



Merck & Co., Inc.
Financial Highlights Package
Third Quarter 2018
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CONSOLIDATED STATEMENT OF INCOME - GAAP
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)
(UNAUDITED)

Table 1

	GAAP		% Change	GAAP		% Change
	3Q18	3Q17		Sep YTD 2018	Sep YTD 2017	
Sales	\$ 10,794	\$ 10,325	5%	\$ 31,296	\$ 29,689	5%
Costs, Expenses and Other						
Materials and production ⁽¹⁾⁽²⁾	3,619	3,307	9%	10,220	9,472	8%
Marketing and administrative ⁽¹⁾	2,443	2,459	-1%	7,459	7,432	--
Research and development ⁽¹⁾⁽³⁾	2,068	4,413	-53%	7,538	8,024	-6%
Restructuring costs ⁽⁴⁾	171	153	12%	494	470	5%
Other (income) expense, net ⁽¹⁾	(172)	(207)	-17%	(512)	(351)	46%
Income Before Taxes	2,665	200	*	6,097	4,642	31%
Taxes on Income ⁽¹⁾	707	251		1,682	1,186	
Net Income (Loss)	1,958	(51)	*	4,415	3,456	28%
Less: Net Income Attributable to Noncontrolling Interests	8	5		22	16	
Net Income (Loss) Attributable to Merck & Co., Inc.	\$ 1,950	\$ (56)	*	\$ 4,393	\$ 3,440	28%
Earnings (Loss) per Common Share Assuming Dilution ⁽⁵⁾	\$ 0.73	\$ (0.02)	*	\$ 1.63	\$ 1.25	30%
Average Shares Outstanding Assuming Dilution ⁽⁵⁾	2,678	2,727		2,694	2,754	
Tax Rate ⁽⁶⁾	26.5%	125.5%		27.6%	25.5%	

* 100% or greater

⁽¹⁾ Amounts include the impact of acquisition and divestiture-related costs, restructuring costs and certain other items. See accompanying tables for details.⁽²⁾ Materials and production costs in the third quarter and first nine months of 2018 include a \$420 million aggregate charge related to the termination of a collaboration agreement with Samsung Bioepis Co., Ltd. (Samsung) for insulin glargine.⁽³⁾ Research and development expenses in the first nine months of 2018 include a \$1.4 billion aggregate charge related to the formation of a collaboration with Eisai Co., Ltd. (Eisai), as well as a \$344 million charge for the acquisition of Viralytics Limited. Research and development expenses for the third quarter and first nine months of 2017 include a \$2.35 billion aggregate charge related to the formation of a collaboration with AstraZeneca PLC (AstraZeneca).⁽⁴⁾ Represents separation and other related costs associated with restructuring activities under the company's formal restructuring programs.⁽⁵⁾ Because the company recorded a net loss in the third quarter of 2017, 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.⁽⁶⁾ The effective income tax rates for the third quarter and first nine months of 2018 include the unfavorable impact of a \$420 million aggregate pretax charge related to the termination of a collaboration agreement with Samsung for which no tax benefit was recognized. The effective income tax rate for the first nine months of 2018 also reflects the unfavorable impact of a \$1.4 billion aggregate pretax charge related to the formation of a collaboration with Eisai for which no tax benefit was recognized. The effective income tax rates for the third quarter and first nine months of 2017 reflect the unfavorable impact of a \$2.35 billion aggregate pretax charge related to the formation of a collaboration with AstraZeneca for which no tax benefit was recognized, partially offset by the favorable impact of a net tax benefit of \$234 million related to the settlement of certain federal income tax issues.

