

Investor Relations FAQs on Organon & Co.

1. What type of company is Organon & Co.?

Organon & Co. will be focused on pursuing global leadership and sustainable growth in Women's Health, and expects to realize the full potential of trusted legacy brands and a fast-growing biosimilars business through an appropriately resourced and focused business model.

2. When is the spin-off of Organon & Co. expected to be completed?

The spinoff is expected to be completed in the first half of 2021, subject to market and certain other conditions.

3. As an investor, what am I getting in this transaction?

Merck will transfer net assets related to Organon & Co. to the new-formed subsidiary in exchange for 100% of Organon & Co.'s common stock. The transaction is intended to take the form of a tax-free distribution to Merck U.S. shareholders of shares in Organon & Co.. The expected stock distribution ratio will be determined at a future date. Shares held in Merck will be unaffected, but will be supplemented by additional shares in Organon & Co..

Organon & Co. will pay Merck an \$8 to \$9 billion special dividend prior to the spinoff, to be used for value-creating business development or share repurchases.

4. What products will be included in Organon & Co.?

Of the products currently listed in Merck's disclosures, the following products will be included in Organon & Co.:

- Cardiovascular – Zetia, Vytorin, Atozet, Rosuzet
- Women's Health – NuvaRing, Nexplanon
- Diversified Brands – Singulair, Cozaar/Hyzaar, Nasonex, Arcoxia, Follistim

The rest of the products included in Organon & Co. are reported within the "Other Pharmaceutical" line in Merck's product sales disclosures. This line includes all biosimilars sales which were \$250M in 2019. Merck hasn't provided specific guidance for the Other Pharmaceutical line, but for 2020 modeling purposes, roughly 55% of the revenue in that line is from products that will be included in Organon & Co..

Also note that "Other Pharmaceutical" includes a mix of products that are not reported, but that fall within Merck's key growth pillars (Vixelis, Zerbaxa, Temodar, Tice BCG) and will stay at Merck, and trusted legacy products no longer reported, such as Zocor, which are included in Organon & Co..

5. How will Merck's operating margins be impacted by the spin-off?

In the first year following the spin-off of Organon & Co., Merck expects the remaining company to have roughly 1% operating margin dilution compared to what would have been achieved as a combined company. As a direct year-over-year comparison, when isolating the remaining company in 2020 and 2021, Merck continues to expect operating margin expansion.

The separation of Organon & Co. should enable roughly \$1.5 billion in pre-tax operating efficiencies, ratable over three years, and Merck is targeting operating margins of greater than 40% in 2024, higher than what would have achieved as a combined company.

6. When will the rest of the management team and board be announced?

Merck will announce the management team and board of Organon & Co. later this year. Merck is actively looking for the right candidates internally and externally, with the goal of ensuring that Organon & Co. has the best leadership team in place to realize the full potential of the opportunity that exists within its portfolio.

7. When can I expect more information?

Further details will be provided throughout the year, including on the timing on the Form 10 filing, the anticipated Organon & Co. debt offering and roadshow timing, and progress towards transaction completion.

Forward-Looking Statement of Merck & Co., Inc., Kenilworth, N.J., USA

This FAQ of Merck & Co., Inc., Kenilworth, N.J., USA (the “company”) includes “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. These statements are based upon the current beliefs and expectations of the company’s management and are subject to significant risks and uncertainties. There can be no guarantees with respect to pipeline products that the products will receive the necessary regulatory approvals or that they will prove to be commercially successful. If underlying assumptions prove inaccurate or risks or uncertainties materialize, actual results may differ materially from those set forth in the forward-looking statements.

Risks and uncertainties include but are not limited to, general industry conditions and competition; general economic factors, including interest rate and currency exchange rate fluctuations; the impact of the recent global outbreak of novel coronavirus disease (COVID-19); the impact of pharmaceutical industry regulation and health care legislation in the United States and internationally; global trends toward health care cost containment; technological advances, new products and patents attained by competitors; challenges inherent in new product development, including obtaining regulatory approval; the company’s ability to accurately predict future market conditions; manufacturing difficulties or delays; financial instability of international economies and sovereign risk; dependence on the effectiveness of the company’s patents and other protections for innovative products; and the exposure to litigation, including patent litigation, and/or regulatory actions.

The company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise. Additional factors that could cause results to differ materially from those described in the forward-looking statements can be found in the company’s 2019 Annual Report on Form 10-K and the company’s other filings with the Securities and Exchange Commission (SEC) available at the SEC’s Internet site (www.sec.gov).