



**Supplement to
1Q 2014
Earnings Release**

Merck & Co., Inc.
Financial Highlights Package
First Quarter 2014
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MERCK & CO., INC.
CONSOLIDATED STATEMENT OF OPERATIONS - GAAP
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)
(UNAUDITED)

Table 1

	GAAP		% Change
	1Q14	1Q13	
Sales	\$ 10,264	\$ 10,671	-4%
Costs, Expenses and Other			
Materials and production ⁽¹⁾	3,903	3,959	-1%
Marketing and administrative ⁽¹⁾	2,734	2,987	-8%
Research and development ⁽¹⁾	1,574	1,907	-17%
Restructuring costs ⁽²⁾	125	119	5%
Equity income from affiliates ⁽³⁾	(124)	(133)	-7%
Other (income) expense, net ⁽¹⁾⁽⁴⁾	(39)	282	*
Income Before Taxes	2,091	1,550	35%
Income Tax (Benefit) Provision	360	(66)	
Net Income	1,731	1,616	7%
Less: Net Income Attributable to Noncontrolling Interests	26	23	
Net Income Attributable to Merck & Co., Inc.	\$ 1,705	\$ 1,593	7%
Earnings per Common Share Assuming Dilution	\$ 0.57	\$ 0.52	10%
Average Shares Outstanding Assuming Dilution	2,971	3,053	
Tax Rate ⁽⁵⁾	17.2%	-4.3%	

* 100% or greater

(1) Amounts include the impact of acquisition-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.

(3) Primarily reflects equity income from the AstraZeneca LP and Sanofi Pasteur MSD partnerships.

(4) Other (income) expense, net in the first quarter of 2014 includes a gain of \$182 million on the divestiture of the company's Sirna Therapeutics, Inc. subsidiary. Other (income) expense, net in the first quarter of 2013 reflects approximately \$140 million of losses due to exchange as a result of a Venezuelan currency devaluation.

(5) The GAAP effective tax rate for the first quarter of 2014 reflects a benefit of approximately \$300 million associated with a capital loss generated in the quarter. The GAAP effective tax rate for the first quarter of 2013 reflects the favorable impact of various discrete items, including the impact of tax legislation enacted in the first quarter of 2013, a reduction in tax reserves upon expiration of applicable statute of limitations, as well as a benefit of approximately \$160 million associated with the resolution of a previously disclosed federal income tax issue.

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

Table 1a

	2014	2013					% Change
	1Q	1Q	2Q	3Q	4Q	Full Year	1Q
Sales	\$ 10,264	\$ 10,671	\$ 11,010	\$ 11,032	\$ 11,319	\$ 44,033	-4%
Costs, Expenses and Other							
Materials and production	3,903	3,959	4,284	4,104	4,607	16,954	-1%
Marketing and administrative	2,734	2,987	3,140	2,803	2,982	11,911	-8%
Research and development	1,574	1,907	2,101	1,660	1,836	7,503	-17%
Restructuring costs	125	119	155	870	565	1,709	5%
Equity income from affiliates	(124)	(133)	(116)	(102)	(53)	(404)	-7%
Other (income) expense, net	(39)	282	201	172	157	815	*
Income Before Taxes	2,091	1,550	1,245	1,525	1,225	5,545	35%
Income Tax (Benefit) Provision	360	(66)	310	375	410	1,028	
Net Income	1,731	1,616	935	1,150	815	4,517	7%
Less: Net Income Attributable to Noncontrolling Interests	26	23	29	26	34	113	
Net Income Attributable to Merck & Co., Inc.	\$ 1,705	\$ 1,593	\$ 906	\$ 1,124	\$ 781	\$ 4,404	7%
Earnings per Common Share Assuming Dilution	\$ 0.57	\$ 0.52	\$ 0.30	\$ 0.38	\$ 0.26	\$ 1.47	10%
Average Shares Outstanding Assuming Dilution	2,971	3,053	3,010	2,960	2,959	2,996	
Tax Rate	17.2%	-4.3%	24.9%	24.6%	33.5%	18.5%	