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

Table 1a

	2018				2017						% Change	
	1Q	2Q	3Q	Sep YTD	1Q	2Q	3Q	Sep YTD	4Q	Full Year	3Q	Sep YTD
Sales	\$ 10,037	\$ 10,465	\$ 10,794	\$ 31,296	\$ 9,434	\$ 9,930	\$ 10,325	\$ 29,689	\$ 10,433	\$ 40,122	5%	5%
Costs, Expenses and Other												
Materials and production	3,184	3,417	3,619	10,220	3,049	3,116	3,307	9,472	3,440	12,912	9%	8%
Marketing and administrative	2,508	2,508	2,443	7,459	2,472	2,500	2,459	7,432	2,643	10,074	-1%	--
Research and development	3,196	2,274	2,068	7,538	1,830	1,782	4,413	8,024	2,314	10,339	-53%	-6%
Restructuring costs	95	228	171	494	151	166	153	470	306	776	12%	5%
Other (income) expense, net	(291)	(48)	(172)	(512)	(71)	(73)	(207)	(351)	(149)	(500)	-17%	46%
Income Before Taxes	1,345	2,086	2,665	6,097	2,003	2,439	200	4,642	1,879	6,521	*	31%
Taxes on Income	604	370	707	1,682	447	488	251	1,186	2,917	4,103		
Net Income (Loss)	741	1,716	1,958	4,415	1,556	1,951	(51)	3,456	(1,038)	2,418	*	28%
Less: Net Income Attributable to Noncontrolling Interests	5	9	8	22	5	5	5	16	8	24		
Net Income (Loss) Attributable to Merck & Co., Inc.	\$ 736	\$ 1,707	\$ 1,950	\$ 4,393	\$ 1,551	\$ 1,946	\$ (56)	\$ 3,440	\$ (1,046)	\$ 2,394	*	28%
Earnings (Loss) per Common Share Assuming Dilution ⁽¹⁾	\$ 0.27	\$ 0.63	\$ 0.73	\$ 1.63	\$ 0.56	\$ 0.71	\$ (0.02)	\$ 1.25	\$ (0.39)	\$ 0.87	*	30%
Average Shares Outstanding Assuming Dilution ⁽¹⁾	2,710	2,696	2,678	2,694	2,766	2,752	2,727	2,754	2,715	2,748		
Tax Rate	44.9%	17.8%	26.5%	27.6%	22.3%	20.0%	125.5%	25.5%	155.2%	62.9%		

* 100% or greater

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

On January 1, 2018, the company adopted a new accounting standard related to defined benefit plans that requires the components of net benefit cost/credit (other than service costs) be presented in the statement of income outside of operating expenses. Upon adoption, net periodic benefit cost/credit other than service cost was reclassified to *Other (income) expense, net* from the previous classifications within *Materials and production* costs, *Marketing and administrative* expenses and *Research and development* costs. Previously reported amounts have been reclassified to conform to the new presentation. There was no impact to net income as a result of adopting the new standard.

⁽¹⁾ Because the company recorded net losses in the third and fourth quarters of 2017, no potential dilutive common shares were used in the computations of loss per common share assuming dilution as the effects would have been anti-dilutive.

MERCK & CO., INC.
GAAP TO NON-GAAP RECONCILIATION
THIRD QUARTER 2018
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)
(UNAUDITED)

Table 2a

	GAAP	Acquisition and Divestiture-Related Costs ⁽¹⁾	Restructuring Costs ⁽²⁾	Certain Other Items ⁽³⁾	Adjustment Subtotal	Non-GAAP
Materials and production	\$ 3,619	680	2	420	1,102	\$ 2,517
Marketing and administrative	2,443	2			2	2,441
Research and development	2,068	5	(4)		1	2,067
Restructuring costs	171		171		171	-
Other (income) expense, net	(172)	(10)			(10)	(162)
Income Before Taxes	2,665	(677)	(169)	(420)	(1,266)	3,931
Income Tax Provision (Benefit)	707	(26) ⁽⁴⁾	(20) ⁽⁴⁾	8	(38)	745
Net Income	1,958	(651)	(149)	(428)	(1,228)	3,186
Net Income Attributable to Merck & Co., Inc.	1,950	(651)	(149)	(428)	(1,228)	3,178
Earnings per Common Share Assuming Dilution	\$ 0.73	(0.24)	(0.06)	(0.16)	(0.46)	\$ 1.19
Tax Rate	26.5%					18.9%

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 expenses for the amortization of intangible assets recognized as a result of business acquisitions. Amounts included in marketing and administrative expenses reflect integration, transaction and certain other costs related to business acquisitions and divestitures. Amounts included in research and development expenses primarily reflect an increase in the estimated fair value measurement of liabilities for contingent consideration. Amounts included in other (income) expense, net primarily reflect royalty income, partially offset by an increase in the estimated fair value measurement of liabilities for contingent consideration related to the termination of the Sanofi-Pasteur MSD joint venture.

