News Release

FOR IMMEDIATE RELEASE

Media Contacts: Lainie Keller (908) 236-5036
Steven Cragle (908) 740-1801

Investor Contacts: Justin Holko (908) 740-1879
Joe Romanelli (908) 740-1986

Merck Announces Second-Quarter 2015 Financial Results

- Second-Quarter 2015 Non-GAAP EPS of $0.86, Excluding Certain Items; GAAP EPS of $0.24
- Company Narrows and Raises 2015 Full-Year Non-GAAP EPS Target to $3.45 to $3.55, Excluding Certain Items; Lowers 2015 Full-Year GAAP EPS Target to $1.52 to $1.71
- Second-Quarter 2015 Worldwide Sales Were $9.8 Billion, a Decrease of 11 Percent, Including a 7 Percent Net Unfavorable Impact from Acquisitions and Divestitures and a 7 Percent Negative Impact from Foreign Exchange
- Second-Quarter Results Reflect Sales Growth in Hospital Acute Care, Oncology and Diabetes and Sales Declines in Cardiovascular and Hepatitis C
- European Commission Approved KEYTRUDA for the Treatment of Advanced Melanoma; FDA Accepted sBLA for KEYTRUDA in Advanced Non-Small Cell Lung Cancer
- Grazoprevir/Elbasvir Chronic Hepatitis C Combination Regimen Accepted for Regulatory Review in Both the United States and European Union

KENILWORTH, N.J., July 28, 2015 – Merck (NYSE: MRK), known as MSD outside the United States and Canada, today announced financial results for the second quarter of 2015.

	Second Quarter	
$ in millions, except EPS amounts	**2015**	**2014**
Sales	$9,785	$10,934
GAAP EPS	0.24	0.68
Non-GAAP EPS that excludes items listed below[1]	0.86	0.85
GAAP Net Income[2]	687	2,004
Non-GAAP Net Income that excludes items listed below[1,2]	2,441	2,493

[1] Merck is providing certain 2015 and 2014 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. For description of the items, see Table 2a, including the related footnotes, attached to this release.

[2] Net income attributable to Merck & Co., Inc.

Non-GAAP (generally accepted accounting principles) earnings per share (EPS) of $0.86 for the second quarter exclude acquisition- and divestiture-related costs, restructuring costs and certain other items, including foreign exchange losses related to Venezuela.

A reconciliation of GAAP to non-GAAP net income and EPS is provided in the tables that follow. Year-to-date results can be found in the attached tables.

$ in millions, except EPS amounts	Second Quarter	
	2015	**2014**
EPS		
GAAP EPS	$0.24	$0.68
Difference[3]	0.62	0.17
Non-GAAP EPS that excludes items listed below[1]	$0.86	$0.85
Net Income		
GAAP net income[2]	$687	$2,004
Difference	1,754	489
Non-GAAP net income that excludes items listed below[1,2]	$2,441	$2,493
Decrease (Increase) in Net Income Due to Excluded Items:		
Acquisition- and divestiture-related costs[4]	$1,448	$1,756
Restructuring costs	328	421
Foreign exchange losses related to Venezuela	715	–-
Gain on AstraZeneca option exercise	–-	(741)
Net decrease (increase) in income before taxes	2,491	1,436
Income tax (benefit) expense[5]	(737)	(947)
Decrease (increase) in net income	$1,754	$489

Commentary from Chairman and Chief Executive Officer Kenneth C. Frazier

"We're investing resources to grow our strongest brands and to support the most promising assets in our pipeline, while at the same time lowering our cost base and delivering operating leverage."

"We've made significant progress this quarter in two of our most important assets, the KEYTRUDA and hepatitis C programs, and will be fully prepared to take advantage of these potentially breakthrough opportunities."

[3] Represents the difference between calculated GAAP EPS and calculated non-GAAP EPS, which may be different than the amount calculated by dividing the impact of the excluded items by the weighted-average shares for the period.

[4] Includes expenses for the amortization of intangible assets and purchase accounting adjustments to inventories recognized as a result of acquisitions, intangible asset impairment charges and expense or income related to changes in the fair value measurement of contingent consideration. Also includes integration, transaction and certain other costs related to business acquisitions and divestitures.

[5] Includes the estimated tax impact on the reconciling items. In addition, amount for the second quarter of 2015 includes a net benefit of $370 million related to the settlement of certain federal income tax issues. The estimated tax impact on the reconciling items for the second quarter of 2014 includes a net benefit of $517 million recorded in connection with AstraZeneca's option exercise.

