



Committed to Making a Difference



“We try never to forget that medicine is for the people. It is not for the profits. The profits follow, and if we have remembered that, they have never failed to appear.”

GEORGE W. MERCK

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Merck & Co., Inc., is a global, research-based pharmaceutical company based in Whitehouse Station, NJ, USA. Merck & Co., Inc. operates as Merck, Sharp & Dohme (MSD) in most countries outside the United States. In Canada, the Company operates as Merck Frosst Canada, Ltd. In Japan, it operates as Banyu Pharmaceutical Co., Ltd.

Merck & Co., Inc. is not affiliated with Merck KGaA, based in Darmstadt, Germany, which operates in the United States and Canada under the umbrella brand EMD.

All references in this report to "Merck" or to "the Company" refer to Merck & Co., Inc. (Whitehouse Station, NJ, USA).

Key:

EC – economic indicator

EN – environmental

LA – labor practices

HR – human rights

SO – society

PR – product responsibility

CEO Message



As president and CEO of Merck & Co., Inc., I am pleased to present Merck's 2004-2005 corporate responsibility report. The theme of this report is "Committed to Making a Difference." This commitment goes beyond developing novel medicines and vaccines – work that has transformed the practice of medicine and saved and improved millions of lives. It defines the way we conduct ourselves as employees and as a Company. It guides our efforts to help people worldwide gain access to our medicines and vaccines, to provide unbiased, up-to-date health care information, to minimize our environmental impact and to build positive relationships with the communities where we live and work.

This report is part of an intense commitment to conduct ourselves responsibly and transparently. In addition to holding ourselves to our own strict standards and commitments, Merck also relies on insights from others – such as the UN Millennium Development Goals (MDGs) – as we develop, execute and measure our own programs and initiatives. For example, this report reviews two programs that support the aspirations presented in the MDGs. The first is our partnership with the Government of Botswana and the Bill & Melinda Gates Foundation, a partnership that is working to reverse the spread of HIV/AIDS in that country. The other example is the Merck Vaccine Network-Africa, which funds training centers in Kenya and Mali that are helping to improve immunization infrastructure as part of our effort to go beyond treating diseases to preventing them in the first place. These programs are emblematic of our approach to corporate responsibility: We know that researching and developing new medicines is not enough; we must also help to ensure that those medicines reach the people who need them. These programs represent just two ways in which Merck is working to make a genuine difference in the health of people around the world.

As environmental stewards, we look to standards such as the ISO 14001 environmental management system. We also adhere to the guiding principles of the American Chemistry Council (ACC)'s Responsible Care®, a voluntary program dedicated to improvements in environmental, health and safety performance.

Our first corporate responsibility report comes at a time of both change and continuity at Merck. As a 32-year veteran of Merck, I know that some things must remain the same: our pursuit of scientific excellence, our determination to hold this Company and ourselves to the highest standards of ethics and values, and our commitment always to put patients first.

Merck continues to work hard to meet the expectations we place on ourselves. Preparing this report has helped us learn more about ways to measure the long-term sustainability of our corporate responsibility activities, set targets, evaluate our successes and identify areas for improvement. We plan to build on what we have learned and provide updates on our progress in our future reporting.

We are proud of Merck's legacy in the area of corporate responsibility, and of the employees who have helped create it. But we also recognize that there is more work to be done. As we go forward, we will continue to rely on George Merck's principles to guide and inspire us.

Richard T. Clark
President and CEO
November 2005

About This Report

This report presents highlights of our 2004-2005 corporate responsibility performance, including our efforts to foster access to medicines in the developing and developed world, the monetary and pharmaceutical donations we made and our environmental and safety performance.

We have shared relevant Company and program history to give context to our long-standing approach to corporate responsibility and to provide background on our initiatives in this area, some of which have existed for more than half a century. In addition to 2004 information, we also have included select highlights from 2005. The majority of the "Environment, Health and Safety" section reports on our performance for 2003; 2004 performance data are included where available. All monetary references are given in U.S. dollars.

GLOBAL REPORTING INITIATIVE GUIDELINES

We understand the need for comparable data in assessing corporate responsibility performance. For this reason, we have used as a guide the Global Reporting Initiative (GRI)'s economic, environmental and social performance indicators, as set forth in GRI 2002 Sustainability Reporting Guidelines. GRI provides a voluntary global standard that establishes a framework for corporate responsibility reporting. References to applicable GRI indicators are noted in the Table of Contents.

STAKEHOLDER ENGAGEMENT

Open dialogue and two-way communications are critical in building trust and developing understanding with both internal and external groups and constituencies that have an interest in our financial, social and environmental policies and performance. We value the relationships we have established with these major stakeholders through numerous global and local partnerships, collaborations and corporate memberships.


Before drafting this report, we spoke with a number of outside organizations to gain a better understanding of the information that would be most relevant and useful to include. We considered many of the comments we received and will continue to engage with these and other organizations as we develop future reports.

INDEPENDENT VERIFICATION

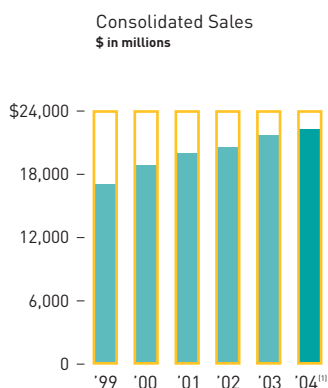
While we recognize that independent verification of data is important, we were also eager to publish this report in a timely manner. Decisions about what information to include were based on currently available data, as well as information we believe will be most relevant to our stakeholders. We are considering whether to pursue independent verification of future reporting.