⁽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⁾ Amount included in materials and production costs represents an aggregate charge related to the termination of a collaboration agreement with Samsung Bioepis Co., Ltd. for insulin glargine.

⁽⁴⁾ 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
NINE MONTHS ENDED SEPTEMBER 30, 2018
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)
(UNAUDITED)

Table 2b

	GAAP	Acquisition and Divestiture-Related Costs ⁽¹⁾	Restructuring Costs ⁽²⁾	Certain Other Items ⁽³⁾	Adjustment Subtotal	Non-GAAP
Materials and production	\$ 10,220	2,147	11	420	2,578	\$ 7,642
Marketing and administrative	7,459	26	2		28	7,431
Research and development	7,538	7	1	1,744	1,752	5,786
Restructuring costs	494		494		494	-
Other (income) expense, net	(512)	85		(54)	31	(543)
Income Before Taxes	6,097	(2,265)	(508)	(2,110)	(4,883)	10,980
Income Tax Provision (Benefit)	1,682	(230) ⁽⁴⁾	(69) ⁽⁴⁾	(101) ⁽⁴⁾	(400)	2,082
Net Income	4,415	(2,035)	(439)	(2,009)	(4,483)	8,898
Net Income Attributable to Merck & Co., Inc.	4,393	(2,035)	(439)	(2,009)	(4,483)	8,876
Earnings per Common Share Assuming Dilution	\$ 1.63	(0.75)	(0.16)	(0.75)	(1.66)	\$ 3.29
Tax Rate	27.6%					19.0%

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 expenses for the amortization of intangible assets recognized as a result of business acquisitions. Amounts included in marketing and administrative expenses reflect integration, transaction and certain other costs related to business acquisitions and divestitures. Amounts included in research and development expenses primarily reflect an increase in the estimated fair value measurement of liabilities for contingent consideration. Amounts included in other (income) expense, net primarily reflect an increase in the estimated fair value measurement of liabilities for contingent consideration, partially offset by royalty income related to the termination of the Sanofi-Pasteur MSD joint venture.

⁽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⁾ Amount included in materials and production costs represents an aggregate charge related to the termination of a collaboration agreement with Samsung Bioepis Co., Ltd. for insulin glargine. Amounts included in research and development expenses represent a \$1.4 billion aggregate charge related to the formation of a collaboration with Eisai Co., Ltd., as well as a \$344 million charge for the acquisition of Viralytics Limited.

⁽⁴⁾ 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
THIRD QUARTER 2017
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)
(UNAUDITED)

Table 2c

	GAAP	Acquisition and Divestiture-Related Costs ⁽¹⁾	Restructuring Costs ⁽²⁾	Certain Other Items ⁽³⁾	Adjustment Subtotal	Non-GAAP
Materials and production	\$ 3,307	768	25		793	\$ 2,514
Marketing and administrative	2,459	11			11	2,448
Research and development	4,413	271	2	2,350	2,623	1,790
Restructuring costs	153		153		153	-
Other (income) expense, net	(207)	(18)			(18)	(189)
Income Before Taxes	200	(1,032)	(180)	(2,350)	(3,562)	3,762
Income Tax Provision (Benefit)	251	(179) ⁽⁴⁾	(39) ⁽⁴⁾	(234) ⁽⁵⁾	(452)	703
Net (Loss) Income	(51)	(853)	(141)	(2,116)	(3,110)	3,059
Net (Loss) Income Attributable to Merck & Co., Inc.	(56)	(853)	(141)	(2,116)	(3,110)	3,054
(Loss) Earnings per Common Share Assuming Dilution	\$ (0.02)	(0.31)	(0.05)	(0.77)	(1.13)	\$ 1.11
Tax Rate	125.5%					18.7%

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 expenses for the amortization of intangible assets recognized as a result of business acquisitions. Amounts included in marketing and administrative expenses reflect integration, transaction and certain other costs related to business acquisitions and divestitures. Amounts included in research and development expenses reflect \$245 million of in-process research and development (IPR&D) impairment charges and \$26 million of expenses related to an increase in the estimated fair value measurement of liabilities for contingent consideration. Amount included in other (income) expense, net represents royalty income related to the termination of the Sanofi-Pasteur MSD joint venture.