* 100% or greater

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

MERCK & CO., INC.
CONSOLIDATED STATEMENT OF OPERATIONS
GAAP TO NON-GAAP RECONCILIATION
FIRST QUARTER 2014
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)
(UNAUDITED)

Table 2a

	GAAP	Acquisition- Related Costs ⁽¹⁾	Restructuring Costs ⁽²⁾	Adjustment Subtotal	Non-GAAP
Sales	\$ 10,264				\$ 10,264
Costs, Expenses and Other					
Materials and production	3,903	1,126	119	1,245	2,658
Marketing and administrative	2,734	11	31	42	2,692
Research and development	1,574		51	51	1,523
Restructuring costs	125		125	125	-
Equity income from affiliates	(124)			-	(124)
Other (income) expense, net	(39)			-	(39)
Income Before Taxes	2,091	(1,137)	(326)	(1,463)	3,554
Taxes on Income	360			(567) ⁽³⁾	927
Net Income	1,731			(896)	2,627
Less: Net Income Attributable to Noncontrolling Interests	26			-	26
Net Income Attributable to Merck & Co., Inc.	\$ 1,705			\$ (896)	\$ 2,601
Earnings per Common Share Assuming Dilution	\$ 0.57				\$ 0.88
Average Shares Outstanding Assuming Dilution	2,971				2,971
Tax Rate	17.2%				26.1%

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 expenses for the amortization of intangible assets recognized as a result of mergers and acquisitions. Amounts included in marketing and administrative expenses reflect merger integration costs.

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

(3) Represents the estimated tax impact on the reconciling items, as well as a benefit of approximately \$300 million associated with a capital loss generated in the quarter.

MERCK & CO., INC.
CONSOLIDATED STATEMENT OF OPERATIONS
GAAP TO NON-GAAP RECONCILIATION
FIRST QUARTER 2013
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)
(UNAUDITED)

Table 2b

	GAAP	Acquisition- Related Costs ⁽¹⁾	Restructuring Costs ⁽²⁾	Adjustment Subtotal	Non-GAAP
Sales	\$ 10,671				\$ 10,671
Costs, Expenses and Other					
Materials and production	3,959	1,184	43	1,227	2,732
Marketing and administrative	2,987	23	17	40	2,947
Research and development	1,907	30	15	45	1,862
Restructuring costs	119		119	119	-
Equity income from affiliates	(133)			-	(133)
Other (income) expense, net	282			-	282
Income Before Taxes	1,550	(1,237)	(194)	(1,431)	2,981
Taxes on Income	(66)			(439) ⁽³⁾	373
Net Income	1,616			(992)	2,608
Less: Net Income Attributable to Noncontrolling Interests	23			-	23
Net Income Attributable to Merck & Co., Inc.	\$ 1,593			\$ (992)	\$ 2,585
Earnings per Common Share Assuming Dilution	\$ 0.52				\$ 0.85
Average Shares Outstanding Assuming Dilution	3,053				3,053
Tax Rate	-4.3%				12.5%

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 expenses for the amortization of intangible assets recognized as a result of mergers and acquisitions. Amounts included in marketing and administrative expenses reflect merger integration costs. Amounts included in research and development expenses represent 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 actions under the company's formal restructuring programs.

(3) Represents the estimated tax impact on the reconciling items, as well as a benefit of approximately \$160 million associated with the resolution of a previously disclosed federal income tax issue.

Franchise Changes

Beginning in 2014, the following products have been moved into different therapeutic franchises in the Merck financial supplement. Results for the prior year periods reflect this change.

