation and other related costs associated with restructuring activities under the company's formal restructuring programs.

**MERCK & CO., INC.**  
**CONSOLIDATED STATEMENT OF INCOME - GAAP**  
**(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)**  
**(UNAUDITED)**

**Table 1a**

|   | 2017     | 2016     |          |           |           |           | % Change |
|---|----------|----------|----------|-----------|-----------|-----------|----------|
|   | 1Q       | 1Q       | 2Q       | 3Q        | 4Q        | Full Year | 1Q       |
| Sales   | \$ 9,434 | \$ 9,312 | \$ 9,844 | \$ 10,536 | \$ 10,115 | \$ 39,807 | 1%       |
| Costs, Expenses and Other   |          |          |          |           |           |           |          |
| Materials and production  | 3,015    | 3,572    | 3,578    | 3,409     | 3,332     | 13,891    | -16%     |
| Marketing and administrative                                      | 2,411    | 2,318    | 2,458    | 2,393     | 2,593     | 9,762     | 4%       |
| Research and development  | 1,796    | 1,659    | 2,151    | 1,664     | 4,650     | 10,124    | 8%       |
| Restructuring costs   | 151      | 91       | 134      | 161       | 265       | 651       | 66%      |
| Other (income) expense, net                                       | 58       | 48       | 19       | 22        | 631       | 720       | 21%      |
| Income (Loss) Before Taxes  | 2,003    | 1,624    | 1,504    | 2,887     | (1,356)   | 4,659     | 23%      |
| Income Tax Provision (Benefit)                                    | 447      | 494      | 295      | 699       | (769)     | 718       |          |
| Net Income (Loss)   | 1,556    | 1,130    | 1,209    | 2,188     | (587)     | 3,941     | 38%      |
| Less: Net Income Attributable to Noncontrolling Interests         | 5        | 5        | 4        | 4         | 7         | 21        |          |
| Net Income (Loss) Attributable to Merck & Co., Inc.               | \$ 1,551 | \$ 1,125 | \$ 1,205 | \$ 2,184  | \$ (594)  | \$ 3,920  | 38%      |
| Earnings (Loss) per Common Share Assuming Dilution <sup>(1)</sup> | \$ 0.56  | \$ 0.40  | \$ 0.43  | \$ 0.78   | \$ (0.22) | \$ 1.41   | 40%      |
| Average Shares Outstanding Assuming Dilution <sup>(1)</sup>       | 2,766    | 2,795    | 2,789    | 2,786     | 2,755     | 2,787     |          |
| Tax Rate  | 22.3%    | 30.4%    | 19.6%    | 24.2%     | 56.7%     | 15.4%     |          |

Sum of quarterly amounts may not equal year-to-date amounts due to rounding.

(1) Because the company recorded a net loss in the fourth quarter of 2016, no potential dilutive common shares were used in the computation of loss per common share assuming dilution as the effect would have been anti-dilutive.

**MERCK & CO., INC.**  
**GAAP TO NON-GAAP RECONCILIATION**  
**FIRST QUARTER 2017**  
**(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)**  
**(UNAUDITED)**

Table 2a

|  | GAAP     | Acquisition and<br>Divestiture-Related<br>Costs <sup>(1)</sup> | Restructuring<br>Costs <sup>(2)</sup> | Certain Other<br>Items | Adjustment<br>Subtotal | Non-GAAP |
|--|----------|--|---------------------------------------|------------------------|------------------------|----------|
| Materials and production                     | \$ 3,015 | 855  | 63                                    |                        | 918                    | \$ 2,097 |
| Marketing and administrative                 | 2,411    | 20   | 1                                     |                        | 21                     | 2,390    |
| Research and development                     | 1,796    | 11   |                                       |                        | 11                     | 1,785    |
| Restructuring costs                          | 151      |  | 151                                   |                        | 151                    | -        |
| Other (income) expense, net                  | 58       | (3)  |                                       | (9)                    | (12)                   | 70       |
| Income Before Taxes                          | 2,003    | (883)  | (215)                                 | 9                      | (1,089)                | 3,092    |
| Income Tax Provision (Benefit)               | 447      | (158) <sup>(3)</sup>   | (48) <sup>(3)</sup>                   | 3 <sup>(3)</sup>       | (203)                  | 650      |
| Net Income                                   | 1,556    | (725)  | (167)                                 | 6                      | (886)                  | 2,442    |
| Net Income Attributable to Merck & Co., Inc. | 1,551    | (725)  | (167)                                 | 6                      | (886)                  | 2,437    |
| Earnings per Common Share Assuming Dilution  | \$ 0.56  | (0.26)   | (0.06)                                | -                      | (0.32)                 | \$ 0.88  |
| Tax Rate                                     | 22.3%    |  |                                       |                        |                        | 21.0%    |

