



News Release

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Merck Announces Third-Quarter 2010 Financial Results

- Non-GAAP EPS of \$0.85, Excluding Certain Items; GAAP EPS of \$0.11, for the Quarter
- Strong Sales of Key Pharmaceutical Products; Solid Performance by Consumer Care and Animal Health Units
- New Product Launches and Progressing Pipeline Drive Business Momentum
- On Track to Meet Synergy Target of \$3.5 Billion in Annual Savings by End of 2012
- Raised Lower End of 2010 Non-GAAP EPS Target Range Due to Solid Year-to-Date Performance; Long-Term Non-GAAP EPS Growth Rate Target Reaffirmed

WHITEHOUSE STATION, N.J., Oct. 29, 2010 – Merck & Co., Inc. (NYSE: MRK) today announced financial results for the third quarter of 2010. The company reported non-GAAP (generally accepted accounting principles) earnings per share (EPS) for the third quarter of \$0.85, which excludes purchase accounting adjustments, restructuring costs, merger-related expenses and a \$950 million legal reserve. Third-quarter GAAP EPS was \$0.11.

Worldwide sales for the third quarter of 2010 were \$11.1 billion. Net income¹ for the third quarter was \$342 million.

For the first nine months of 2010, worldwide sales were \$33.9 billion and net income was \$1.4 billion.

A reconciliation of EPS as reported in accordance with GAAP to EPS, excluding certain items, is provided in the table that follows. The third quarter and year-to-date 2009 results below reflect legacy Merck on a stand-alone basis.

¹ Net income attributable to Merck & Co., Inc.

	Quarter Ended Sept. 30		Nine Months Ended Sept. 30	
	2010	2009	2010	2009
GAAP EPS	\$ 0.11	\$ 1.61	\$ 0.44	\$ 3.03
EPS impact of items*	0.74	(0.71)	2.10	(0.56)
Non-GAAP EPS that excludes certain items listed below²	\$ 0.85	\$ 0.90	\$ 2.54	\$ 2.47

<i>* Amount calculated as follows (in millions except per share amounts)</i>	Third-Quarter 2010	Third-Quarter 2009	Nine Months Ended Sept. 30, 2010	Nine Months Ended Sept. 30, 2009
Purchase accounting adjustments	\$ 1,540	\$ --	\$ 5,576	\$ --
Merger restructuring program	384	--	1,497	--
Costs related to other restructuring programs	3	117	135	484
Merger-related costs	64	144	235	257
Legal reserve	950	--	950	--
Gain on AstraZeneca's asset option exercise	--	--	(443)	--
Gain from sale of interest in Merial	--	(2,763)	--	(2,763)
Net decrease (increase) in income before taxes	2,941	(2,502)	7,950	(2,022)
Income tax (benefit) expense ³	(638)	986	(1,383)	848
Decrease (increase) in net income	\$ 2,303	\$ (1,516)	\$ 6,567	\$ (1,174)
EPS impact of items	\$ 0.74	\$ (0.71)	\$ 2.10	\$ (0.56)

² Merck is providing information on 2010 and 2009 non-GAAP earnings per share 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, earnings per share prepared in accordance with GAAP. For a description of the items, see Tables 2a and 2b, including the related footnotes, attached to this release.

³ Includes an estimated income tax (benefit) expense on the reconciling items. In addition, amounts for the three and nine months ended September 30, 2010 include a \$380 million tax benefit from changes in a foreign entity's tax rate, which resulted in a reduction in deferred tax liabilities on product intangibles recorded in conjunction with the merger. The amount for the nine months ended September 30, 2010 also reflects a \$147 million tax charge related to U.S. health care reform legislation.

"We are pleased with the third quarter as well as our overall execution during Merck's first year as a combined company following the merger," said Richard T. Clark, chairman and chief executive officer. "Our key products are performing well, and at the same time we are launching new products, advancing our robust R&D pipeline and achieving our important merger synergies. One year later, Merck is a much stronger, unified organization that is well-positioned for the future."