FEEDBACK

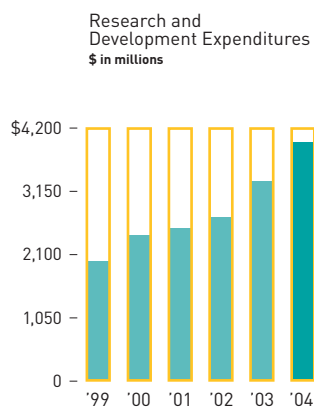
We encourage you to share your thoughts and perspectives about this report by responding to the feedback card included with the report or by taking a feedback survey at merck.com/cr. Your frank and honest feedback about this report is important to us and will be helpful as we develop future reports.

To learn more about particular programs, we encourage you to visit the "Corporate Responsibility" section of merck.com/cr. We plan to update our online content regularly, as new information becomes available. Throughout the report a  indicates that more details are available online.

Company Profile



¹ Amount for 2004 includes the impact of the voluntary withdrawal of VIOXX.



Source: Merck 2004 Annual Report.

Merck & Co., Inc. is a global research-driven pharmaceutical company dedicated to putting patients first. Merck discovers, develops, manufactures and markets medicines and vaccines in more than 20 therapeutic categories. Merck devotes extensive efforts to increasing access to medicines through far-reaching programs that not only donate Merck medicines, but help deliver them to the people who need them. In addition, Merck publishes free, unbiased medical and health information from physician-trusted sources.

Headquartered in Whitehouse Station, N.J. (USA), Merck employs approximately 63,000 people worldwide, conducts research in 10 major research centers and operates 31 production facilities and 17 distribution centers in 25 countries. In 2004, Merck's global sales were \$22.9 billion. Merck operates as Merck Sharp & Dohme (MSD) in most countries outside the United States. The Company is not affiliated with Merck KGaA, based in Darmstadt, Germany, which operates in the United States and Canada under the umbrella brand EMD. All references in this report to "Merck" or to "the Company" refer to Merck & Co., Inc. (Whitehouse Station, NJ, USA).

A LEGACY OF INNOVATION

Since the Company was founded in 1891, Merck researchers have pioneered innovations for treating serious diseases – a tradition that has produced such major medical advances as cortisone for rheumatoid arthritis, streptomycin for tuberculosis, statins for cholesterol management and protease inhibitors for HIV/AIDS. Merck also has been at the forefront of vaccine research since the early 20th century, discovering vaccines to prevent diseases such as measles, mumps, rubella, chickenpox and hepatitis B.

Today, many of our major products are each one of the market leaders in their categories such as asthma and seasonal allergies, osteoporosis, cholesterol and hypertension. We also remain one of only a few major vaccine manufacturers, compared with the number of companies that invested in vaccine research 30 years ago.

Our long-standing record of achievement continues as Merck scientists work to develop novel treatments in critical areas such as diabetes, obesity, Alzheimer's disease, respiratory disease, coronary heart disease and cancer.

Our Values

- 1. Our business is preserving and improving human life.** All of our actions must be measured by our success in achieving this goal. We value, above all, our ability to serve everyone who can benefit from the appropriate use of our products and services, thereby providing lasting consumer satisfaction.
- 2. We are committed to the highest standards of ethics and integrity.** We are responsible to our customers, to Merck employees and their families, to the environments we inhabit, and to the societies we serve worldwide. In discharging our responsibilities, we do not take professional or ethical shortcuts. Our interactions with all segments of society must reflect the high standards we profess.
- 3. We are dedicated to the highest level of scientific excellence and commit our research to improving human and animal health and the quality of life.** We strive to identify the most critical needs of consumers and customers, and we devote our resources to meeting those needs.
- 4. We expect profits, but only from work that satisfies customer needs and benefits humanity.** Our ability to meet our responsibilities depends on maintaining a financial position that invites investment in leading-edge research and that makes possible effective delivery of research results.
- 5. We recognize that the ability to excel – to most competitively meet society's and customers' needs – depends on the integrity, knowledge, imagination, skill, diversity and teamwork of our employees, and we value these qualities most highly.** To this end, we strive to create an environment of mutual respect, encouragement and teamwork – an environment that rewards commitment and performance and is responsive to the needs of our employees and their families.

Please visit merck.com/cr for more information on our values.

Corporate Governance

We are committed to conducting our business efficiently, responsibly and ethically. This commitment starts at the top, with our President and CEO, our Management Committee and our Board of Directors, who fulfill their corporate governance responsibilities by focusing on the Company's strategic direction and operational excellence, and by acting in the best interests of our shareholders.

GOVERNANCE STRUCTURE

The president and CEO of Merck & Co., Inc.,[†] Richard T. Clark, who was named to his current position on May 5, 2005, heads a 10-member Management Committee of senior executives representing the Company's research, manufacturing, human health and vaccine divisions, as well as our finance, legal and human resources departments. Merck's Board of Directors has established an Executive Committee, which works closely with Mr. Clark to provide support and continuity as he assumes his new duties. The Committee is expected to perform this function for one to two years.

BOARD COMMITTEES

The board has six standing committees: Audit Committee, Committee on Corporate Governance, Compensation and Benefits Committee, Executive Committee, Finance Committee and Committee on Public Policy and Social Responsibility.

Of particular relevance to this report are the Committee on Corporate Governance and the Committee on Public Policy and Social Responsibility.

■ Committee on Corporate Governance

The Committee on Corporate Governance, which is composed of independent directors, considers and makes recommendations on matters related to the practices, policies and procedures of the Board. This committee has sole authority to retain and terminate director search firms and to approve retention fees and terms.