⁽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⁾ Amount included in research and development expenses represents an aggregate charge related to the formation of a collaboration with AstraZeneca PLC.

⁽⁴⁾ Represents the estimated tax impact on the reconciling items based on applying the statutory rate of the originating territory of the non-GAAP adjustments.

⁽⁵⁾ Represents a net tax benefit related to the settlement of certain federal income tax issues.

MERCK & CO., INC.
GAAP TO NON-GAAP RECONCILIATION
NINE MONTHS ENDED SEPTEMBER 30, 2017
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)
(UNAUDITED)

Table 2d

	GAAP	Acquisition and Divestiture-Related Costs ⁽¹⁾	Restructuring Costs ⁽²⁾	Certain Other Items ⁽³⁾	Adjustment Subtotal	Non-GAAP
Materials and production	\$ 9,472	2,450	121		2,571	\$ 6,901
Marketing and administrative	7,432	40	3		43	7,389
Research and development	8,024	289	11	2,350	2,650	5,374
Restructuring costs	470		470		470	-
Other (income) expense, net	(351)	18		(9)	9	(360)
Income Before Taxes	4,642	(2,797)	(605)	(2,341)	(5,743)	10,385
Income Tax Provision (Benefit)	1,186	(464) ⁽⁴⁾	(132) ⁽⁴⁾	(319) ⁽⁵⁾	(915)	2,101
Net Income	3,456	(2,333)	(473)	(2,022)	(4,828)	8,284
Net Income Attributable to Merck & Co., Inc.	3,440	(2,333)	(473)	(2,022)	(4,828)	8,268
Earnings per Common Share Assuming Dilution	\$ 1.25	(0.85)	(0.17)	(0.73)	(1.75)	\$ 3.00
Tax Rate	25.5%					20.2%

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 \$2.3 billion of expenses for the amortization of intangible assets recognized as a result of business acquisitions, as well as intangible asset impairment charges of \$123 million. Amounts included in marketing and administrative expenses reflect integration, transaction and certain other costs related to business acquisitions and divestitures. Amounts included in research and development expenses reflect \$253 million of in-process research and development (IPR&D) impairment charges, as well as \$36 million of expenses related to an increase in the estimated fair value measurement of liabilities for contingent consideration. Amounts included in other (income) expense, net reflect an increase in the estimated fair value measurement of liabilities for contingent consideration, partially offset by royalty income related to the termination of the Sanofi-Pasteur MSD joint venture.

⁽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⁾ Amount included in research and development expenses represents an aggregate charge related to the formation of a collaboration with AstraZeneca PLC.

⁽⁴⁾ Represents the estimated tax impact on the reconciling items based on applying the statutory rate of the originating territory of the non-GAAP adjustments.

⁽⁵⁾ Includes the estimated tax impact on the reconciling items based on applying the statutory rate of the originating territory of the non-GAAP adjustments, as well as a \$234 million net tax benefit related to the settlement of certain federal income tax issues and an \$88 million tax benefit related to the settlement of a state income tax issue.

