



**Merck & Co., Inc.  
Financial Highlights Package  
First Quarter 2016  
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**MERCK & CO., INC.**  
**CONSOLIDATED STATEMENT OF INCOME - GAAP**  
**(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)**  
**(UNAUDITED)**

**Table 1**

	GAAP		% Change
	1Q16	1Q15	
Sales	\$ 9,312	\$ 9,425	-1%
Costs, Expenses and Other			
Materials and production <sup>(1)</sup>	3,572	3,569	--
Marketing and administrative <sup>(1)</sup>	2,318	2,601	-11%
Research and development <sup>(1)</sup>	1,659	1,737	-4%
Restructuring costs <sup>(2)</sup>	91	82	11%
Other (income) expense, net <sup>(1)</sup>	48	55	-13%
Income Before Taxes	1,624	1,381	18%
Income Tax Provision	494	423	
Net Income	1,130	958	18%
Less: Net Income Attributable to Noncontrolling Interests	5	5	
Net Income Attributable to Merck & Co., Inc.	\$ 1,125	\$ 953	18%
Earnings per Common Share Assuming Dilution	\$ 0.40	\$ 0.33	21%
Average Shares Outstanding Assuming Dilution	2,795	2,865	
Tax Rate	30.4%	30.6%	

(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

	2016	2015					% Change
	1Q	1Q	2Q	3Q	4Q	Dec YTD	1Q
Sales	\$ 9,312	\$ 9,425	\$ 9,785	\$ 10,073	\$ 10,215	\$ 39,498	-1%
Costs, Expenses and Other							
Materials and production	3,572	3,569	3,754	3,761	3,850	14,934	--
Marketing and administrative	2,318	2,601	2,624	2,472	2,615	10,313	-11%
Research and development	1,659	1,737	1,670	1,500	1,797	6,704	-4%
Restructuring costs	91	82	191	113	233	619	11%
Other (income) expense, net	48	55	739	(170)	905	1,527	-13%
Income Before Taxes	1,624	1,381	807	2,397	815	5,401	18%
Income Tax Provision (Benefit)	494	423	119	566	(166)	942	
Net Income	1,130	958	688	1,831	981	4,459	18%
Less: Net Income Attributable to Noncontrolling Interests	5	5	1	5	5	17	
Net Income Attributable to Merck & Co., Inc.	\$ 1,125	\$ 953	\$ 687	\$ 1,826	\$ 976	\$ 4,442	18%
Earnings per Common Share Assuming Dilution	\$ 0.40	\$ 0.33	\$ 0.24	\$ 0.64	\$ 0.35	\$ 1.56	21%
Average Shares Outstanding Assuming Dilution	2,795	2,865	2,850	2,836	2,813	2,841	
Tax Rate	30.4%	30.6%	14.7%	23.6%	-20.4%	17.4%	

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

**MERCK & CO., INC.**  
**CONSOLIDATED STATEMENT OF INCOME**  
**GAAP TO NON-GAAP RECONCILIATION**  
**FIRST QUARTER 2016**  
**(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)**  
**(UNAUDITED)**  
**Table 2a**

	GAAP	Acquisition and Divestiture- Related Costs <sup>(1)</sup>	Restructuring Costs <sup>(2)</sup>	Adjustment Subtotal	Non-GAAP
Sales	\$ 9,312				\$ 9,312
Costs, Expenses and Other					
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	494			(252) <sup>(3)</sup>	746
Net Income	1,130			(1,367)	2,497
Less: Net Income Attributable to Noncontrolling Interests	5				5
Net Income Attributable to Merck & Co., Inc.	\$ 1,125			(1,367)	\$ 2,492
Earnings per Common Share Assuming Dilution	\$ 0.40				\$ 0.89
Average Shares Outstanding Assuming Dilution	2,795				2,795
Tax Rate	30.4%				23.0%

Merck is providing 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 performance. This information should be considered in addition to, but not in lieu of, 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 as a result of the prior year acquisition of Cubist Pharmaceuticals, Inc., and \$252 million of impairment charges on product intangibles. 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 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 on the reconciling items.