■ Committee on Public Policy and Social Responsibility

In 2001, the Merck Board of Directors established a new committee, the Committee on Public Policy and Social Responsibility, which is composed solely of independent directors. Its purpose is to advise the Board of Directors and management on Company policies and practices that pertain to:

- The Company's responsibilities as a global corporate citizen;
- The Company's obligations as a pharmaceutical company whose products and services affect health and quality of life around the world;
- Our commitment to the highest standards of ethics and integrity.

W Please visit merck.com/cr for more information on:

- Board Composition
- Executive Compensation
- Change in Control Arrangements
- Governance Structure
- Board Committee Charters

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Corporate Responsibility: Vision and Framework

At Merck & Co. Inc., our business is discovering and developing medicines and vaccines that can make a difference in people's lives. As a publicly-held, research-based pharmaceutical company, our primary contribution is discovering, developing and delivering breakthrough medicines and vaccines that address unmet medical needs. But our mission also entails something more – contributing to the health and well-being of the people who take our medicines, as well as meeting the needs of our employees, neighbors and others in the global communities where we live and work.

Acting in a responsible manner over the long term serves the best interests of the people our programs benefit, as well as our shareholders. By doing the right thing, we further enhance our Company's reputation, our ability to play a constructive role in advancing good public policy, customer trust and, as a result, the opportunity to achieve our business goals. We recognize that, more than ever before, companies, investors, government and the public are interested in how businesses conduct themselves, and they want companies to actively demonstrate their commitment to good corporate citizenship.

Improving global health is one of the single most important contributions we can make to economic development around the world. Doing so requires stable political and economic institutions and enduring partnerships among the private sector, governments and nongovernmental institutions. These partnerships are the foundation of the Company's approach to corporate responsibility.

Our commitments have long been guided by the vision of George W. Merck, the Company's modern-day founder, who believed in the importance of putting patients first. George Merck's words are reflected in the way we conduct our business:

- Company decisions are driven by what is right for patients. Merck maintains high ethical standards and a culture that fosters honesty, integrity and transparency – even under the most challenging circumstances.
- Merck strives to improve the health of people worldwide through medicines and vaccines to address unmet medical needs and to improve prevention and treatment of diseases.
- Merck strives to ensure that patients have access to medicines and vaccines for the prevention and treatment of disease. We accomplish this in part by supporting innovative programs and partnerships that strengthen health care infrastructure. We also support science education and other initiatives to help build the capacity and know-how needed to improve health care; and we publish credible, unbiased health care information for patients and health care providers on a not-for-profit basis.
- We conduct our business in ways that ensure a safe and healthy environment for our employees and for the communities in which we operate.



At Merck, we are committed not only to the patients we serve, but also to our employees, to the environment we live in and to the societies we serve worldwide.



IMPLEMENTING MECHANISMS

Good corporate citizenship is integrated across all Merck regions and divisions. We do not have a centralized corporate responsibility management function; rather, we implement a wide range of programs – whether in the areas of environmental responsibility, access to medicines and medical information, community involvement or employee development – through specific functions at the local, national and regional levels.

Merck has many corporate policies pertaining to various aspects of how the Company conducts business, which apply to all Company business units worldwide. Additionally, policies and procedures related to specific aspects of divisional, regional and country functions apply to each of those business units. Specific policies also apply to managerial activities of the Company's U.S. managers.

Policies related to corporate responsibility at Merck are implemented worldwide through mechanisms that include:

- The Merck Office of Ethics
- The Merck Office of Diversity and Work Environment
- The Environment, Safety and Health Advisory Committee (ESHAC)
- Office of General Counsel

For more information on the Merck Office of Ethics, see page 9 of this report. The Merck Office of Diversity and Work Environment is described on page 42.

Philanthropy is one important aspect of our corporate responsibility. On a global level, we have put specific systems in place to help us meet our objectives in this area. These include:

■ The Merck Company Foundation

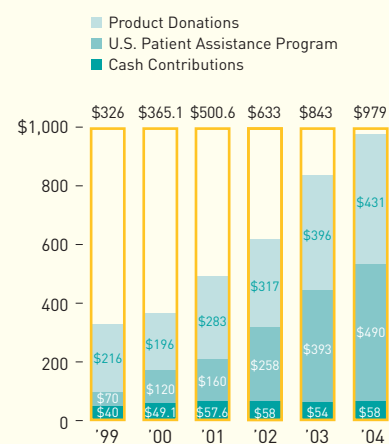
The Merck Company Foundation is a U.S.-based private charitable foundation. Established in 1957, The Merck Company Foundation is funded entirely by the Company and is the Company's chief source of funding support to qualified nonprofit charitable organizations. The Foundation's mission is to support organizations and innovative programs in the United States and around the world that expand access to medicines, vaccines and quality health care; build capacity in the biomedical and health sciences; promote environments that encourage innovation, economic growth and development in a fair and ethical context; and support communities where Merck has a major presence.

■ Merck Office of Contributions

Together with The Merck Company Foundation, the Merck Office of Contributions supports charitable and philanthropic organizations that contribute to – and advance – our society in meaningful ways. The Office helps guide the strategic direction of the Company's philanthropic activities and participates in their implementation. These activities, in the form of cash contributions and product donations, are guided by the same funding priority areas as for The Merck Company Foundation. In addition, the Office coordinates the Company's disaster response efforts.

In 2004, *The Chronicle of Philanthropy* ranked Merck the No. 1 corporate donor in the United States for the second year in a row in its annual survey of corporate giving. Merck topped a list of 93 of the leading Fortune 500 companies that were assessed on the basis of 2003 cash giving and product donations valued at the market value of those products.

Total Merck Contributions/Donations
\$ in millions





Daisy Seebach is the ombudsperson for Merck's West Point, Pa., facility. The Merck Ombudsman Program offers Merck's U.S. employees a "safe haven" to express work-related issues.