<i>Product</i>	<i>Former Franchise</i>	<i>Current Franchise</i>
Singulair	Primary Care and Women's Health	Diversified Brands
Nasonex	Primary Care and Women's Health	Diversified Brands
Arcoxia	Primary Care and Women's Health	Diversified Brands
Fosamax	Primary Care and Women's Health	Diversified Brands
Primaxin	Diversified Brands	Hospital and Specialty

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

Table 3

	2014	2013					% Change
	1Q	1Q	2Q	3Q	4Q	Full Year	1Q
TOTAL SALES ⁽¹⁾	\$10,264	\$10,671	\$11,010	\$11,032	\$11,319	\$44,033	-4
PHARMACEUTICAL	8,451	8,891	9,310	9,475	9,760	37,437	-5
Primary Care and Women's Health							
Cardiovascular							
Zetia	611	629	650	662	716	2,658	-3
Vytorin	361	394	417	396	436	1,643	-8
Diabetes							
Januvia	858	884	1,072	927	1,121	4,004	-3
Janumet	476	409	474	442	503	1,829	16
General Medicine & Women's Health							
NuvaRing	168	151	171	170	193	686	11
Follistim AQ	110	122	134	124	101	481	-10
Dulera	102	68	79	82	95	324	49
Implanon	102	84	102	96	120	403	21
Hospital and Specialty							
Hepatitis							
PegIntron	112	126	142	104	124	496	-11
Victrelis	59	110	116	121	81	428	-46
HIV							
Isentress	390	362	412	427	442	1,643	8
Hospital							
Candidas	166	162	163	151	183	660	3
Invanz	114	110	120	130	128	488	4
Noxafil	74	65	71	75	98	309	13
Bridion	73	63	69	75	82	288	16
Primaxin	71	84	85	88	79	335	-15
Immunology							
Remicade	604	549	527	574	620	2,271	10
Simponi	157	108	120	126	146	500	45
Other							
Cosopt / Trusopt	99	105	103	104	103	416	-7
Oncology							
Emend	122	116	135	123	134	507	5
Temodar	83	216	219	162	111	708	-62
Diversified Brands							
Respiratory							
Nasonex	312	385	325	297	327	1,335	-19
Singulair	271	337	281	280	298	1,196	-20
Clarinet	62	61	64	54	55	235	2
Other							
Cozaar / Hyzaar	205	267	255	238	246	1,006	-23
Arcoxia	128	121	121	112	131	484	6
Fosamax	123	137	144	140	139	560	-10
Propecia	74	68	67	71	77	283	8
Zocor	64	82	74	65	79	301	-21
Remeron	50	52	53	44	56	206	-4
Vaccines							
Gardasil	383	390	383	665	394	1,831	-2
ProQuad, M-M-R II and Varivax	280	272	339	421	273	1,306	3
RotaTeq	169	162	144	201	129	636	4
Zostavax	142	168	141	185	264	758	-15
Pneumovax 23	101	111	108	193	241	653	-9
Other Pharmaceutical ⁽²⁾	1,175	1,361	1,430	1,350	1,435	5,570	-14
ANIMAL HEALTH	813	840	851	800	871	3,362	-3
CONSUMER CARE ⁽³⁾	546	571	490	443	390	1,894	-4
Claritin OTC	170	177	78	123	92	471	-4
Other Revenues ⁽⁴⁾	454	369	359	314	298	1,340	23
Astra	147	262	245	220	193	920	-44

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

⁽¹⁾ Only select products are shown.

⁽²⁾ Includes Pharmaceutical products not individually shown above. Other Vaccines sales included in Other Pharmaceutical were \$98 million in the first quarter of 2014. Other Vaccines sales included in Other Pharmaceutical were \$53 million, \$86 million, \$127 million, and \$101 million for the first, second, third, and fourth quarters of 2013, respectively.

⁽³⁾ The decrease in Consumer Care sales in the second quarter and full year of 2013 resulted from the ongoing termination in China of distribution arrangements and a reversal of sales previously made to those distributors, together with associated termination costs.