**MERCK & CO., INC.**  
**CONSOLIDATED STATEMENT OF INCOME**  
**GAAP TO NON-GAAP RECONCILIATION**  
**FIRST QUARTER 2015**  
**(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)**  
**(UNAUDITED)**

Table 2b

	GAAP	Acquisition and Divestiture- Related Costs <sup>(1)</sup>	Restructuring Costs <sup>(2)</sup>	Adjustment Subtotal	Non-GAAP
Sales	\$ 9,425				\$ 9,425
Costs, Expenses and Other					
Materials and production	3,569	1,250	105	1,355	2,214
Marketing and administrative	2,601	227	36	263	2,338
Research and development	1,737	63	2	65	1,672
Restructuring costs	82		82	82	-
Other (income) expense, net	55	(14)		(14)	69
Income Before Taxes	1,381	(1,526)	(225)	(1,751)	3,132
Taxes on Income	423			(278) <sup>(3)</sup>	701
Net Income	958			(1,473)	2,431
Less: Net Income Attributable to Noncontrolling Interests	5				5
Net Income Attributable to Merck & Co., Inc.	\$ 953			(1,473)	\$ 2,426
Earnings per Common Share Assuming Dilution	\$ 0.33				\$ 0.85
Average Shares Outstanding Assuming Dilution	2,865				2,865
Tax Rate	30.6%				22.4%

Merck is providing 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 performance. This information should be considered in addition to, but not in lieu of, information prepared in accordance with GAAP.

(1) Amounts included in materials and production costs reflect \$1.2 billion of expenses for the amortization of intangible assets recognized as a result of acquisitions, as well as \$20 million of amortization of purchase accounting adjustments to inventories as a result of the Cubist Pharmaceuticals, Inc. acquisition. 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 divestitures. Amounts included in research and development expenses reflect \$61 million of charges to increase the fair value of liabilities for contingent consideration, as well as \$2 million of 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 on the reconciling items.

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

Table 3

	2016	2015					% Change
	1Q	1Q	2Q	3Q	4Q	FY	1Q
<b>TOTAL SALES<sup>(1)</sup></b>	<b>\$ 9,312</b>	<b>\$ 9,425</b>	<b>\$ 9,785</b>	<b>\$ 10,073</b>	<b>\$ 10,215</b>	<b>\$ 39,498</b>	<b>-1</b>
<b>PHARMACEUTICAL</b>	<b>8,104</b>	<b>8,266</b>	<b>8,564</b>	<b>8,925</b>	<b>9,027</b>	<b>34,782</b>	<b>-2</b>
<b>Primary Care and Women's Health</b>							
Cardiovascular							
Zetia	612	568	635	633	691	2,526	8
Vytorin	277	320	320	302	308	1,251	-13
Diabetes							
Januvia	906	884	1,044	1,014	921	3,863	2
Janumet	506	509	554	562	526	2,151	-1
General Medicine & Women's Health							
NuvaRing	175	166	182	190	193	732	6
Implanon / Nexplanon	134	137	124	176	151	588	-2
Dulera	113	130	120	133	153	536	-13
Follistim AQ	94	82	111	95	95	383	16
<b>Hospital and Specialty</b>							
Hepatitis							
Zepatier	50	0	0	0	0	0	*
HIV							
Isentress	340	385	375	377	374	1,511	-12
Hospital Acute Care							
Cubicin <sup>(2)</sup>	292	187	293	325	322	1,127	56
Noxafil	145	111	117	132	128	487	31
Candidas	133	163	134	139	137	573	-19
Invanz	114	132	139	153	144	569	-14
Bridion	90	85	87	89	92	353	6
Primaxin	73	65	88	75	86	313	13
Immunology							
Remicade	349	501	455	442	396	1,794	-30
Simponi	188	158	169	178	185	690	19
<b>Oncology</b>							
Keytruda	249	83	110	159	214	566	*
Emend	126	122	134	141	139	535	3
Temodar	66	74	80	83	75	312	-12
<b>Diversified Brands</b>							
Respiratory							
Singular	237	245	212	201	273	931	-3
Nasonex	229	289	215	121	231	858	-21
Other							
Cozaar / Hyzaar	126	185	189	150	143	667	-32
Arcoxia	111	123	115	123	110	471	-10
Fosamax	75	94	96	86	82	359	-20
Zocor	46	49	63	56	49	217	-7
<b>Vaccines</b>							
Gardasil / Gardasil 9	378	359	427	625	497	1,908	5
ProQuad, M-M-R II and Varivax	357	348	358	390	409	1,505	3
RotaTeq	188	192	89	160	169	610	-2
Zostavax	125	175	149	179	246	749	-28
Pneumovax 23	107	110	106	138	188	542	-3
<b>Other Pharmaceutical<sup>(3)</sup></b>	<b>1,093</b>	<b>1,235</b>	<b>1,274</b>	<b>1,298</b>	<b>1,300</b>	<b>5,105</b>	<b>-12</b>
<b>ANIMAL HEALTH</b>	<b>829</b>	<b>829</b>	<b>840</b>	<b>825</b>	<b>830</b>	<b>3,324</b>	<b>0</b>
<b>Other Revenues<sup>(4)</sup></b>	<b>379</b>	<b>330</b>	<b>381</b>	<b>323</b>	<b>358</b>	<b>1,392</b>	<b>15</b>