Values and Standards

We recognize that in our business, ethics and transparency are of critical importance to patients, health care professionals, our employees and investors – and to our business success. We have strong policies and safeguards in place, and a long history of adherence to high ethical standards.

Ethics and integrity make up one of our five core values (see page 4). These values are underscored in the Company's code of business conduct, *Our Values and Standards*, which was first developed and distributed to Merck employees in 1999. Our code of conduct applies to all employees worldwide and has been translated into 27 languages. For the full text of *Our Values and Standards*, please visit merck.com/about/conduct.html.

At Merck & Co., Inc.[†] every new employee receives ethics training based on *Our Values and Standards*. This includes courses designed to help employees resolve ethics-related issues in the workplace, as well as an online training course to raise employee awareness of potential conflicts of interest.

While our standards for conduct do not vary and apply equally to every Merck facility in every country, we understand that employees face varying situations in different parts of the world. We recognize that in some cases we are asking people to act in ways that are contrary to prevailing cultural practices. For this reason, we adapt our training to different countries or regions to accommodate cultural differences and to assist our employees in managing real-world challenges.

When employees are promoted to managers, Merck provides additional ethics training to prepare them for their new positions. A key measure in employees' annual performance reviews, ethics also play an integral role in our decisions about advancement.



Our Values and Standards

Employees read a Portuguese translation of *Our Values and Standards*, Merck's code of conduct. Merck's code of conduct is available in 27 languages.

“You do not have a rigorous ethics culture just because you have a code of conduct. It starts with senior management championing ethical behavior and modeling it at every opportunity. It lives on with all Merck people embracing our ethics and applying them to their work, day in and day out.”

JACQUELINE BREVARD, VICE PRESIDENT, CHIEF ETHICS AND COMPLIANCE OFFICER

Merck has put several mechanisms in place to support our commitment to the highest standards of ethics and integrity in all of our business practices. Established in 1995, the Merck Office of Ethics develops and oversees global initiatives designed to deter illegal, unethical and improper behavior related to the Company's business. The Office of Ethics provides several outlets for Merck employees worldwide to raise ethical questions or concerns. The Merck AdviceLine, a telephone line which is available to employees around the world 24 hours a day, seven days a week, is staffed by an independent organization that allows employees to remain anonymous. In addition, the Merck Ombudsman Program offers a “safe haven” for U.S. employees to express work-related issues without fear of retaliation. This program confidentially addresses employees' concerns about conduct that may be inconsistent with Merck's policies, practices, values and standards. Outside the United States, employees may contact the Office of Ethics directly or use the AdviceLine to raise concerns.

24/7



The Merck AdviceLine is available to employees around the world 24 hours a day, seven days a week.

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KEY ISSUES

We know that it takes more than having the right mechanisms, standards and training in place to ensure an ethical business environment. Ethics are an integral part of how a company and its employees – from the executive and Board level on down – conduct themselves every day. Our commitment to ethics extends to our interactions with government officials, physicians, patients and others. Below are examples of current issues of interest to many of our audiences. Other examples appear elsewhere throughout this report. (For more information on our research and development practices, see the “Science, Innovation and Quality” section on page 15.)

HUMAN RIGHTS

We believe in the fundamental dignity of every human being and in respecting individual rights. In all of our operations:

- We condemn the use of forced labor and exploitative child labor and expect our suppliers to respect this principle as well;
- We respect employees’ lawful freedom of association;
- We compensate our employees to ensure that basic needs are met and provide our employees with the opportunity to improve their skills and capabilities;
- We do not discriminate at any level of the organization on the basis of race, gender, age, ethnicity, national origin, sexual orientation, marital status, disability or religious beliefs;
- We provide a safe and healthy work environment;
- We respect individuals’ right to privacy in accordance with applicable legal and ethical standards worldwide.

These standards demand respect for all individuals and consideration of the interests of all of those affected by and involved in our business.

POLITICAL ADVOCACY

Decisions are made every day by lawmakers in capitals around the world that have the power to profoundly affect our ability to bring innovative new medicines to patients. Merck participates actively, transparently and constructively in the political process and supports candidates who are supportive of pharmaceutical innovation.

In the United States, Merck provides an opportunity for eligible U.S. employees to participate in the political process by joining the Merck Employees Political Action Committee (PAC), which allows them to pool their individual contributions to support federal and state candidates. The Merck PAC Contributions Committee, a group of senior employees who represent each of the Company’s major operating units, meets regularly to evaluate federal and state candidates. In states where corporate contributions are allowed by law, Merck contributes to state candidates and has a formal Corporate Contributions Committee that oversees such contributions. PAC activity is federally regulated and all contributions are fully publicly disclosed in reports filed with the Federal Election Commission. Merck strictly adheres to all U.S. federal and state laws regarding political contributions. In addition, Merck plans to post a link on our Web site to Merck PAC data currently available on the Federal Election Commission’s Web site. We also will post information directly on merck.com about our corporate contributions in the United States, categorized by state, candidate and amount. This information will be available online in the first quarter of 2006 and will reflect 2005 corporate contributions.

In dealing with foreign governments, Merck adheres to the Foreign Corrupt Practices Act.

SALES AND MARKETING PRACTICES

Our medicines and vaccines are promoted by professional representatives who meet regularly with doctors and other health care providers. Our sales and marketing interactions with health care professionals are designed to provide information about the benefits and risks of our products, which physicians may use when deciding whether or how to treat patients. Our interactions also support medical research and education and enable us to obtain advice and other information about our products through consultation with medical experts. In some countries, where it is allowed, we may also advertise our medicines directly to consumers, a practice commonly known as direct-to-consumer (DTC) advertising.