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

Table 3

	2018				2017						3Q		Sep YTD	
	1Q	2Q	3Q	Sep YTD	1Q	2Q	3Q	Sep YTD	4Q	Full Year	Nom %	Ex-Exch %	Nom %	Ex-Exch %
TOTAL SALES ⁽¹⁾	\$10,037	\$10,465	\$10,794	\$31,296	\$9,434	\$9,930	\$10,325	\$29,689	\$10,433	\$40,122	5	6	5	5
PHARMACEUTICAL	8,919	9,282	9,658	27,859	8,185	8,759	9,156	26,101	9,290	35,390	5	7	7	5
Oncology														
Keytruda	1,464	1,667	1,889	5,020	584	881	1,047	2,512	1,297	3,809	80	82	100	97
Emend	125	148	123	396	133	143	137	413	143	556	-10	-10	-4	-6
Temodar	57	56	46	159	66	65	68	198	73	271	-32	-30	-20	-21
Alliance Revenue – Lynparza	33	44	49	125			5	5	16	20	*	*	*	*
Alliance Revenue – Lenvima		35	43	78							*	100	*	100
Vaccines ⁽²⁾														
Gardasil / Gardasil 9	660	608	1,048	2,317	532	469	675	1,675	633	2,308	55	56	38	36
ProQuad / M-M-R II / Varivax	392	426	525	1,343	355	399	519	1,273	403	1,676	1	2	5	5
Pneumovax 23	179	193	214	586	163	166	229	558	263	821	-7	-6	5	4
RotaTaq	193	156	191	540	224	123	179	525	160	686	7	8	3	2
Zostavax	65	44	54	163	154	160	234	547	121	668	-77	-77	-70	-71
Hospital Acute Care														
Bridion	204	240	217	661	148	163	185	495	209	704	17	20	33	31
Noxafil	176	188	188	551	141	155	162	458	179	636	16	18	21	18
Invanz	151	149	137	437	136	150	159	445	157	602	-14	-12	-2	-2
Cubicin	98	94	95	287	96	103	91	290	92	382	4	6	-1	-3
Cancidas	91	87	79	257	121	112	94	327	95	422	-16	-14	-22	-25
Primaxin	72	68	72	212	62	71	73	206	74	280	-1	0	3	-1
Immunology														
Simponi	231	233	210	673	184	199	219	602	217	819	-4	-3	12	5
Remicade	167	157	135	459	229	208	214	651	186	837	-37	-35	-29	-33
Neuroscience														
Belsomra	54	71	66	191	42	52	56	150	60	210	17	17	27	25
Virology														
Isentress / Isentress HD	281	305	275	860	305	282	310	896	308	1,204	-11	-9	-4	-5
Zepatier	131	113	104	347	378	517	468	1,363	296	1,660	-78	-77	-75	-76
Cardiovascular														
Zetia	305	226	165	696	334	367	320	1,021	323	1,344	-48	-48	-32	-36
Vytorin	167	155	92	414	241	182	142	565	186	751	-35	-34	-27	-31
Atozet	73	101	84	258	49	63	59	171	54	225	42	44	51	42
Adempas	68	75	94	238	84	67	70	221	79	300	35	35	7	4
Diabetes ⁽³⁾														
Januvia	880	949	927	2,756	839	948	1,012	2,799	938	3,737	-8	-8	-2	-3
Janumet	544	585	563	1,693	496	563	513	1,572	586	2,158	10	12	8	6
Women's Health														
NuvaRing	216	236	234	686	160	199	214	573	188	761	9	10	20	19
Implanon / Nexplanon	174	174	186	535	170	178	155	503	183	686	20	22	6	6
Diversified Brands														
Singulair	175	185	161	521	186	203	161	550	182	732	0	1	-5	-9
Cozaar / Hyzaar	120	125	103	348	112	119	128	360	125	484	-20	-18	-3	-6
Nasonex	122	81	71	274	139	85	42	266	120	387	67	73	3	0
Arcoxia	83	84	83	249	103	89	80	272	91	363	3	7	-8	-10
Follistim AQ	67	70	60	198	81	79	72	232	66	298	-16	-15	-15	-17
Fosamax	55	59	45	159	61	66	53	180	62	241	-16	-14	-12	-15
Dulera	57	42	50	149	82	69	59	210	77	287	-15	-14	-29	-29
Other Pharmaceutical ⁽⁴⁾	989	1,053	980	3,023	995	1,064	952	3,017	1,048	4,065	3	6	0	-1
ANIMAL HEALTH	1,065	1,090	1,021	3,176	939	955	1,000	2,894	981	3,875	2	6	10	8
Livestock	652	633	660	1,946	578	582	655	1,816	668	2,484	1	5	7	6
Companion Animals	413	457	361	1,230	361	373	345	1,078	313	1,391	5	7	14	12
Other Revenues ⁽⁵⁾	53	93	115	261	310	216	169	694	162	857	-32	-21	-62	-16

* 200% or greater

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

⁽¹⁾ Only select products are shown.

⁽²⁾ Total Vaccines sales were \$1,561 million, \$1,533 million and \$2,159 million in the first, second and third quarters of 2018, respectively, and \$1,516 million, \$1,404 million, \$1,924 million and \$1,704 million for the first, second, third and fourth quarters of 2017, respectively.

⁽³⁾ Total Diabetes sales were \$1,433 million, \$1,571 million and \$1,506 million in the first, second and third quarters of 2018, respectively, and \$1,338 million, \$1,520 million, \$1,531 million and \$1,533 million for the first, second, third and fourth quarters of 2017, respectively.