Only the line items that are affected by non-GAAP adjustments are shown.

Merck is providing certain non-GAAP information that excludes certain items because of the nature of these items and the impact they have on the analysis of underlying business performance and trends. Management believes that providing this information enhances investors' understanding of the company's results as it permits investors to understand how management assesses performance. Management uses these measures internally for planning and forecasting purposes and to measure the performance of the company along with other metrics. Senior management's annual compensation is derived in part using non-GAAP income and non-GAAP EPS. This information should be considered in addition to, but not as a substitute for or superior to, information prepared in accordance with GAAP.

(1) Amounts included in materials and production costs primarily reflect \$773 million of expenses for the amortization of intangible assets recognized as a result of acquisitions, as well as intangible asset impairment charges of \$76 million. Amounts included in marketing and administrative expenses reflect integration, transaction and certain other costs related to business acquisitions, including severance costs which are not part of the company's formal restructuring programs, as well as transaction and certain other costs related to business divestitures. Amounts included in research and development expenses primarily reflect changes in the estimated fair value measurement of liabilities for contingent consideration.

(2) Amounts primarily include employee separation costs and accelerated depreciation associated with facilities to be closed or divested related to activities under the company's formal restructuring programs.

(3) Represents the estimated tax impact on the reconciling items based on applying the statutory rate of the originating territory of the non-GAAP adjustments.

**MERCK & CO., INC.**  
**GAAP TO NON-GAAP RECONCILIATION**  
**FIRST QUARTER 2016**  
**(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)**  
**(UNAUDITED)**

**Table 2b**

|  | GAAP     | Acquisition and<br>Divestiture-<br>Related Costs <sup>(1)</sup> | Restructuring<br>Costs <sup>(2)</sup> | Adjustment<br>Subtotal | Non-GAAP |
|--|----------|---|---------------------------------------|------------------------|----------|
| Materials and production                     | \$ 3,572 | 1,386   | 47                                    | 1,433                  | \$ 2,139 |
| Marketing and administrative                 | 2,318    | 2   | 3                                     | 5                      | 2,313    |
| Research and development                     | 1,659    | 35  | 55                                    | 90                     | 1,569    |
| Restructuring costs                          | 91       |   | 91                                    | 91                     | -        |
| Other (income) expense, net                  | 48       |   |                                       |                        | 48       |
| Income Before Taxes                          | 1,624    | (1,423)   | (196)                                 | (1,619)                | 3,243    |
| Income Tax Provision (Benefit)               | 494      | (209) <sup>(3)</sup>  | (43) <sup>(3)</sup>                   | (252)                  | 746      |
| Net Income                                   | 1,130    | (1,214)   | (153)                                 | (1,367)                | 2,497    |
| Net Income Attributable to Merck & Co., Inc. | 1,125    | (1,214)   | (153)                                 | (1,367)                | 2,492    |
| Earnings per Common Share Assuming Dilution  | \$ 0.40  | (0.43)  | (0.06)                                | (0.49)                 | \$ 0.89  |
| Tax Rate                                     | 30.4%    |   |                                       |                        | 23.0%    |

Only the line items that are affected by non-GAAP adjustments are shown.

Merck is providing certain non-GAAP information that excludes certain items because of the nature of these items and the impact they have on the analysis of underlying business performance and trends. Management believes that providing this information enhances investors' understanding of the company's results as it permits investors to understand how management assesses performance. Management uses these measures internally for planning and forecasting purposes and to measure the performance of the company along with other metrics. Senior management's annual compensation is derived in part using non-GAAP income and non-GAAP EPS. This information should be considered in addition to, but not as a substitute for or superior to, information prepared in accordance with GAAP.