Sales and marketing practices are important components of our business worldwide and Merck has policies in place to help ensure the integrity of these practices.

As a matter of corporate policy, Merck complies with all applicable laws and regulations in the countries where we operate. In the United States, Merck abides by regulations defined in the Food, Drug and Cosmetic Act, and its actions are consistent with the Office of the Inspector General (OIG) Guidance for Pharmaceutical Manufacturers.

DIRECT-TO-CONSUMER ADVERTISING

With regard to DTC advertising, Merck has had a long-standing policy to voluntarily submit new DTC advertising to FDA for review and comment. Merck also acts on those comments, including resubmission of materials to FDA, where appropriate, prior to airing or publishing. Merck was an active participant in developing the Pharmaceutical Research and Manufacturers of America (PhRMA)'s new voluntary Guiding Principles on DTC Advertising about Prescription Medicines, announced in August 2005, and is committed to complying with them. We are particularly encouraged that the Principles include a requirement to submit ads to the FDA before their use. The Principles also reflect our practice of spending an appropriate amount of time to educate health professionals about a new medicine or therapeutic indication before commencing a DTC campaign.

OUR POLICIES AND STANDARDS

In countries outside the United States, Merck subsidiaries abide by regulations applicable to the sales and marketing of our products. We also abide by industry standards. In the United States, our interactions with health care professionals conform to PhRMA's Code on Interactions with Health Care Professionals. Outside the United States, Merck abides by the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA) Code of Pharmaceutical Marketing Practices.

All employees are required to comply fully with these laws and regulations and with Merck's own strict policies. In the United States, for example, Merck representatives may not provide items of substantial value to physicians. Product promotional items of minimal value (e.g., pens or notebooks) are allowed, but must be relevant to a doctor's practice. Educational or practice-related items may never be given in exchange for a commitment to prescribe, purchase, use or recommend a Merck product. Any marketing of Merck products by field-based employees must be based on information consistent with what is contained in our FDA-approved product labeling for the United States and with what is contained in product labeling approved by applicable regulatory authorities in countries outside the United States.

Physicians who agree to serve as consultants for Merck are paid fair market value for their services, including fees and related expenses. We do not pay for physicians to attend Continuing Medical Education (CME) or third-party scientific meetings. In certain cases, Merck reimburses expenses as appropriate for investigators presenting results of a Merck-sponsored study at Merck's request. Internationally, in various markets, MSD reimburses certain lodging and travel expenses for physicians it selects to attend educational meetings.

PRIVACY CONSIDERATIONS

Consistent with our commitment to respect individuals' right to privacy in accordance with applicable legal and ethical standards worldwide, Merck strives to maintain the confidence of its customers, employees, business partners and others. Many of the countries in which Merck conducts business have privacy and data protection laws, rules and regulations that govern the collection, use and disclosure of personal information. Merck has established a comprehensive privacy program in support of our certification to the U.S. Safe Harbor for transfers of personal information from the European Economic Area to the United States; for our Web sites worldwide for physicians, investigators, consumers and other stakeholders; and for our approach to processing personal information in compliance with all such laws, rules and regulations as they apply to our business, including our sales and marketing practices worldwide.

VOLUNTARY WORLDWIDE WITHDRAWAL OF VIOXX

On Sept. 30, 2004, Merck & Co., Inc. announced a voluntary worldwide withdrawal of VIOXX® (rofecoxib), based on new data from a prospective, randomized, placebo-controlled clinical trial called APPROVe. In the APPROVe trial, there was an increased risk of confirmed cardiovascular events beginning after 18 months of continuous daily treatment in patients taking VIOXX compared with those taking placebo. Given the questions raised by the data and the availability of alternative therapies, we decided that withdrawing VIOXX was the responsible course to take.

We are confident that a careful and complete examination of Merck & Co., Inc.'s conduct regarding VIOXX shows that we acted responsibly every step of the way – from researching the drug prior to approval in controlled clinical trials with more than 10,000 patients, to monitoring it while it was on the market, to voluntarily withdrawing it from the market when we did.

For the most recent and up-to-date information on VIOXX, please visit merck.com/newsroom/vioxx.



Please visit merck.com for more information on:

- Sales and Marketing Practices
- Merck Position on DTC Advertising
- Merck Code of Conduct
- Merck Safe Harbor Privacy Policy
- Merck Internet Privacy Policy

Fostering a Fair, Transparent and Open Business Environment

Our commitment to ethics extends beyond the Company's boundaries. We actively promote the development of codes and standards for ethical and transparent business practices that can help limit corruption, ensure fair and open competition and encourage a better business environment, which are essential to economic growth and improved standards of living.

Merck also seeks to make a difference in the global business environment by supporting Transparency International and other groups that work to eliminate corruption, promote transparency and foster the principles outlined in the OECD Conventions against Corruption and Bribery.

ETHICS CENTERS

In 1995, The Merck Company Foundation entered into a collaboration with the Washington-based Ethics Resource Center (ERC) to establish a series of independent ethics centers in various regions around the world. The centers facilitate dialogue and action related to ethical business and organizational issues of importance in the countries where the centers are located.

The first center to open was the Gulf Centre for Excellence in Ethics in the United Arab Emirates (UAE) in 1998. Led by a local director, the Gulf Centre developed a code of ethics for the UAE Ministry of Health and has conducted educational seminars for military, government and corporate entities. In 2004, the UAE center moved

to Dubai and was renamed the Dubai Ethics Resource Centre. It is now housed within the Dubai Chamber of Commerce and Industry.