⁽⁴⁾ Includes Pharmaceutical products not individually shown above.

⁽⁵⁾ Other Revenues are comprised primarily of Healthcare Services segment revenues, third-party manufacturing sales and miscellaneous corporate revenues, including revenue hedging activities.

MERCK & CO., INC.
FRANCHISE / KEY PRODUCT SALES
THIRD QUARTER 2018
(AMOUNTS IN MILLIONS)
(UNAUDITED)
Table 3a

	Global			U.S.			International		
	3Q 2018	3Q 2017	% Change	3Q 2018	3Q 2017	% Change	3Q 2018	3Q 2017	% Change
TOTAL SALES ⁽¹⁾	\$10,794	\$10,325	5	\$5,030	\$4,594	9	\$5,764	\$5,732	1
PHARMACEUTICAL	9,658	9,156	5	4,649	4,197	11	5,010	4,959	1
Oncology									
Keytruda	1,889	1,047	80	1,109	604	84	780	442	76
Emend	123	137	-10	71	88	-20	52	49	6
Temodar	46	68	-32				46	68	-33
Alliance Revenue - Lynparza	49	5	*	33			15	5	*
Alliance Revenue - Lenvima	43			30			13		
Vaccines ⁽²⁾									
Gardasil / Gardasil 9	1,048	675	55	740	484	53	308	191	62
ProQuad / M-M-R II / Varivax	525	519	1	429	419	2	96	100	-4
Pneumovax 23	214	229	-7	160	174	-8	54	56	-3
RotaTeq	191	179	7	134	127	6	57	52	10
Zostavax	54	234	-77	(1)	139	-101	56	94	-41
Hospital Acute Care									
Bridion	217	185	17	96	63	52	120	122	-1
Noxafil	188	162	16	89	78	13	99	83	19
Invanz	137	159	-14	74	93	-20	62	66	-6
Cubicin	95	91	4	55	41	33	40	50	-19
Candidas	79	94	-16	2	6	-62	77	88	-13
Primaxin	72	73	-1	1	5	-86	71	68	5
Immunology									
Simponi	210	219	-4				210	219	-4
Remicade	135	214	-37				135	214	-37
Neuroscience									
Belsomra	66	56	17	23	27	-12	43	30	44
Virology									
Isentress / Isentress HD	275	310	-11	123	143	-14	151	167	-9
Zepatier	104	468	-78	18	228	-92	86	241	-64
Cardiovascular									
Zetia	165	320	-48	9	65	-86	157	255	-39
Vytorin	92	142	-35		(6)	108	92	148	-38
Atozet	84	59	42				84	59	42
Adempas	94	70	35				94	70	35
Diabetes ⁽³⁾									
Januvia	927	1,012	-8	498	598	-17	429	414	4
Janumet	563	513	10	225	197	14	339	316	7
Women's Health									
NuvaRing	234	214	9	193	160	21	41	54	-25
Implanon / Nexplanon	186	155	20	133	110	21	53	45	19
Diversified Brands									
Singulair	161	161		5	16	-68	156	145	7
Cozaar / Hyzaar	103	128	-20	4	9	-53	99	119	-17
Arcoxia	83	80	3				83	80	3
Nasonex	71	42	67	7	(23)	129	64	65	-2
Follistim AQ	60	72	-16	26	30	-13	34	41	-18
Dulera	50	59	-15	44	52	-16	6	7	-6
Fosamax	45	53	-16	2	4	-46	42	48	-13
Other Pharmaceutical ⁽⁴⁾	980	952	3	317	266	19	666	688	-3
ANIMAL HEALTH	1,021	1,000	2	306	290	6	715	710	1
Livestock	660	655	1	153	137	12	508	518	-2
Companion Animals	361	345	5	153	153		207	192	8
Other Revenues ⁽⁵⁾	115	169	-32	75	107	-30	39	63	-39

* 200% or greater

⁽¹⁾ Only select products are shown.

⁽²⁾ Total Vaccines sales were \$2,159 million and \$1,924 million on a global basis for third quarter 2018 and 2017, respectively.