Select Business Highlights

- New four-year data on odanacatib, the company's investigational treatment for osteoporosis in post-menopausal women, was presented last week at the American Society for Bone and Mineral Research annual meeting. Clinical and preclinical studies continue to provide data on the potential of odanacatib to increase bone density, cortical thickness and bone strength when treating osteoporosis.
- Also, full data results for two pivotal late-stage studies for boceprevir, for the treatment of hepatitis C, will be presented Nov. 1 and 2 at the annual meeting of the American Association for the Study of Liver Disease.
- Safety and efficacy data from the DEFINE study for anacetrapib for the treatment of atherosclerosis will be presented in a late-breaker presentation on Nov. 17, at the American Heart Association's Scientific Sessions.
- In the quarter, the company also launched three new medicines: the intravenous (IV) formulation of BRINAVESS (vernakalant) for the treatment of atrial fibrillation in adults in the European Union (EU), Iceland and Norway; DULERA (mometasone furoate and formoterol fumarate dihydrate) for the treatment of asthma in the United States; and DAXAS (roflumilast) for the treatment of symptomatic COPD in Canada and certain European markets, through a partnership.
- The company is making progress growing its business in emerging markets, with 18 percent of sales from human health pharmaceuticals and vaccines coming from these markets in the quarter.
- Merck continues to secure strategic research and development collaborations, including agreements this quarter with Alectos Therapeutics and NicOx, to develop

targeting technologies for new compounds. In addition, the company signed an agreement to allow Lundbeck to distribute SYCREST (asenapine), Merck's treatment for bipolar disorder, in all markets outside the United States, China and Japan.

- Merck's subsidiary, Schering-Plough (Ireland) Company and Centocor Ortho Biotech Inc., a Johnson & Johnson subsidiary, have concluded the arbitration hearing regarding Remicade and Simponi, and will file post-hearing briefs and present arguments to the arbitration panel in late December. Merck anticipates a decision in 2011.

Third-Quarter Financial Results

The following supplemental combined third-quarter 2009 non-GAAP sales are adjusted to reflect a full quarter of legacy Merck and legacy Schering-Plough combined results. This supplemental information is provided to enhance investors' understanding of the company's products and overall business performance and should be considered in addition to, but not in lieu of, sales recorded in accordance with GAAP.

	GAAP 3Q10	GAAP 3Q09	Adj. 3Q09	Supp. Comb. Non-GAAP 3Q09
Total Sales	\$ 11,125	\$ 6,050	\$ 5,481	\$ 11,531
Human Health ⁴	9,660	5,676	4,425	10,101
Animal Health	687	---	664	664
Consumer Care ⁴	291	---	283	283
Other Revenues ⁵	487	374	109	483

The third quarter 2010 results discussed below reflect the performance of the combined company. The increases noted in quarterly comparisons are largely due to the inclusion of legacy Schering-Plough operations in 2010 results, but not in 2009 results.

⁴ Human Health includes worldwide prescription pharmaceutical sales and consumer product sales excluding the U.S. and Canada. Consumer Care includes U.S. and Canada consumer product sales.

⁵ Other revenues are primarily comprised of alliance revenue, miscellaneous corporate revenues and third party manufacturing sales. Revenue from AstraZeneca LP recorded by Merck was \$345 million in the third quarter of 2010.

Materials and production costs were \$4.2 billion for the third quarter of 2010, compared to \$1.4 billion for the third quarter of 2009. The third quarter of 2010 includes \$1.4 billion of costs related to the amortization of intangible assets and purchase accounting adjustments to inventories as a result of the merger. The third quarters of 2010 and 2009 include \$44 million and \$27 million, respectively, for costs associated with restructuring programs. The gross margin was 62.3 percent for the third quarter of 2010, reflecting a 12.6 percentage point unfavorable impact from the purchase accounting adjustments and restructuring costs noted above.

Marketing and administrative expenses were \$3.2 billion for the third quarter of 2010, which include \$130 million of restructuring costs and \$64 million of merger-related costs. Marketing and administrative costs were \$1.7 billion for the third quarter of 2009. Costs for the third quarter of 2009 include \$56 million of merger-related expenses.

Research and development expenses were \$2.3 billion for the third quarter of 2010, which include \$189 million for in-process research and development impairments and \$163 million for restructuring activities. Expenses for 2009 were \$1.3 billion for the quarter, which include \$48 million of costs for restructuring activities.