\* 100% 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> First quarter of 2015 reflects approximately two months of sales following the acquisition of Cubist Pharmaceuticals, Inc. by Merck on Jan. 21, 2015. Percentage reflects comparison to full quarter of sales in 2016.<sup>(3)</sup> Includes Pharmaceutical products not individually shown above. Other Vaccines sales included in Other Pharmaceutical were \$103 million in the first quarter of 2016 and \$78 million, \$76 million, \$99 million and \$148 million for the first, second, third and fourth quarters of 2015, 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 2016**  
**(AMOUNTS IN MILLIONS)**

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Table 3a

	Global			U.S.			International		
	1Q 2016	1Q 2015	% Change	1Q 2016	1Q 2015	% Change	1Q 2016	1Q 2015	% Change
<b>TOTAL SALES <sup>(1)</sup></b>	<b>\$9,312</b>	<b>\$9,425</b>	<b>-1</b>	<b>\$4,222</b>	<b>\$3,953</b>	<b>7</b>	<b>\$5,090</b>	<b>\$5,472</b>	<b>-7</b>
<b>PHARMACEUTICAL</b>	<b>8,104</b>	<b>8,266</b>	<b>-2</b>	<b>3,913</b>	<b>3,637</b>	<b>8</b>	<b>4,191</b>	<b>4,629</b>	<b>-9</b>
<b>Primary Care and Women's Health</b>									
Cardiovascular									
Zetia	612	568	8	386	345	12	226	223	2
Vytorin	277	320	-13	109	111	-1	168	209	-20
Diabetes									
Januvia	906	884	2	549	501	10	357	383	-7
Janumet	506	509	-1	226	212	7	280	297	-6
General Medicine & Women's Health									
NuvaRing	175	166	6	128	112	14	48	54	-11
Implanon / Nexplanon	134	137	-2	99	84	18	35	53	-34
Dulera	113	130	-13	107	125	-14	6	5	11
Follistim AQ	94	82	16	53	34	55	42	47	-13
<b>Hospital and Specialty</b>									
Hepatitis									
Zepatier	50		*	49		*	1		*
HIV									
Isentress	340	385	-12	162	187	-13	178	198	-11
Hospital Acute Care									
Cubicin <sup>(2)</sup>	292	187	56	255	166	54	37	21	74
Noxafil	145	111	31	71	45	57	74	66	13
Cancidas	133	163	-19	4	6	-34	128	157	-18
Invanz	114	132	-14	65	67	-2	49	65	-25
Bridion	90	85	6	5		*	86	85	1
Primaxin	73	65	13	1	3	-73	73	62	17
Immunology									
Remicade	349	501	-30				349	501	-30
Simponi	188	158	19				188	158	19
<b>Oncology</b>									
Keytruda	249	83	*	133	66	*	116	16	*
Emend	126	122	3	82	78	4	44	43	1
Temodar	66	74	-12	4		*	62	74	-17
<b>Diversified Brands</b>									
Respiratory									
Singularir	237	245	-3	17	6	*	220	240	-8
Nasonex	229	289	-21	112	143	-22	117	146	-20
Other									
Cozaar / Hyzaar	126	185	-32	6	8	-25	121	177	-32
Arcoxia	111	123	-10				111	123	-10
Fosamax	75	94	-20	1	3	-76	74	91	-19
Zocor	46	49	-7	4	5	-28	42	44	-4
<b>Vaccines</b>									
Gardasil / Gardasil 9	378	359	5	320	295	8	58	64	-9
ProQuad, M-M-R II and Varivax	357	348	3	310	308	1	47	40	19
RotaTeq	188	192	-2	149	157	-5	39	35	11
Zostavax	125	175	-28	109	151	-28	16	24	-33
Pneumovax 23	107	110	-3	67	77	-13	40	33	21
<b>Other Pharmaceutical <sup>(3)</sup></b>	<b>1,093</b>	<b>1,235</b>	<b>-12</b>	<b>330</b>	<b>342</b>	<b>-4</b>	<b>759</b>	<b>895</b>	<b>-15</b>
<b>ANIMAL HEALTH</b>	<b>829</b>	<b>829</b>		<b>233</b>	<b>203</b>	<b>15</b>	<b>596</b>	<b>626</b>	<b>-5</b>
<b>Other Revenues <sup>(4)</sup></b>	<b>379</b>	<b>330</b>	<b>15</b>	<b>76</b>	<b>113</b>	<b>-33</b>	<b>303</b>	<b>217</b>	<b>40</b>

\* 100% or greater

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

<sup>(2)</sup> First quarter of 2015 reflects approximately two months of sales following the acquisition of Cubist Pharmaceuticals, Inc. by Merck on Jan. 21, 2015. Percentages reflect comparison to full quarter of sales in 2016.