(1) Amounts included in materials and production costs reflect \$1.1 billion of expenses for the amortization of intangible assets recognized as a result of acquisitions, as well as \$24 million of amortization of purchase accounting adjustments to inventories related to the 2015 acquisition of Cubist Pharmaceuticals, Inc., and \$252 million of intangible asset impairment charges. Amounts included in marketing and administrative expenses reflect integration, transaction and certain other costs related to business acquisitions, including severance costs which are not part of the company's formal restructuring programs, as well as transaction and certain other costs related to business divestitures. Amounts included in research and development expenses primarily reflect in-process research and development (IPR&D) impairment charges.

(2) Amounts primarily include employee separation costs and accelerated depreciation associated with facilities to be closed or divested related to activities under the company's formal restructuring programs.

(3) Represents the estimated tax impact of the reconciling items based on applying the statutory rate of the originating territory of the non-GAAP adjustments.

**MERCK & CO., INC.**  
**FRANCHISE / KEY PRODUCT SALES**  
**(AMOUNTS IN MILLIONS)**

Table 3

|  | 2017           | 2016           |                |                 |                 |                 | % Change   |
|--|----------------|----------------|----------------|-----------------|-----------------|-----------------|------------|
|  | 1Q             | 1Q             | 2Q             | 3Q              | 4Q              | Full Year       | 1Q         |
| <b>TOTAL SALES <sup>(1)</sup></b>          | <b>\$9,434</b> | <b>\$9,312</b> | <b>\$9,844</b> | <b>\$10,536</b> | <b>\$10,115</b> | <b>\$39,807</b> | <b>1</b>   |
| <b>PHARMACEUTICAL</b>                      | <b>8,185</b>   | <b>8,104</b>   | <b>8,700</b>   | <b>9,443</b>    | <b>8,904</b>    | <b>35,151</b>   | <b>1</b>   |
| <b>Primary Care and Women's Health</b>     |                |                |                |                 |                 |                 |            |
| Cardiovascular                             |                |                |                |                 |                 |                 |            |
| Zetia                                      | 334            | 612            | 702            | 671             | 575             | 2,560           | -46        |
| Vytorin                                    | 241            | 277            | 293            | 273             | 299             | 1,141           | -13        |
| Liptruzet                                  | 49             | 23             | 33             | 39              | 50              | 146             | 114        |
| Adempas                                    | 84             | 33             | 40             | 48              | 49              | 169             | 158        |
| Diabetes                                   |                |                |                |                 |                 |                 |            |
| Januvia                                    | 839            | 906            | 1,064          | 1,006           | 932             | 3,908           | -7         |
| Janumet                                    | 496            | 506            | 569            | 548             | 577             | 2,201           | -2         |
| General Medicine & Women's Health          |                |                |                |                 |                 |                 |            |
| Implanon / Nexplanon                       | 170            | 134            | 164            | 148             | 160             | 606             | 27         |
| NuvaRing                                   | 160            | 175            | 200            | 195             | 207             | 777             | -9         |
| Follistim AQ                               | 81             | 94             | 73             | 101             | 87              | 355             | -14        |
| <b>Hospital and Specialty</b>              |                |                |                |                 |                 |                 |            |
| Hepatitis                                  |                |                |                |                 |                 |                 |            |
| Zepatier                                   | 378            | 50             | 112            | 164             | 229             | 555             | *          |
| HIV  |                |                |                |                 |                 |                 |            |
| Isentress                                  | 305            | 340            | 338            | 372             | 337             | 1,387           | -10        |
| Hospital Acute Care                        |                |                |                |                 |                 |                 |            |
| Bridion                                    | 148            | 90             | 113            | 139             | 139             | 482             | 63         |
| Noxafil                                    | 141            | 145            | 143            | 147             | 161             | 595             | -3         |
| Invanz                                     | 136            | 114            | 143            | 152             | 152             | 561             | 20         |