Restructuring costs, primarily related to employee separations, were \$50 million for the third quarter of 2010 compared with \$42 million for the third quarter of 2009.

Total overall costs associated with the company's global restructuring programs included in materials and production, marketing and administrative, research and development, and restructuring costs were \$387 million and \$117 million for the third quarters of 2010 and 2009, respectively, primarily comprised of employee separation costs and accelerated depreciation.

Equity income from affiliates was \$236 million in the third quarter of 2010. Equity income from affiliates no longer reflects any contribution from the Merck/Schering-Plough partnership or from Merial Limited.

Other (income) expense was \$1.1 billion of expense in the third quarter of 2010, which includes the unfavorable impact of a \$950 million legal reserve, compared with \$2.8 billion of income in the third quarter of 2009, which included the gain on the sale of Merck's interest in Merial Limited. The company has established the legal reserve in connection with an anticipated resolution of the previously disclosed investigation by the U.S. Attorney's Office for the District of Massachusetts related to VIOXX. Merck's discussions with the government are ongoing. Until they are concluded, there can be no certainty about a definitive resolution.

The GAAP effective tax rate of 25.3 percent for the third quarter of 2010 reflects the impact of the legal reserve referred to above, restructuring costs and purchase accounting adjustments. It also includes a \$380 million tax benefit from changes in a foreign entity's tax rate that became effective in the third quarter, resulting in a reduction in deferred tax liabilities

on product intangibles recorded in conjunction with the merger. The non-GAAP effective tax rate, which excludes all these items, was 22.2 percent for the quarter.

Financial Targets

For 2010, Merck raised the lower end of the non-GAAP EPS range and is now targeting a range of \$3.31 to \$3.39, excluding certain items, and a 2010 GAAP EPS range of \$0.66 to \$0.97. The 2010 non-GAAP range excludes purchase accounting adjustments, restructuring and merger-related costs, the first-quarter tax charge related to U.S. health care reform legislation, the second-quarter gain on AstraZeneca's asset option exercise, and the third-quarter \$950 million legal reserve. EPS and other financial targets for 2010 assume that Merck will retain full rights to REMICADE and SIMPONI in the applicable markets.

A reconciliation of anticipated 2010 EPS as reported in accordance with GAAP to non-GAAP EPS that excludes certain items is provided in the table that follows:

	Full-Year 2010
GAAP EPS	\$0.66 to \$0.97
EPS impact of items*	\$2.65 to \$2.42
Non-GAAP EPS that excludes certain items listed below	\$3.31 to \$3.39

<i>* Amount calculated as follows (in millions except per share amounts)</i>	Full-Year 2010
Purchase accounting adjustments	\$7,000 to \$6,500
Costs related to restructuring programs	2,000 to 1,700
Merger-related costs	350 to 250
Legal reserve	950
Gain on AstraZeneca's asset option exercise	(443)
Net decrease (increase) in income before taxes	9,857 to 8,957
Income tax (benefit) expense ⁶	(1,593) to (1,423)
Decrease (increase) in net income	\$8,264 to \$7,534
EPS impact of items	\$2.65 to \$2.42

⁶ Represents an estimated income tax (benefit) expense on the reconciling items, as well as a \$380 million tax benefit from changes in foreign entity's tax rate and a \$147 million tax charge related to U.S. health care reform.

Merck said it expects full-year 2010 revenue to be between \$45.4 billion and \$46.1 billion, including the impact of U.S. health care reform legislation. For the full year 2010, the increased Medicaid rebates (including Managed Medicaid) and other impacts are expected to reduce revenue by approximately \$170 million, which includes a third-quarter 2010 impact of approximately \$43 million and \$120 million for the first nine months of 2010.

Non-GAAP research and development expense, which excludes joint ventures, is anticipated to be approximately \$8.2 billion to \$8.6 billion for the full year of 2010. This target excludes the portion of the restructuring costs and any in-process R&D impairment charges included in research and development expense for 2010.

Merck continues to estimate that its consolidated non-GAAP 2010 tax rate will be approximately 22 percent to 24 percent.

Merck continues to target a high single-digit non-GAAP EPS compound annual growth rate for the combined company from 2009 to 2013 when compared to Merck's 2009 non-GAAP EPS. As the company has previously said, the longer-term target is applicable regardless of the assumptions made for the REMICADE and SIMPONI business.