<sup>(3)</sup> Includes Pharmaceutical products not individually shown above. Other Vaccines sales included in Other Pharmaceutical were \$103 million and \$78 million on a global basis for first quarter 2016 and 2015, 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**

	2016	2015					% Change 1Q
	1Q	1Q	2Q	3Q	4Q	Full Year	
<b>TOTAL PHARMACEUTICAL</b>	<b>\$8,104</b>	<b>\$8,266</b>	<b>\$8,564</b>	<b>\$8,925</b>	<b>\$9,027</b>	<b>\$34,782</b>	<b>-2</b>
<b>United States</b>	<b>3,913</b>	<b>3,637</b>	<b>3,934</b>	<b>4,382</b>	<b>4,285</b>	<b>16,238</b>	<b>8</b>
% Pharmaceutical Sales	48.3%	44.0%	45.9%	49.1%	47.5%	46.7%	
<b>Europe <sup>(1)</sup></b>	<b>1,914</b>	<b>2,024</b>	<b>1,896</b>	<b>1,920</b>	<b>1,873</b>	<b>7,714</b>	<b>-5</b>
% Pharmaceutical Sales	23.6%	24.5%	22.1%	21.5%	20.8%	22.2%	
<b>Japan</b>	<b>620</b>	<b>627</b>	<b>629</b>	<b>564</b>	<b>785</b>	<b>2,605</b>	<b>-1</b>
% Pharmaceutical Sales	7.7%	7.6%	7.3%	6.3%	8.7%	7.5%	
<b>Asia Pacific</b>	<b>806</b>	<b>809</b>	<b>822</b>	<b>854</b>	<b>946</b>	<b>3,431</b>	<b>0</b>
% Pharmaceutical Sales	9.9%	9.8%	9.6%	9.6%	10.5%	9.9%	
<b>China</b>	<b>337</b>	<b>318</b>	<b>335</b>	<b>353</b>	<b>339</b>	<b>1,344</b>	<b>6</b>
<b>Latin America</b>	<b>359</b>	<b>630</b>	<b>676</b>	<b>585</b>	<b>512</b>	<b>2,403</b>	<b>-43</b>
% Pharmaceutical Sales	4.4%	7.6%	7.9%	6.5%	5.7%	6.9%	
<b>Eastern Europe/Middle East Africa</b>	<b>272</b>	<b>321</b>	<b>372</b>	<b>380</b>	<b>402</b>	<b>1,476</b>	<b>-15</b>
% Pharmaceutical Sales	3.4%	3.9%	4.3%	4.3%	4.5%	4.2%	
<b>Canada</b>	<b>147</b>	<b>170</b>	<b>167</b>	<b>159</b>	<b>172</b>	<b>668</b>	<b>-13</b>
% Pharmaceutical Sales	1.8%	2.1%	2.0%	1.8%	1.9%	1.9%	
<b>Other</b>	<b>73</b>	<b>48</b>	<b>68</b>	<b>81</b>	<b>52</b>	<b>247</b>	<b>52</b>
% Pharmaceutical Sales	0.9%	0.6%	0.8%	0.9%	0.6%	0.7%	

(1) Europe primarily represents all European Union countries and the European Union accession markets.



**MERCK & CO., INC.**  
**FIRST QUARTER 2016**  
**OTHER (INCOME) EXPENSE, NET - GAAP**  
**(AMOUNTS IN MILLIONS)**  
**(UNAUDITED)**  
**Table 4**

**OTHER (INCOME) EXPENSE, NET**

	1Q16	1Q15
INTEREST INCOME	\$ (79)	\$ (74)
INTEREST EXPENSE	172	164
EXCHANGE LOSSES	38	95
EQUITY INCOME FROM AFFILIATES	(34)	(145)
Other, net	(49)	15
<b>TOTAL</b>	<b>\$ 48</b>	<b>\$ 55</b>