MERCK ENTERS ONCOLOGY COLLABORATION WITH ASTRAZENECA
Forward-Looking Statement of Merck & Co., Inc., Kenilworth, NJ, USA

This presentation of Merck & Co., Inc., Kenilworth, NJ, USA (the “company”) includes “forward-looking statements” within the meaning of the safe harbor provisions of the United States 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 pharmaceutical industry regulation and healthcare legislation in the United States and internationally; global trends toward healthcare 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 2016 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).
Merck and AstraZeneca Establish Oncology Collaboration

Collaboration Overview

- Co-development and co-commercialization of Lynparza, a PARP inhibitor, and selumetinib, a MEK inhibitor
- Collaboration includes mono- and combination therapies
- Companies will independently develop Lynparza and selumetinib in combination with their respective PD-1/PD-L1 agents

Key Transaction Details

- $1.6B upfront
- $750M for certain license options
- Up to $6.15B contingent upon successful achievement of significant future regulatory and sales milestones
Extend and Improve the lives of people worldwide suffering from a wide range of cancers

- Establish KEYTRUDA as foundational treatment in monotherapy and in combination across multiple tumor types
- Explore combinations with standard of care and novel agents including other immune modulators
- Identify patients most likely to benefit from KEYTRUDA through evaluation of biomarkers
Expands Upon Merck’s Oncology Leadership

Highly attractive market

Oncology is largest and fastest growing drug class with significant unmet medical need

Merck’s established leadership

Oncology leader with successful development and commercialization of Keytruda

Strong Potential for PARP and MEK

- Broaden and deepen Merck’s oncology franchise in growing targeted therapies
- Potential in multiple tumor types in monotherapy and combinations, including with Keytruda
With Attractive Strategic Rationale

- Rare opportunity to partner on de-risked, first-to-market commercialized product (Lynparza) with potential best-in-class profile and significant prospects for additional development
- Considerable portion of payments contingent upon successful achievement of significant regulatory and sales milestones
- Allows Merck to maintain healthy balance sheet with flexibility to execute additional business development deals in the future
Financial Considerations

• Merck will recognize its share of product sales of Lynparza and selumetinib, net of commercialization costs, as Alliance Revenue

• Merck’s share of development costs will be recorded as part of its Research & Development expense.

• Expected to be modestly dilutive over the first couple years
Products in-scope

Lynparza™
olaparib

- First commercialized PARP inhibitor with potentially best-in-class profile
- December 2014 US approval in advanced ovarian cancer
  - Approved in 50+ additional countries
- $218 million in 2016 revenues
- Ongoing trials in ovarian, breast, prostate and pancreatic cancers

Selumetinib

- Development stage MEK inhibitor
- Granted FDA orphan drug designation for differentiated thyroid cancer
- Ongoing Phase 3 trial (expected primary completion date Jan. 2018)
Significant Lynparza Data Readouts Expected

- Ovarian cancer: 1L SOLO-1 trial (Data 2019) and 2L SOLO-2 trial (Data H1 2018)
- Breast cancer: 4L (US) Study 19 trial (Approved 2016) and OLYMPIAD trial (Regulatory submission H2 2017)
- Pancreatic cancer: PROFOUND trial (Data 2019)
- Early breast cancer: OLYMPIA trial (Data 2019+)
- Prostate cancer: PROFOUND trial (Data 2019+)
- Imfinzi combo: MEDIOLA
- DDR combos: WEE1, ATM, ATR, AuraB Kinase

Key Strategies:

1) Establish leadership
2) Expand patient segments
3) Add VEGF(r) combinations
4) New combinations and tumour types