⁽⁴⁾ Other revenues are comprised primarily of alliance revenue, third-party manufacturing sales and miscellaneous corporate revenues, including revenue hedging activities. On October 1, 2013, the company divested a substantial portion of its third-party manufacturing sales. In addition, Other revenues in the fourth quarter and full year of 2013 reflect \$50 million of revenue for the out-license of a pipeline compound. Other revenues in the first quarter 2014 include \$232 million of revenue recognized in connection with the sale of U.S. Saphris rights.

MERCK & CO., INC.
FRANCHISE / KEY PRODUCT SALES
FIRST QUARTER 2014
(AMOUNTS IN MILLIONS)

Table 3a

	Global			U.S.			International		
	1Q14	1Q13	% Change	1Q14	1Q13	% Change	1Q14	1Q13	% Change
TOTAL SALES ⁽¹⁾	\$10,264	\$10,671	-4	\$4,146	\$4,215	-2	\$6,119	\$6,457	-5
PHARMACEUTICAL	8,451	8,891	-5	3,130	3,256	-4	5,321	5,635	-6
Primary Care and Women's Health									
Cardiovascular									
Zetia	611	629	-3	323	334	-3	288	295	-3
Vytorin	361	394	-8	120	156	-23	241	238	1
Diabetes									
Januvia	858	884	-3	474	462	3	384	422	-9
Janumet	476	409	16	213	197	8	263	212	24
General Medicine & Women's Health									
NuvaRing	168	151	11	103	89	15	65	62	5
Follistim AQ	110	122	-10	34	41	-17	76	81	-6
Dulera	102	68	49	97	66	47	5	3	90
Implanon	102	84	21	60	42	41	42	42	
Hospital and Specialty									
Hepatitis									
PegIntron	112	126	-11	4	9	-53	108	117	-7
Victrelis	59	110	-46	5	37	-87	54	73	-25
HIV									
Isentress	390	362	8	190	187	2	199	175	14
Hospital									
Cancidas	166	162	3	7	7	4	159	156	2
Invanz	114	110	4	60	54	11	55	57	-3
Noxafil	74	65	13	20	18	8	55	47	16
Bridion	73	63	16				73	63	16
Primaxin	71	84	-15	3	4	-10	68	80	-16
Immunology									
Remicade	604	549	10				604	549	10
Simponi	157	108	45				157	108	45
Other									
Cosopt / Trusopt	99	105	-7	1	4	-76	98	102	-4
Oncology									
Emend	122	116	5	70	66	7	52	50	4
Temodar	83	216	-62		108	*	83	108	-23
Diversified Brands									
Respiratory									
Nasonex	312	385	-19	133	150	-11	179	235	-24
Singulair	271	337	-20	5	1	*	266	336	-21
Clarinet	62	61	2	6	6	11	55	55	1
Other									
Cozaar / Hyzaar	205	267	-23	6	11	-47	199	256	-22
Arcoxia	128	121	6				128	121	6
Fosamax	123	137	-10	4	5	-23	119	132	-9
Propecia	74	68	8	5	6	-26	69	62	12
Zocor	64	82	-21	5	6	-22	60	76	-21
Remeron	50	52	-4	1	1	-35	50	51	-3
Vaccines									
Gardasil	383	390	-2	271	247	10	113	142	-21
ProQuad, M-M-R II and Varivax	280	272	3	240	246	-2	39	26	49
RotaTeq	169	162	4	130	130		39	32	20
Zostavax	142	168	-15	129	152	-15	13	16	-18
Pneumovax 23	101	111	-9	83	86	-4	18	25	-29
Other Pharmaceutical ⁽²⁾	1,175	1,361	-14	328	328		845	1,030	-18
ANIMAL HEALTH	813	840	-3	177	231	-23	636	609	4
CONSUMER CARE	546	571	-4	390	400	-2	156	171	-9
Claritin OTC	170	177	-4	139	146	-5	31	31	-2
Other Revenues ⁽³⁾	454	369	23	448	328	37	6	41	-85
Astra	147	262	-44	147	262	-44			

* 100% or greater

⁽¹⁾ Only select products are shown.