| Cancidas                                   | 121            | 133            | 131            | 142             | 152             | 558             | -9         |
| Cubicin                                    | 96             | 292            | 357            | 320             | 119             | 1,087           | -67        |
| Primaxin                                   | 62             | 73             | 81             | 77              | 66              | 297             | -15        |
| Immunology                                 |                |                |                |                 |                 |                 |            |
| Remicade                                   | 229            | 349            | 339            | 311             | 269             | 1,268           | -34        |
| Simponi                                    | 184            | 188            | 199            | 193             | 186             | 766             | -2         |
| <b>Oncology</b>                            |                |                |                |                 |                 |                 |            |
| Keytruda                                   | 584            | 249            | 314            | 356             | 483             | 1,402           | 134        |
| Emend                                      | 133            | 126            | 143            | 137             | 144             | 549             | 6          |
| Temodar                                    | 66             | 66             | 73             | 78              | 67              | 283             | 0          |
| <b>Diversified Brands</b>                  |                |                |                |                 |                 |                 |            |
| Respiratory                                |                |                |                |                 |                 |                 |            |
| Singulair                                  | 186            | 237            | 229            | 239             | 210             | 915             | -22        |
| Nasonex                                    | 139            | 229            | 101            | 94              | 112             | 537             | -40        |
| Dulera                                     | 82             | 113            | 121            | 97              | 105             | 436             | -27        |
| Other                                      |                |                |                |                 |                 |                 |            |
| Cozaar / Hyzaar                            | 112            | 126            | 132            | 131             | 121             | 511             | -11        |
| Arcoxia                                    | 103            | 111            | 117            | 114             | 108             | 450             | -7         |
| Fosamax                                    | 61             | 75             | 73             | 68              | 68              | 284             | -19        |
| <b>Vaccines <sup>(2)</sup></b>             |                |                |                |                 |                 |                 |            |
| Gardasil / Gardasil 9                      | 532            | 378            | 393            | 860             | 542             | 2,173           | 41         |
| ProQuad / M-M-R II / Varivax               | 355            | 357            | 383            | 496             | 405             | 1,640           | 0          |
| RotaTeq                                    | 224            | 188            | 130            | 171             | 162             | 652             | 19         |
| Pneumovax 23                               | 163            | 107            | 120            | 175             | 238             | 641             | 52         |
| Zostavax                                   | 154            | 125            | 149            | 190             | 221             | 685             | 23         |
| <b>Other Pharmaceutical <sup>(3)</sup></b> | <b>1,037</b>   | <b>1,083</b>   | <b>1,128</b>   | <b>1,191</b>    | <b>1,172</b>    | <b>4,574</b>    | <b>-4</b>  |
| <b>ANIMAL HEALTH</b>                       | <b>939</b>     | <b>829</b>     | <b>900</b>     | <b>865</b>      | <b>884</b>      | <b>3,478</b>    | <b>13</b>  |
| <b>Other Revenues <sup>(4)</sup></b>       | <b>310</b>     | <b>379</b>     | <b>244</b>     | <b>228</b>      | <b>327</b>      | <b>1,178</b>    | <b>-18</b> |

\* 200% or greater

Sum of quarterly amounts may not equal year-to-date amounts due to rounding.

<sup>(1)</sup> Only select products are shown.

<sup>(2)</sup> Vaccine sales in 2017 include sales in the European markets that were previously part of the Sanofi Pasteur MSD (SPMSD) joint venture that was terminated on December 31, 2016. Amounts for 2016 include supply sales to SPMSD.

<sup>(3)</sup> Includes Pharmaceutical products not individually shown above. Other Vaccines sales included in Other Pharmaceutical were \$88 million in the first quarter of 2017 and \$103 million, \$91 million, \$135 million and \$126 million for the first, second, third and fourth quarters of 2016, respectively.

<sup>(4)</sup> Other Revenues are comprised primarily of alliance revenue, third-party manufacturing sales and miscellaneous corporate revenues, including revenue hedging activities.