"We're witnessing the introduction of breakthrough therapies for some of the most difficult-to-treat diseases. Merck's late-stage pipeline and ongoing launches reflect scientific and therapeutic progress with the potential to provide significant value to patients and society."

Select Business Highlights

Worldwide sales were $9.8 billion for the second quarter of 2015, a decrease of 11 percent compared with the second quarter of 2014, including a 7 percent negative impact from foreign exchange and a 7 percent net unfavorable impact resulting from the divestiture of the Consumer Care business and select products, partially offset by the acquisition of Cubist Pharmaceuticals, Inc. (Cubist).

The following table reflects sales of the company's top pharmaceutical products, as well as total sales of Animal Health and Consumer Care products.

$ in millions	Second Quarter		Change	Change Ex-Exchange
	2015	2014		
Total Sales	$9,785	$10,934	-11%	-4%
Pharmaceutical	8,564	9,087	-6%	3%
JANUVIA / JANUMET	1,598	1,577	1%	9%
ZETIA / VYTORIN	955	1,134	-16%	-8%
REMICADE	455	607	-25%	-7%
GARDASIL / GARDASIL 9	427	409	4%	6%
ISENTRESS	375	453	-17%	-10%
PROQUAD, M-M-R II and VARIVAX	358	326	10%	12%
CUBICIN	293	6*	**	**
Animal Health	840	872	-4%	10%
Consumer Care***	–-	583	**	**
Other Revenues	381	392	-3%	-51%

*Reflects licensing agreement with Cubist in Japan prior to acquisition by Merck on Jan. 21, 2015
**≥100%
***divested on Oct. 1, 2014

Commercial and Pipeline Highlights

During the second quarter of 2015, Merck continued to advance its pipeline while also focusing on the ongoing launches of KEYTRUDA (pembrolizumab), its anti-PD-1 therapy, for the treatment of advanced melanoma in patients whose disease has progressed after other therapies; BELSOMRA (suvorexant) for the treatment of insomnia; and ZERBAXA (ceftolozane and tazobactam), a combination product for the treatment of certain serious bacterial infections in adults.

- The company accelerated its KEYTRUDA clinical development program.
    - The European Commission approved KEYTRUDA last week at a dose of 2 mg/kg every three weeks for the treatment of advanced (unresectable or metastatic) melanoma in adults, allowing marketing of KEYTRUDA in all 28 European Union member states.
    - The U.S. Food and Drug Administration (FDA) accepted for review the supplemental Biologics License Application (sBLA) for KEYTRUDA for the treatment of patients with advanced non-small cell lung cancer whose disease has progressed on or after platinum-containing chemotherapy and an FDA-approved therapy for EGFR or ALK genomic tumor aberrations, if present. The FDA granted Priority Review with a PDUFA action date of Oct. 2, 2015; the sBLA will be reviewed under the FDA's Accelerated Approval program.
    - At the 51st Annual Meeting of the American Society of Clinical Oncology in June, data sets were presented investigating the use of KEYTRUDA in advanced head and neck cancer (KEYNOTE-012) and in multiple difficult-to-treat cancers, including advanced small cell lung cancer, esophageal cancer and ovarian cancer (KEYNOTE-028). Additionally, data were presented and simultaneously published in *The New England Journal of Medicine* suggesting that the presence of DNA repair mutations in colorectal cancer cells is associated with favorable responses to KEYTRUDA.
- The clinical development program for the treatment of chronic hepatitis C virus (HCV) infection made substantial progress in the second quarter of 2015.
    - As announced earlier today, the FDA has accepted for review the New Drug Application (NDA) for grazoprevir/elbasvir, an investigational once-daily, single tablet combination therapy for the treatment of adult patients infected with chronic HCV genotypes (GT) 1, 4 or 6. The FDA granted Priority Review with a PDUFA action date of Jan. 28, 2016.
    - Last week the European Medicines Agency (EMA) accepted for review the company's marketing authorization application (MAA) for grazoprevir/elbasvir for the treatment of adult patients infected with chronic HCV GT 1, 3, 4 or 6. The EMA said it will initiate a review of the MAA under accelerated assessment timelines.
- Results from the Trial Evaluating Cardiovascular Outcomes with Sitagliptin (TECOS) of JANUVIA (sitagliptin), a medicine that helps lower blood sugar levels in adults with type 2 diabetes, were presented in June at the 75th Scientific Sessions of the American Diabetes Association and simultaneously published online in *The New England Journal of Medicine*. The study found that, added to usual care, treatment with JANUVIA did not increase the risk

of major adverse cardiovascular events in the primary composite endpoint, or hospitalization for heart failure, compared to placebo.