⁽²⁾ Includes Pharmaceutical products not individually shown above. Other Vaccines sales included in Other Pharmaceutical were \$98 million and \$53 million on a global basis for first quarter 2014 and 2013, respectively.

⁽³⁾ Other revenues are comprised primarily of alliance revenue, third-party manufacturing sales and miscellaneous corporate revenues, including revenue hedging activities. On October 1, 2013, the company divested a substantial portion of its third-party manufacturing sales. Other revenues in the first quarter of 2014 include \$232 million of revenue recognized in connection with the sale of U.S. *Saphris* rights.

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

Table 3b

	1Q14	1Q13	2Q13	3Q13	4Q13	Full Year	% Change 1Q
TOTAL PHARMACEUTICAL	\$8,451	\$8,891	\$9,310	\$9,475	\$9,760	\$37,437	-5
United States	3,130	3,256	3,689	4,148	3,761	14,854	-4
% Pharmaceutical Sales	37.0%	36.6%	39.6%	43.8%	38.5%	39.7%	
Europe ⁽¹⁾	2,478	2,465	2,343	2,276	2,535	9,619	1
% Pharmaceutical Sales	29.3%	27.7%	25.2%	24.0%	26.0%	25.7%	
Japan	835	1,034	948	893	1,074	3,949	-19
% Pharmaceutical Sales	9.9%	11.6%	10.2%	9.4%	11.0%	10.5%	
Latin America	538	596	676	628	667	2,567	-10
% Pharmaceutical Sales	6.4%	6.7%	7.3%	6.6%	6.8%	6.9%	
Asia Pacific	809	822	874	799	870	3,365	-1
% Pharmaceutical Sales	9.6%	9.2%	9.4%	8.4%	8.9%	9.0%	
China	282	271	297	242	293	1,103	4
Eastern Europe/Middle East Africa	415	439	479	431	534	1,883	-5
% Pharmaceutical Sales	4.9%	4.9%	5.1%	4.5%	5.5%	5.0%	
Canada	200	245	257	253	276	1,030	-18
% Pharmaceutical Sales	2.4%	2.8%	2.8%	2.7%	2.8%	2.8%	
Other	46	34	45	47	43	170	34
% Pharmaceutical Sales	0.5%	0.4%	0.5%	0.5%	0.4%	0.5%	

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

MERCK & CO., INC.
FIRST QUARTER 2014
EQUITY INCOME / JV SALES / OTHER (INCOME) EXPENSE, NET - GAAP
(AMOUNTS IN MILLIONS)
(UNAUDITED)
Table 4

EQUITY INCOME FROM AFFILIATES

	1Q14	1Q13
ASTRAZENECA LP	\$ 98	\$ 125
Other ⁽¹⁾	26	8
TOTAL	\$ 124	\$ 133

⁽¹⁾ Includes results for Sanofi Pasteur MSD.

SANOFI PASTEUR MSD JOINT VENTURE SALES DETAIL

All sales reported here are end-market JV sales, presented on a "NET" basis.

	1Q14	1Q13
GARDASIL	\$ 64	\$ 73
OTHER VIRAL VACCINES	25	29
ROTATEQ	17	14
HEPATITIS VACCINES	9	8
ZOSTAVAX	7	-
Other Vaccines	95	106
TOTAL SANOFI PASTEUR MSD SALES	\$ 217	\$ 230

OTHER (INCOME) EXPENSE, NET

	1Q14	1Q13
INTEREST INCOME	\$ (61)	\$ (57)
INTEREST EXPENSE	188	184
EXCHANGE LOSSES	34	212
Other, net	(200)	(57)
TOTAL	\$ (39)	\$ 282