**MERCK & CO., INC.**  
**FRANCHISE / KEY PRODUCT SALES**  
**FIRST QUARTER 2017**  
**(AMOUNTS IN MILLIONS)**

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Table 3a

|  | Global         |                |            | U.S.           |                |           | International  |                |            |
|--|----------------|----------------|------------|----------------|----------------|-----------|----------------|----------------|------------|
|  | 1Q 2017        | 1Q 2016        | % Change   | 1Q 2017        | 1Q 2016        | % Change  | 1Q 2017        | 1Q 2016        | % Change   |
| <b>TOTAL SALES <sup>(1)</sup></b>          | <b>\$9,434</b> | <b>\$9,312</b> | <b>1</b>   | <b>\$4,195</b> | <b>\$4,222</b> | <b>-1</b> | <b>\$5,239</b> | <b>\$5,090</b> | <b>3</b>   |
| <b>PHARMACEUTICAL</b>                      | <b>8,185</b>   | <b>8,104</b>   | <b>1</b>   | <b>3,761</b>   | <b>3,913</b>   | <b>-4</b> | <b>4,424</b>   | <b>4,191</b>   | <b>6</b>   |
| <b>Primary Care and Women's Health</b>     |                |                |            |                |                |           |                |                |            |
| Cardiovascular                             |                |                |            |                |                |           |                |                |            |
| Zetia                                      | 334            | 612            | -46        | 111            | 386            | -71       | 222            | 226            | -2         |
| Vytorin                                    | 241            | 277            | -13        | 90             | 109            | -18       | 151            | 168            | -10        |
| Liptruzet                                  | 49             | 23             | 114        |                |                |           | 49             | 23             | 114        |
| Adempas                                    | 84             | 33             | 158        |                |                |           | 84             | 33             | 158        |
| Diabetes                                   |                |                |            |                |                |           |                |                |            |
| Januvia                                    | 839            | 906            | -7         | 507            | 549            | -8        | 332            | 357            | -7         |
| Janumet                                    | 496            | 506            | -2         | 195            | 226            | -14       | 302            | 280            | 8          |
| General Medicine & Women's Health          |                |                |            |                |                |           |                |                |            |
| Implanon / Nexplanon                       | 170            | 134            | 27         | 132            | 99             | 32        | 39             | 35             | 12         |
| NuvaRing                                   | 160            | 175            | -9         | 113            | 128            | -12       | 47             | 48             | -1         |
| Follistim AQ                               | 81             | 94             | -14        | 42             | 53             | -21       | 40             | 42             | -4         |
| <b>Hospital and Specialty</b>              |                |                |            |                |                |           |                |                |            |
| Hepatitis                                  |                |                |            |                |                |           |                |                |            |
| Zepatier                                   | 378            | 50             | *          | 200            | 49             | *         | 178            | 1              | *          |
| HIV  |                |                |            |                |                |           |                |                |            |
| Isentress                                  | 305            | 340            | -10        | 143            | 162            | -12       | 162            | 178            | -9         |
| Hospital Acute Care                        |                |                |            |                |                |           |                |                |            |
| Bridion                                    | 148            | 90             | 63         | 45             | 5              | *         | 102            | 86             | 19         |
| Noxafil                                    | 141            | 145            | -3         | 65             | 71             | -8        | 76             | 74             | 3          |
| Invanz                                     | 136            | 114            | 20         | 82             | 65             | 26        | 54             | 49             | 10         |