Product Performance – Human Health

The sales figures discussed below for legacy Schering-Plough products are reported on a GAAP basis, which represents sales for the third quarter of 2010 only.

Bone, Respiratory, Immunology and Dermatology

Worldwide sales of SINGULAIR (montelukast sodium), a once-a-day oral medicine indicated for the chronic treatment of asthma and the relief of symptoms of allergic rhinitis, were \$1.2 billion for the third quarter of 2010, an increase of 12 percent compared with the third quarter of 2009.

Global sales of NASONEX (mometasone furoate monohydrate), nasal spray, an inhaled nasal corticosteroid for the treatment of nasal allergy symptoms, were \$259 million for the third quarter of 2010.

Sales of REMICADE (infliximab) were \$661 million for the third quarter of 2010. REMICADE is a treatment for inflammatory diseases which is marketed by Merck in countries outside the United States (except in Japan and certain other Asian markets). In addition, SIMPONI (golimumab), a once-monthly, subcutaneous treatment for certain inflammatory diseases, has been launched in 18 countries, and launches in other international markets are planned.

Cardiovascular

Global sales of ZETIA (ezetimibe) and VYTORIN (ezetimibe/simvastatin) were \$571 million and \$485 million, respectively, for the third quarter of 2010. Combined global sales of ZETIA and VYTORIN were \$1.1 billion for the third quarter of 2010.

Diabetes and Obesity

JANUVIA (sitagliptin), Merck's DPP-4 inhibitor for the treatment of type 2 diabetes, recorded worldwide sales of \$600 million during the third quarter of 2010, representing a 22 percent increase compared with the same quarter in 2009. JANUMET (sitagliptin/metformin hydrochloride), a single tablet that targets all three key defects of type 2 diabetes, achieved worldwide sales of \$247 million during the quarter, an increase of 43 percent compared with the third quarter 2009. The JANUVIA/JANUMET combined franchise had sales of \$847 million during the third quarter of 2010, an increase of 28 percent compared to the same quarter in 2009.

Infectious Disease

ISENTRESS (raltegravir), an HIV integrase inhibitor for use in combination with other antiretroviral agents for the treatment of HIV-1 infection, reported worldwide sales of \$278 million for the third quarter of 2010, an increase of 41 percent compared with the third quarter of 2009.

Worldwide sales of PEGINTRON (peginterferon alfa-2b) for chronic hepatitis C were \$168 million for the third quarter of 2010.

Diversified Brands

Merck's diversified brands are human health pharmaceutical products that are approaching the expiration of their marketing exclusivity or are no longer protected by patents in developed markets, but continue to be a core part of the company's offering in other markets around the world.

Global sales of Merck's antihypertensive medicines, COZAAR (losartan potassium) and HYZAAR⁷ (losartan potassium and hydrochlorothiazide), were \$423 million for the third quarter of 2010, representing a 51 percent decrease compared with the third quarter of 2009. The company continues to experience a decline in COZAAR/HYZAAR sales since these medicines have lost marketing exclusivity in the United States and in major European markets.

⁷ COZAAR and HYZAAR are registered trademarks of E.I. duPont de Nemours and Company, Wilmington, Del.

Neuroscience and Ophthalmology

Global sales of MAXALT (rizatriptan benzoate), Merck's tablet for the treatment of acute migraine, were \$133 million for the third quarter of 2010, an 8 percent decrease from the same quarter last year.

Oncology

Sales of TEMODAR (temozolomide), a treatment for certain types of brain tumors, were \$254 million for the third quarter of 2010.

Sales of CAELYX (pegylated liposomal doxorubicin hydrochloride) for the treatment of ovarian cancer, metastatic breast cancer and Kaposi's sarcoma, were \$70 million for the third quarter of 2010. As previously disclosed, marketing rights for CAELYX will transition to Johnson & Johnson as of Dec. 31, 2010.

Vaccines⁸

Total sales as recorded by Merck of its cervical cancer vaccine, GARDASIL (human papillomavirus (HPV) quadrivalent (types 6, 11, 16, 18) vaccine, recombinant), were \$316 million for the third quarter of 2010, a 2 percent increase from the same quarter in 2009. Sales, in part, benefited from the timing of certain public sector sales.