- The FDA has accepted the resubmission of the NDA for sugammadex injection, an investigational medicine for the reversal of neuromuscular blockade induced by rocuronium or vecuronium, with a PDUFA action date of Dec. 19, 2015. Sugammadex injection is marketed as BRIDION in more than 60 countries.
- The FDA has extended its planned review timeline of the Biologics License Application for V419, the investigational pediatric hexavalent combination vaccine, DTaP5-IPV-Hib-HepB, which is being developed and, if approved, will be commercialized through a partnership of Merck and Sanofi Pasteur. The FDA has not requested additional clinical studies for licensure.

Pharmaceutical Revenue Performance

Second-quarter pharmaceutical sales declined 6 percent to $8.6 billion, including a 9 percent negative impact from foreign exchange. Excluding the impact of exchange, growth was driven by sales in the core therapeutic areas of hospital acute care, oncology and diabetes. The increase in hospital acute care was driven by the addition of the Cubist portfolio and sales growth of inline brands. Growth in oncology reflects sales of $110 million for KEYTRUDA. Growth in diabetes primarily reflects higher sales in the United States, Europe and emerging markets.

Second-quarter pharmaceutical sales reflect declines in the cardiovascular portfolio of ZETIA (ezetimibe) and VYTORIN (ezetimibe/simvastatin), medicines for lowering LDL cholesterol, primarily due to loss of exclusivity of ZETIA in Canada (where it is marketed as EZETROL) and volume declines of both products in the United States, as well as lower sales of REMICADE (infliximab), a treatment for inflammatory diseases, due to loss of exclusivity in Europe. Pharmaceutical sales also reflect declines in the HCV portfolio of VICTRELIS (boceprevir) and PEGINTRON (peginterferon alfa-2b), as well as for ISENTRESS (raltegravir), an HIV integrase inhibitor for use in combination with other antiretroviral agents for the treatment of HIV-1 infection. The decline for ISENTRESS was due to timing of tender purchases in the emerging markets and volume declines in the United States.

Animal Health Revenue Performance

Animal Health sales totaled $840 million for the second quarter of 2015, a decrease of 4 percent compared with the second quarter of 2014, including a 14 percent negative impact from foreign exchange. Excluding the impact of exchange, growth was primarily driven by an increase in sales of companion animal and swine products, including continued strong growth

from BRAVECTO (fluralaner), a chewable tablet that kills fleas and ticks in dogs for up to 12 weeks.

Other Revenue Performance

Other revenues – primarily comprising alliance revenue, miscellaneous corporate revenues and third-party manufacturing sales – decreased 3 percent to $381 million compared to the second quarter of 2014. The decrease was driven primarily by the loss of revenue from AstraZeneca recorded by Merck, which was $316 million in the second quarter of 2014, partially offset by higher third-party manufacturing sales.

Second-Quarter 2015 Expense and Other Information

The costs detailed below totaled $8.2 billion on a GAAP basis during the second quarter of 2015 and include $1.8 billion of acquisition- and divestiture-related costs and restructuring costs.

$ in millions	**Included in expenses for the period**			
Second Quarter 2015	**GAAP**	**Acquisition- and Divestiture-Related Costs**[4]	**Restructuring Costs**	**Non-GAAP**[1]
Materials and production	$3,754	$1,241	$105	$2,408
Marketing and administrative	2,624	136	17	2,471
Research and development	1,670	71	15	1,584
Restructuring costs	191	–-	191	–-
Second Quarter 2014				
Materials and production	$4,893	$1,724	$171	$2,998
Marketing and administrative	2,973	32	44	2,897
Research and development	1,664	–-	43	1,621
Restructuring costs	163	–-	163	–-

The gross margin was 61.6 percent for the second quarter of 2015 compared to 55.2 percent for the second quarter of 2014, reflecting 13.8 and 17.4 unfavorable percentage point impacts, respectively, from the acquisition- and divestiture-related costs and restructuring costs

noted above. The increase in non-GAAP gross margin was driven by lower inventory write-offs and foreign exchange.