| Cancidas                                   | 121            | 133            | -9         | 5              | 4              | 20        | 116            | 128            | -10        |
| Cubicin                                    | 96             | 292            | -67        | 54             | 255            | -79       | 41             | 37             | 13         |
| Primaxin                                   | 62             | 73             | -15        |                | 1              | -57       | 62             | 73             | -14        |
| Immunology                                 |                |                |            |                |                |           |                |                |            |
| Remicade                                   | 229            | 349            | -34        |                |                |           | 229            | 349            | -34        |
| Simponi                                    | 184            | 188            | -2         |                |                |           | 184            | 188            | -2         |
| <b>Oncology</b>                            |                |                |            |                |                |           |                |                |            |
| Keytruda                                   | 584            | 249            | 134        | 361            | 133            | 172       | 223            | 116            | 92         |
| Emend                                      | 133            | 126            | 6          | 86             | 82             | 5         | 47             | 44             | 7          |
| Temodar                                    | 66             | 66             |            | 1              | 4              | -78       | 65             | 62             | 6          |
| <b>Diversified Brands</b>                  |                |                |            |                |                |           |                |                |            |
| Respiratory                                |                |                |            |                |                |           |                |                |            |
| Singular                                   | 186            | 237            | -22        | 6              | 17             | -66       | 180            | 220            | -18        |
| Nasonex                                    | 139            | 229            | -40        | 18             | 112            | -84       | 121            | 117            | 3          |
| Dulera                                     | 82             | 113            | -27        | 75             | 107            | -29       | 7              | 6              | 18         |
| Other                                      |                |                |            |                |                |           |                |                |            |
| Cozaar / Hyzaar                            | 112            | 126            | -11        | 3              | 6              | -48       | 109            | 121            | -9         |
| Arcoxia                                    | 103            | 111            | -7         |                |                |           | 103            | 111            | -7         |
| Fosamax                                    | 61             | 75             | -19        | 1              | 1              | 62        | 60             | 74             | -20        |
| <b>Vaccines <sup>(2)</sup></b>             |                |                |            |                |                |           |                |                |            |
| Gardasil / Gardasil 9                      | 532            | 378            | 41         | 398            | 320            | 25        | 134            | 58             | 130        |
| ProQuad / M-M-R II / Varivax               | 355            | 357            |            | 298            | 310            | -4        | 57             | 47             | 21         |
| RotaTeq                                    | 224            | 188            | 19         | 178            | 149            | 20        | 45             | 39             | 16         |
| Pneumovax 23                               | 163            | 107            | 52         | 114            | 67             | 70        | 49             | 40             | 22         |
| Zostavax                                   | 154            | 125            | 23         | 109            | 109            |           | 45             | 16             | 174        |
| <b>Other Pharmaceutical <sup>(3)</sup></b> | <b>1,037</b>   | <b>1,083</b>   | <b>-4</b>  | <b>329</b>     | <b>334</b>     | <b>-1</b> | <b>709</b>     | <b>745</b>     | <b>-5</b>  |
| <b>ANIMAL HEALTH</b>                       | <b>939</b>     | <b>829</b>     | <b>13</b>  | <b>283</b>     | <b>233</b>     | <b>22</b> | <b>656</b>     | <b>596</b>     | <b>10</b>  |
| <b>Other Revenues <sup>(4)</sup></b>       | <b>310</b>     | <b>379</b>     | <b>-18</b> | <b>151</b>     | <b>76</b>      | <b>99</b> | <b>159</b>     | <b>303</b>     | <b>-48</b> |