Along the way the Centre has overcome its share of challenges and setbacks associated with introducing new approaches to ethics in the region. For example, initial plans to offer fee-for-service consulting had to be scaled back after local business leaders stayed away, suspicious of the organization's motives. The Centre's management took steps to reassure local decision makers that its objective was not to force Western values on the Middle East, but rather to raise awareness and encourage local government and business leaders to reexamine existing practices. Today, the Centre is rapidly becoming an effective voice for ethics in the UAE.

Since the Dubai Ethics Resource Centre first opened its doors, Merck has partnered with local organizations to launch additional ethics centers in South Africa, Colombia and Turkey. Each supports the work of governments, nongovernmental organizations and the private sector in their efforts to foster a fair, transparent and open environment for business.

W Please visit merck.com/cr for more information on:

- Dubai Ethics Resource Centre
- Transparencia por Colombia
- Ethics Institute of South Africa
- Turkish Ethics Values Center

Ethics in Action

Many of our subsidiaries around the world have initiatives that promote ethical business practices:



MSD Korea: Promoting Medical Ethics Since 2001, the Young Schweitzer Program has worked to encourage ethical practices among young medical professionals.

A partnership between MSD Korea, *Korean Doctor's Weekly* and the Korean Society for Medical Ethical Education, the program recognizes interns and medical students who demonstrate outstanding public service and scientific research through the Young Schweitzer Awards. Another program component, the Young Schweitzer Academy, provides medical students with the opportunity to explore extracurricular education courses in medical ethics.



MSD Mexico: Encouraging Ethical Business Practices

MSD offices in Latin America have initiated several programs to encourage ethical business practices. MSD Mexico recently funded research by the Pan-American Institute of Business Management (IPADE) on the impact business ethics had on Mexico's performance and growth in 2004. Researchers interviewed executives from eight leading national and transnational corporations. The case studies derived from this research will be shared with more than 2,000 business executives who attend IPADE programs.



MSD Argentina: Promoting Transparency

MSD Argentina partnered with the U.S. Embassy and the Catholic University of Buenos Aires to promote ethical and transparent business practices through "International Rules Against Corruption," a certificate program for government officials. MSD Argentina also supports the Center for Implementation of Public Policies for Equity and Growth (CIPPEC), a nonprofit organization that promotes public policy in education, health, justice, transparency and taxation.



MSD Spain: Recognizing Best Practices in Business Ethics

Designed to encourage research and discussion of corporate responsibility issues, the MSD Award for Research in Business Ethics is the first European initiative of its kind. Established by MSD Spain, the program seeks to raise awareness of the role of ethics in business and recognize best practices. The award's first call for submissions generated 16 research studies from across various sectors, including hospitals, business schools, nongovernmental organizations and universities. In 2005, 10 studies were submitted, most of them from highly regarded entities and business schools.



A Merck scientist in Rahway, N.J., the Company's largest research facility. Merck employs approximately 11,000 scientists and support staff in 10 major research centers in the United States, Canada, Europe and Asia.

Science, Innovation and Quality

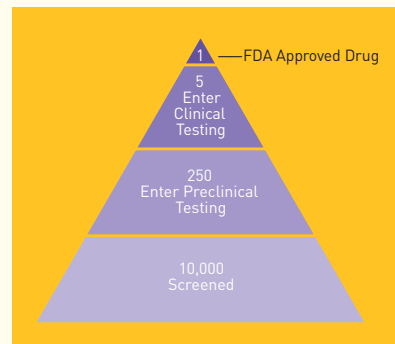
Research is the focus of everything we do. At our core is Merck Research Laboratories (MRL), which employs approximately 11,000 scientists and support staff in 26 countries. Our network of facilities includes 10 major research centers in the United States, Canada, the United Kingdom, France, Italy, Spain and Japan.

In 2004 alone, Merck & Co., Inc.[†] invested more than \$4 billion globally in research and development of medicines and vaccines to address unmet medical needs. This is four times what we spent on R&D just 15 years ago. Today, Merck is one of only a few major pharmaceutical companies in the developed world that remain committed to vaccine discovery and development. A longtime leader in vaccine research, Merck currently has seven vaccines on the market that are helping to prevent and even eliminate the threat of certain diseases. And we have been at the forefront of the search for new and better ways to treat and prevent HIV/AIDS for nearly 20 years.

Drug Discovery and Development

Drug discovery is a long, difficult, expensive and high-risk undertaking. It begins with basic research, which expands the fundamental understanding of disease pathways and identifies and characterizes new drug candidates. The next step is developmental research, where researchers test the safety and efficacy of a new drug candidate and determine its metabolism and interaction with the body and with other drugs. Only a fraction of drug candidates proceed beyond basic research and preclinical development to clinical trials – a process that takes many years.

Once a drug or vaccine is approved for sale, it must be produced, handled and distributed according to precise specifications. Throughout this critically important process, Merck is committed to the highest standards of quality, transparency and integrity.



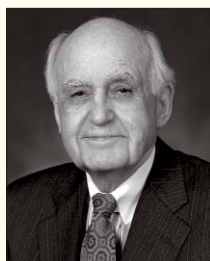
Of 10,000 compounds in basic research, on average only five will enter clinical testing and just one will make it to the market.

Source: *Pharmaceutical Industry Profile 2005 – From Laboratory to Patient: Pathways to Biopharmaceutical Innovation*, PhRMA, March 2005

In Memoriam: Dr. Maurice R. Hilleman (1919-2005)

Merck's first vaccine for rubella was licensed in the United States in 1969. In May 2005, almost 40 years later, the U.S. Centers for Disease Control (CDC) declared an end to the rubella threat in the United States, attributing this achievement to "a safe and effective vaccine and successful immunization programs across the country."