Marketing and administrative expenses, on a non-GAAP basis, were $2.5 billion in the second quarter of 2015, a decrease from $2.9 billion in the same period of 2014, which was primarily driven by the sale of the Consumer Care business, the favorable impact of foreign exchange and declines in direct selling costs.

Research and development (R&D) expenses, on a non-GAAP basis, were $1.6 billion in the second quarter of 2015, a 2 percent decrease compared to the second quarter of 2014.

Other (income) expense, net, was $739 million of expense in the second quarter of 2015 compared to $650 million of income in the second quarter of 2014. The second quarter of 2015 includes foreign exchange losses of $715 million related to the revaluation of the company's net monetary assets in Venezuela. The second quarter of 2014 includes a $741 million gain recorded in connection with AstraZeneca's option exercise.

The GAAP effective tax rate of 14.7 percent for the second quarter of 2015 reflects the impacts of acquisition- and divestiture-related costs and restructuring costs, as well as the favorable impact of a net benefit of $370 million related to the settlement of certain federal income tax issues and the unfavorable impact of foreign exchange losses related to Venezuela for which no tax benefit was recorded. The non-GAAP effective tax rate, which excludes these items, was 26.0 percent for the second quarter of 2015.

Financial Outlook

Merck has narrowed and raised its full-year 2015 non-GAAP EPS range to be between $3.45 and $3.55, including a negative impact from foreign exchange. The range excludes acquisition- and divestiture-related costs, costs related to restructuring programs and certain other items. The company has lowered its full-year 2015 GAAP EPS range to be between $1.52 and $1.71. The change in the GAAP EPS range reflects the incorporation of foreign exchange losses related to Venezuela, as well as the anticipated gain on the previously announced sale of certain migraine clinical development programs.

At current exchange rates, the company now anticipates full-year 2015 revenues to be between $38.6 billion and $39.8 billion, including a negative impact from foreign exchange and approximately $1 billion of net lost sales from acquisitions and divestitures.

In addition, the company continues to expect full-year 2015 non-GAAP marketing and administrative expenses to be below 2014 levels and R&D expenses to be modestly above 2014 levels. The company anticipates total operating expenses in the second half of 2015 to be approximately $200 million lower than in the second half of 2014.

The company now anticipates its full-year 2015 non-GAAP tax rate will be in the range of 23 to 24 percent, not including a 2015 R&D tax credit.

A reconciliation of anticipated 2015 EPS, as reported in accordance with GAAP to non-GAAP EPS that excludes certain items, is provided in the table below.

$ in millions, except EPS amounts	**Full Year 2015**
GAAP EPS	$1.52 to $1.71
Difference[3]	1.93 to 1.84
Non-GAAP EPS that excludes items listed below	$3.45 to $3.55

Acquisition- and divestiture-related costs	$5,500 to $5,300
Restructuring costs	950 to 850
Foreign exchange losses related to Venezuela	715
Gain on sale of certain migraine clinical development programs	(250)
Net decrease (increase) in income before taxes	6,915 to 6,615
Estimated income tax (benefit) expense	(1,415) to (1,360)
Decrease (increase) in net income	$5,500 to $5,255

Total Employees

As of June 30, 2015, Merck had approximately 69,000 employees worldwide.

Earnings Conference Call

Investors, journalists and the general public may access a live audio webcast of the call today at 8:00 a.m. EDT on Merck's website at http://www.merck.com/investors/events-and-presentations/home.html. Institutional investors and analysts can participate in the call by dialing (706) 758-9927 or (877) 381-5782 and using ID code number 73597302. Members of the media are invited to monitor the call by dialing (706) 758-9928 or (800) 399-7917 and using ID code number 73597302. Journalists who wish to ask questions are requested to contact a member of Merck's Media Relations team at the conclusion of the call.

About Merck

Today's Merck is a global health care leader working to help the world be well. Merck is known as MSD outside the United States and Canada. Through our prescription medicines, vaccines, biologic therapies and animal health products, we work with customers and operate in more than 140 countries to deliver innovative health solutions. We also demonstrate our commitment to increasing access to health care through far-reaching policies, programs and partnerships. For more information, visit www.merck.com and connect with us on Twitter, Facebook and YouTube. You can also follow our Twitter conversation at $MRK.

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

This news release 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 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 2014 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).

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