Worldwide sales of Merck's other viral vaccines, which include VARIVAX (varicella virus vaccine live), M-M-R II (measles, mumps and rubella virus vaccine live) and PROQUAD (measles, mumps, rubella and varicella virus vaccine live), as recorded by Merck, were \$434 million for the third quarter of 2010, a decrease of 6 percent compared with the same period a year earlier.

ZOSTAVAX (zoster vaccine live), the company's vaccine to help prevent shingles (herpes zoster), recorded sales of \$23 million for the third quarter of 2010 compared with \$84 million for the third quarter of 2009. Sales during the quarter were limited by continuing supply constraints.

Women's Health and Endocrine

Global sales of NUVARING (etonogestrel/ethinyl estradiol vaginal ring), a contraceptive product, were \$134 million for the third quarter of 2010.

Sales of FOLLISTIM/PUREGON (follitropin beta injection), a fertility treatment, were \$119 million for the third quarter of 2010.

⁸ Vaccines in most major European markets are sold through the company's joint venture, Sanofi Pasteur MSD, and the results from the company's interest in the joint venture are recorded in equity income from affiliates.

Product Performance — Animal Health

Animal Health sales totaled \$687 million for the third quarter of 2010, reflecting continued solid performance among poultry, swine and aquatic products. Animal Health includes pharmaceutical and vaccine products for the prevention, treatment and control of disease in all major farm and companion animal species. Merck's Animal Health business is subject to a proposed joint venture with sanofi-aventis which the company expects to close in the first quarter of 2011.

Product Performance — Consumer Care

Consumer Care sales were \$291 million for the third quarter of 2010, which reflect continued strong performance of a number of key brands including DR. SCHOLL's, CLARITIN and COPPERTONE. Consumer Care includes footcare and suncare consumer products, and a variety of over-the-counter medicines.

Total Employees

As of Sept. 30, Merck had approximately 93,000 employees worldwide.

Explanatory Note

Supplemental combined non-GAAP sales are provided in the attached schedules at the end of this news release to reflect the revenues of the company's product sales on a comparable basis to periods prior to the merger. Merck has defined supplemental combined non-GAAP sales as GAAP sales adjusted to reflect a full quarter of Merck and Schering-Plough performance as if the merger closed at the beginning of the periods indicated in the applicable table. This supplemental information is provided to enhance investors' understanding of the company's products and overall business performance. This information should be considered in addition to, but not in lieu of, sales recorded in accordance with GAAP. Supplemental combined non-GAAP sales are available in Tables 3 and 3a as part of this news release, and additional information is included in the 8-K filing today.

Earnings Conference Call

Investors are invited to a live audio webcast of Merck's third-quarter earnings conference call today at 8:00 a.m. EDT by visiting Merck's Web site, 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. Journalists are invited to listen in on the call by dialing (706) 758-9928 or (800) 399-7917. A replay of the

webcast will be available starting at 11 a.m. EDT today through 5 p.m. EDT on Nov. 6. To listen to the replay, dial (706) 645-9291 or (800) 642-1687 and enter ID No. 11269659.

About Merck

Today's Merck is a global healthcare 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 consumer care 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 healthcare through far-reaching policies, programs and partnerships that donate and deliver our products to the people who need them. For more information, visit www.merck.com.

Forward-Looking Statement

This news release includes “forward-looking statements” within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Such statements may include, but are not limited to, statements about the benefits of the merger between Merck and Schering-Plough, including future financial and operating results, the combined company's plans, objectives, expectations and intentions and other statements that are not historical facts. Such statements are based upon the current beliefs and expectations of Merck's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements.

The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: the possibility that the expected synergies from the merger of Merck and Schering-Plough will not be realized, or will not be realized within the expected time period; the impact of pharmaceutical industry regulation and health care legislation; the risk that the businesses will not be integrated successfully; disruption from the merger making it more difficult to maintain business and operational relationships; Merck's ability to accurately predict future market conditions; dependence on the effectiveness of Merck's patents and other protections for innovative products; the risk of new and changing regulation and health policies in the U.S. and internationally and the exposure to litigation and/or regulatory actions.

Merck 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 Merck's 2009 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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