Merck's rubella vaccines were developed under the leadership of Maurice R. Hilleman, Ph.D., D.Sc. Dr. Hilleman, who retired from Merck in 1984 as senior vice president after 27 years with the Company, died on April 11, 2005.



Dr. Hilleman has been credited with developing more vaccines than any other person, helping to save millions of lives. In his long career, Dr. Hilleman pioneered the development of numerous vaccines for disease, including measles, mumps, rubella, varicella, Marek's Disease, hepatitis A, hepatitis B, adenoviruses and the evolution of vaccines against meningitis and pneumonia. In addition to these contributions, Dr. Hilleman also was a co-discoverer of the adenoviruses, and discovered changes in the flu virus known as "drift." By monitoring these changes, public health agencies now track new flu viruses and create vaccines to prevent them.

"Vaccinology is still a field in which dreams can be turned into realities. There are plenty of uncertainties, but if you stick to it, you can do what seems impossible."

DR. MAURICE R. HILLEMAN

[†] All references in this report to 'Merck' or to 'the Company' refer to Merck & Co., Inc. (Whitehouse Station, NJ, USA). Merck & Co., Inc. is not affiliated with Merck KGaA, based in Darmstadt, Germany, which operates in the United States and Canada under the umbrella brand EMD.

Participation in Clinical Trials: Informed Consent

It is the policy of Merck & Co., Inc. that all investigational studies be carried out consistent with legal statutes and regulations for the protection of patients, including protection of patient privacy. Merck requires that all patients involved in clinical trials or their legal representatives understand the procedures, use and disclosure of personal information, uses of biological samples and the risks and benefits involved in a study.

Merck also requires assurances that a person's participation in a study is voluntary. Consent must be obtained before any screening procedures begin; in addition, trial participants must be made aware of any significant new information that may affect their willingness to continue to participate in the trial.

Merck clinical studies are consistent with standards established by the Declaration of Helsinki and in compliance with all applicable laws, rules and regulations.

CONDUCTING CLINICAL TRIALS

Our clinical trials are consistently designed, conducted and monitored, whether they take place in the United States, Canada, Western or Eastern Europe, Latin America, the Middle East, Africa or Asia-Pacific. More than half of our clinical trials are conducted outside the United States, in more than 50 countries.

Clinical trials are conducted with extensive input from local clinical investigators, external consultants and, in some cases, patient advocacy groups. All protocols are reviewed and approved by external, independent Institutional Review Boards (IRBs) or Ethical Review Committees (ERCs).

The Merck Code of Conduct for Clinical Trials is attached to every Merck protocol. By signing the protocol documentation, a clinical investigator pledges to adhere to the principles in the Code, which addresses patient welfare, the voluntary nature of participation in a research study, informed consent and payment of investigators (or their institutions) and patients. The Code also addresses the Company's commitment to publish the results of hypothesis-testing studies, regardless of the outcome.

DISCLOSURE OF CLINICAL TRIAL INFORMATION


Merck, in conjunction with other pharmaceutical companies and our industry association, the Pharmaceutical Research and Manufacturers of America (PhRMA), is taking several important steps toward ensuring that information on clinical trials reaches the public in a timely fashion and in a balanced manner, while protecting essential proprietary information. These steps include registering clinical trials in a public registry at trial inception and posting trial results from hypothesis-testing studies in a public database. We are committed to assuring researchers and the public that they can access both positive and negative data from our clinical trials.


■ Public Registration of Clinical Trials at Inception

Merck is registering all Phase II, III, and post-marketing controlled clinical trials on ClinicalTrials.gov at study initiation. This includes trials that Merck sponsors and conducts anywhere in the world. Merck has been, and continues to be, in compliance with The Food and Drug Administration Modernization Act (FDAMA) requirement to post information on ClinicalTrials.gov about clinical trials designed to treat life-threatening or otherwise serious illnesses, regardless of phase. Merck is voluntarily going beyond the FDAMA mandate by registering all phase II, III, and post-marketing controlled clinical trials. In addition, our voluntary commitment to register phase II studies goes beyond the industry commitment to register all "confirmatory" trials (which are generally considered to be phase III trials).

This is part of Merck's long-standing commitment to sharing scientific information with the public, and responds to renewed calls for a government-sponsored, comprehensive clinical trial registry. Our goal is to enhance transparency and expedite access to medically relevant information.

■ Disclosing All Medically Important Clinical Trial Results

Merck has a long-standing policy of objectively and accurately publishing the results of all medically important clinical trials, regardless of the outcome. Toward this end, we have developed guidelines to give investigators, physicians and patients – as well as editors and readers of medical journals in which we publish – confidence that we are reporting complete, balanced and accurate information. Merck formally developed and implemented these guidelines in 2003, and posted them publicly online in January 2004. 

 Merck registers its clinical trials in a timely and balanced manner, while maintaining protection of its essential proprietary information. Sites where Merck trials are registered include:

- [ClinicalTrials.gov](https://clinicaltrials.gov)
- [ClinicalStudyResults.org](https://clinicalstudyresults.org)

In addition to publishing our clinical trial results, Merck utilizes the PhRMA clinical trial results database, ClinicalStudyResults.org. Merck is populating this free public database with references to our peer-reviewed publications and summaries of unpublished clinical studies. Citations of published studies are also entered concurrently in ClinicalTrials.gov.

Merck also regularly communicates the outcomes of our hypothesis-testing clinical trials – whether positive or negative – by publicly presenting new data at medical meetings and by issuing Company news releases.