\* 200% or greater

<sup>(1)</sup> Only select products are shown.

<sup>(2)</sup> Vaccine sales in 2017 include sales in the European markets that were previously part of the Sanofi Pasteur MSD (SPMSD) joint venture that was terminated on December 31, 2016. Amounts for 2016 include supply sales to SPMSD.

<sup>(3)</sup> Includes Pharmaceutical products not individually shown above. Other Vaccines sales included in Other Pharmaceutical were \$88 million and \$103 million on a global basis for first quarter 2017 and 2016, respectively.

<sup>(4)</sup> Other Revenues are comprised primarily of alliance revenue, third-party manufacturing sales and miscellaneous corporate revenues, including revenue hedging activities.

**MERCK & CO., INC.**  
**PHARMACEUTICAL GEOGRAPHIC SALES**  
**(AMOUNTS IN MILLIONS)**  
**(UNAUDITED)**  
**Table 3b**

|  | 2017           | 2016           |                |                |                |                 | % Change<br>1Q |
|--|----------------|----------------|----------------|----------------|----------------|-----------------|----------------|
|  | 1Q             | 1Q             | 2Q             | 3Q             | 4Q             | Full Year       |                |
| <b>TOTAL PHARMACEUTICAL</b>              | <b>\$8,185</b> | <b>\$8,104</b> | <b>\$8,700</b> | <b>\$9,443</b> | <b>\$8,904</b> | <b>\$35,151</b> | <b>1</b>       |
| <b>United States</b>                     | <b>3,761</b>   | <b>3,913</b>   | <b>4,169</b>   | <b>4,710</b>   | <b>4,282</b>   | <b>17,073</b>   | <b>-4</b>      |
| % Pharmaceutical Sales                   | 45.9%          | 48.3%          | 47.9%          | 49.9%          | 48.1%          | 48.6%           |                |
| <b>Europe <sup>(1)</sup></b>             | <b>1,977</b>   | <b>1,914</b>   | <b>1,997</b>   | <b>1,935</b>   | <b>1,843</b>   | <b>7,689</b>    | <b>3</b>       |
| % Pharmaceutical Sales                   | 24.2%          | 23.6%          | 23.0%          | 20.5%          | 20.7%          | 21.9%           |                |
| <b>Japan</b>                             | <b>688</b>     | <b>620</b>     | <b>673</b>     | <b>812</b>     | <b>659</b>     | <b>2,764</b>    | <b>11</b>      |
| % Pharmaceutical Sales                   | 8.4%           | 7.7%           | 7.7%           | 8.6%           | 7.4%           | 7.9%            |                |
| <b>Asia Pacific</b>                      | <b>889</b>     | <b>806</b>     | <b>890</b>     | <b>914</b>     | <b>912</b>     | <b>3,522</b>    | <b>10</b>      |
| % Pharmaceutical Sales                   | 10.9%          | 9.9%           | 10.2%          | 9.7%           | 10.2%          | 10.0%           |                |
| <b>China</b>                             | <b>328</b>     | <b>337</b>     | <b>353</b>     | <b>350</b>     | <b>333</b>     | <b>1,374</b>    | <b>-3</b>      |
| <b>Latin America</b>                     | <b>375</b>     | <b>359</b>     | <b>430</b>     | <b>448</b>     | <b>538</b>     | <b>1,776</b>    | <b>5</b>       |
| % Pharmaceutical Sales                   | 4.6%           | 4.4%           | 4.9%           | 4.7%           | 6.0%           | 5.1%            |                |
| <b>Eastern Europe/Middle East Africa</b> | <b>255</b>     | <b>272</b>     | <b>314</b>     | <b>364</b>     | <b>429</b>     | <b>1,379</b>    | <b>-6</b>      |
| % Pharmaceutical Sales                   | 3.1%           | 3.4%           | 3.6%           | 3.9%           | 4.8%           | 3.9%            |                |
| <b>Canada</b>                            | <b>182</b>     | <b>147</b>     | <b>170</b>     | <b>184</b>     | <b>180</b>     | <b>682</b>      | <b>23</b>      |
| % Pharmaceutical Sales                   | 2.2%           | 1.8%           | 2.0%           | 1.9%           | 2.0%           | 1.9%            |                |
| <b>Other</b>                             | <b>58</b>      | <b>73</b>      | <b>57</b>      | <b>76</b>      | <b>61</b>      | <b>266</b>      | <b>-21</b>     |
| % Pharmaceutical Sales                   | 0.7%           | 0.9%           | 0.7%           | 0.8%           | 0.7%           | 0.8%            |                |

<sup>(1)</sup> Europe primarily represents all European Union countries and the European Union accession markets.

**MERCK & CO., INC.**  
**OTHER (INCOME) EXPENSE, NET - GAAP**  
**(AMOUNTS IN MILLIONS)**  
**(UNAUDITED)**  
**Table 4**

**OTHER (INCOME) EXPENSE, NET**

|                                      | 1Q17         | 1Q16         |
|--------------------------------------|--------------|--------------|
| INTEREST INCOME                      | \$ (97)      | \$ (79)      |
| INTEREST EXPENSE                     | 182          | 172          |
| EXCHANGE (GAINS) LOSSES              | (8)          | 38           |
| EQUITY LOSS (INCOME) FROM AFFILIATES | 13           | (34)         |
| Other, net                           | (32)         | (49)         |
| <b>TOTAL</b>                         | <b>\$ 58</b> | <b>\$ 48</b> |