⁽³⁾ Total Diabetes sales were \$1,506 million and \$1,531 million on a global basis for third quarter 2018 and 2017, respectively.

⁽⁴⁾ Includes Pharmaceutical products not individually shown above.

⁽⁵⁾ Other Revenues are comprised primarily of Healthcare Services segment revenue, third-party manufacturing sales and miscellaneous corporate revenues, including revenue hedging activities.

MERCK & CO., INC.
FRANCHISE / KEY PRODUCT SALES
SEPTEMBER YEAR-TO-DATE 2018
(AMOUNTS IN MILLIONS)
(UNAUDITED)
Table 3b

	Global			U.S.			International		
	Sep YTD 2018	Sep YTD 2017	% Change	Sep YTD 2018	Sep YTD 2017	% Change	Sep YTD 2018	Sep YTD 2017	% Change
TOTAL SALES ⁽¹⁾	\$31,296	\$29,689	5	\$13,425	\$13,096	3	\$17,871	\$16,593	8
PHARMACEUTICAL	27,859	26,101	7	12,206	11,887	3	15,653	14,214	10
Oncology									
Keytruda	5,020	2,512	100	2,906	1,522	91	2,114	990	114
Emend	396	413	-4	239	257	-7	157	156	1
Temodar	159	198	-20	3	4	-40	156	194	-19
Alliance Revenue - Lynparza	125	5	*	88			37	5	*
Alliance Revenue - Lenvima	78			49			29		
Vaccines ⁽²⁾									
Gardasil / Gardasil 9	2,317	1,675	38	1,422	1,195	19	894	481	86
ProQuad / M-M-R II / Varivax	1,343	1,273	5	1,097	1,058	4	246	215	14
Pneumovax 23	586	558	5	394	392	1	192	166	15
RotaTeq	540	525	3	384	377	2	156	148	6
Zostavax	163	547	-70	16	356	-96	147	191	-23
Hospital Acute Care									
Bridion	661	495	33	272	162	67	389	333	17
Noxafil	551	458	21	257	220	17	294	237	24
Invanz	437	445	-2	252	268	-6	185	177	4
Cubicin	287	290	-1	150	148	1	137	141	-3
Candidas	257	327	-22	10	17	-45	247	310	-20
Primaxin	212	206	3	6	7	-12	206	199	3
Immunology									
Simponi	673	602	12				673	602	12
Remicade	459	651	-29				459	651	-29
Neuroscience									
Belsomra	191	150	27	76	72	5	115	78	47
Virology									
Isentress / Isentress HD	860	896	-4	383	422	-9	477	474	1
Zepatier	347	1,363	-75	8	683	-99	339	680	-50
Cardiovascular									
Zetia	696	1,021	-32	34	298	-89	662	723	-8
Vytorin	414	565	-27	11	114	-90	402	451	-11
Atozet	258	171	51				258	171	51
Adempas	238	221	7				238	221	7
Diabetes ⁽³⁾									
Januvia	2,756	2,799	-2	1,466	1,646	-11	1,291	1,153	12
Janumet	1,693	1,572	8	625	640	-2	1,067	933	14
Women's Health									
NuvaRing	686	573	20	550	425	29	135	148	-9
Implanon / Nexplanon	535	503	6	375	367	2	160	137	17
Diversified Brands									
Singulair	521	550	-5	16	28	-44	505	522	-3
Cozaar / Hyzaar	348	360	-3	18	15	26	330	345	-4
Nasonex	274	266	3	8	16	-49	266	250	6
Arcoxia	249	272	-8				249	272	-8
Follistim AQ	198	232	-15	83	104	-21	115	128	-10
Fosamax	159	180	-12	3	7	-53	155	173	-10
Dulera	149	210	-29	128	191	-33	21	19	9
Other Pharmaceutical ⁽⁴⁾	3,023	3,017		877	876		2,150	2,140	
ANIMAL HEALTH	3,176	2,894	10	924	842	10	2,252	2,052	10
Livestock	1,946	1,816	7	383	359	7	1,563	1,457	7
Companion Animals	1,230	1,078	14	541	483	12	689	595	16
Other Revenues ⁽⁵⁾	261	694	-62	295	367	-20	(34)	327	-110

* 200% or greater

⁽¹⁾ Only select products are shown.

⁽²⁾ Total Vaccines sales were \$5,254 million and \$4,843 million on a global basis for September YTD 2018 and 2017, respectively.

⁽³⁾ Total Diabetes sales were \$4,510 million and \$4,389 million on a global basis for September YTD 2018 and 2017, respectively.

⁽⁴⁾ Includes Pharmaceutical products not individually shown above.

⁽⁵⁾ Other Revenues are comprised primarily of Healthcare Services segment revenue, third-party manufacturing sales and miscellaneous corporate revenues, including revenue hedging activities.

MERCK & CO., INC.
PHARMACEUTICAL GEOGRAPHIC SALES
(AMOUNTS IN MILLIONS)
(UNAUDITED)

Table 3c

	2018				2017						% Change 3Q
	1Q	2Q	3Q	Sep YTD	1Q	2Q	3Q	Sep YTD	4Q	Full Year	
TOTAL PHARMACEUTICAL	\$8,919	\$9,282	\$9,658	\$27,859	\$8,185	\$8,759	\$9,156	\$26,101	\$9,290	\$35,390	5
United States	3,716	3,841	4,649	12,206	3,761	3,929	4,197	11,887	3,967	15,854	11
% Pharmaceutical Sales	41.7%	41.4%	48.1%	43.8%	45.9%	44.9%	45.8%	45.5%	42.7%	44.8%	
Europe ⁽¹⁾	2,402	2,322	2,114	6,839	1,977	2,082	2,174	6,232	2,290	8,522	-3
% Pharmaceutical Sales	26.9%	25.0%	21.9%	24.5%	24.2%	23.8%	23.7%	23.9%	24.7%	24.1%	
Japan	718	834	740	2,292	688	818	756	2,262	780	3,043	-2
% Pharmaceutical Sales	8.1%	9.0%	7.7%	8.2%	8.4%	9.3%	8.3%	8.7%	8.4%	8.6%	
Asia Pacific	1,112	1,224	1,054	3,390	889	946	994	2,829	1,054	3,883	6
% Pharmaceutical Sales	12.5%	13.2%	10.9%	12.2%	10.9%	10.8%	10.9%	10.8%	11.3%	11.0%	
China	459	530	488	1,476	328	353	377	1,058	439	1,497	30
Latin America	398	459	493	1,350	375	462	451	1,288	547	1,836	9
% Pharmaceutical Sales	4.5%	4.9%	5.1%	4.8%	4.6%	5.3%	4.9%	4.9%	5.9%	5.2%	
Eastern Europe/Middle East Africa	335	356	347	1,038	255	314	349	918	397	1,314	0
% Pharmaceutical Sales	3.8%	3.8%	3.6%	3.7%	3.1%	3.6%	3.8%	3.5%	4.3%	3.7%	
Canada	196	192	177	565	182	171	193	546	193	739	-8
% Pharmaceutical Sales	2.2%	2.1%	1.8%	2.0%	2.2%	2.0%	2.1%	2.1%	2.1%	2.1%	
Other	42	54	84	179	58	37	42	139	62	199	100
% Pharmaceutical Sales	0.5%	0.6%	0.9%	0.6%	0.7%	0.4%	0.5%	0.5%	0.7%	0.6%	

⁽¹⁾ 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

	3Q18	3Q17	Sep YTD 2018	Sep YTD 2017
Interest income	\$ (92)	\$ (90)	\$ (257)	\$ (284)
Interest expense	190	189	569	564
Exchange losses (gains)	42	(6)	119	5
Equity income from affiliates	(81)	(18)	(93)	(11)
Net periodic defined benefit plan (credit) cost other than service cost	(119)	(121)	(384)	(381)
Other, net	(112)	(161)	(466)	(244)
Total	\$ (172)	\$ (207)	\$ (512)	\$ (351)

On January 1, 2018, the company adopted a new accounting standard related to defined benefit plans that requires the components of net benefit cost/credit (other than service costs) be presented in the statement of income outside of operating expenses. Upon adoption, net periodic benefit cost/credit other than service cost was reclassified to *Other (income) expense, net* from the previous classifications within *Materials and production* costs, *Marketing and administrative* expenses and *Research and development* costs. Previously reported amounts have been reclassified to conform to the new presentation. There was no impact to net income as a result of adopting the new standard.