■ **Postmarketing Clinical Trials**

Some postmarketing studies are mandated by FDA. Merck conducts postmarketing clinical trials to allow us to learn more about the safety and efficacy of our products after they have been approved and enter the market. These trials provide important information to patients, physicians, third-party payers and key decision makers to ensure the appropriate use of Merck products. We also conduct postmarketing trials when we seek approval for expanded uses of our medicines, or to support additional efficacy or safety claims. When postmarketing trials reveal concerns about a drug's safety and efficacy in the wider population, Merck weighs the data carefully to determine the best course of action for patients. Whether the results are positive or negative, Merck is committed to publishing the findings of all postmarketing trials.

KEY ISSUES IN RESEARCH

Below are examples of current issues of interest to many of our audiences.

■ **Animal Research**

Animal research is indispensable to the progress of biomedical science, and Merck supports the humane use of research animals when scientifically valid alternatives are unavailable. Animal research reduces human and animal suffering and saves human and animal lives. The use of research animals is essential in the discovery and development of new drugs, in the safety testing of products intended for human and animal use and in demonstrating safety and efficacy in a complex living organism. There is currently no alternative to this in evaluating potential products intended for human (or animal) use. The need for research animal studies is guided by the high scientific and ethical standards of Merck to assure that the biological effects of new products intended for human and veterinary use are thoroughly evaluated.

Merck Research Laboratories conducts studies with the minimum number of research animals necessary to obtain scientifically valid results and supports the research and development of scientifically valid nonanimal alternative test methodologies whenever possible. Merck established an Animal Alternatives Committee to educate employees and to promote and create an awareness of animal alternatives in the Merck community. The Committee created the Animal Alternatives Award in 1994 to recognize and reward Merck employees worldwide for the development and publication of animal alternative methodologies. The award is given annually to either an individual or a team who develops or publishes a full paper, abstract, note or letter that best exemplifies the refinement, reduction and/or replacement of animals during the conduct of research.

■ **Stem Cell Research**

Merck is committed to bringing the best medicines and vaccines to the people of the world. To discover and develop these treatments, Merck uses the most advanced scientific technologies, including, as appropriate, animal or human stem cells. Merck believes that research using stem cells can help identify therapies that may someday be able to alleviate the suffering of individuals with damage to the nervous system or other organs. Examples would include neurodegenerative conditions, cancer, cardiovascular disease, diabetes, osteoarthritis and trauma. Merck is currently conducting limited exploratory research into the biology of stem cells, in full accordance with all local and applicable government laws and regulations. Merck opposes the reproductive cloning of human beings.

PRODUCT QUALITY STANDARDS

Merck manufactures products that are sold in more than 150 countries worldwide. Our first concern with any product is patient safety. Merck is committed to quality in the manufacturing, packaging and testing of our products to meet or exceed regulatory authority requirements and expectations for current Good Manufacturing Practices (cGMPs). We work to ensure continuous improvements in quality and compliance by auditing our quality practices and establishing goals, programs and procedures that ensure product quality and cGMP performance. Divisional and corporate management regularly review progress against these goals. We also provide appropriate and ongoing education and training programs on quality and cGMPs for our employees to ensure they are prepared to perform their duties effectively.

Merck maintains global standards of quality. We are involved in and support external industry and regulatory efforts to further develop and optimize quality standards, including work with the International Conference on Harmonization, a worldwide effort to improve and standardize product quality standards and make consistent manufacturing standards worldwide.

ANTICOUNTERFEITING

Availability of counterfeit or adulterated pharmaceutical medicines and vaccines is a growing global problem that can compromise patient health and safety. For this reason, we are actively engaged worldwide in efforts to prevent the distribution of counterfeit medicines and vaccines.

In the United States, for example, Merck has implemented new terms and conditions of sale for our medicines that are designed to reduce the potential for counterfeit pharmaceuticals entering the supply chain by requiring that customers purchase Merck products directly from Merck or a Merck authorized distributor. In addition, we are working with industry associations to determine how best to use electronic authentication technologies, where appropriate, and to secure the drug supply against counterfeiting threats.

In the European Union (EU), Merck is working to increase proactive cooperation with law enforcement agencies – notably customs authorities – to act against the increasing importation into the EU of counterfeit medicines that are being widely advertised on and made available via the Internet. Merck also has worked with the European Federation of Pharmaceutical Industries and Associations (EFPIA) on publishing the first joint industry statement deploring counterfeiting and the associated dangers and setting out the industry position in support of public safety, a secure supply chain and retail market and enhanced regulatory and judicial action against counterfeiters.

W Please visit [merck.com/cr](https://www.merck.com/cr) for more information on Merck's policies in the following areas:

- Basic Biomedical Research
- Biodiversity



Merck products are sold in more than 150 countries worldwide. Merck holds its manufacturing facilities worldwide to the same standards of production, packaging and product testing.


Commitment to Science Education

Fostering the next generation of scientific discovery is a key part of our overall commitment to science. For this reason, Merck promotes precollege science education and provides long-term, sustained support for programs that expand capacity for training in biomedical and health sciences, engineering and technology.


MERCK INSTITUTE FOR SCIENCE EDUCATION (MISE)

In 1993, with funding from The Merck Company Foundation, Merck created the Merck Institute for Science Education (MISE), an award-winning program to improve science education and raise the levels of science performance for students in grades K-12. MISE programs focus on deepening teachers' knowledge of science content and developing their teaching skills through workshops and other programs that promote inquiry-centered learning. Achieving this goal requires work on a variety of levels, from supporting classroom teachers and school administrators to providing resources and fostering changes in education policy on the local, state and national levels.

Working closely with five school districts located near Merck sites in New Jersey and Pennsylvania, MISE has made a profound impact on the way these school districts teach science, according to a series of MISE-funded reports from the Consortium for Policy Research in Education (CPRE). Through this research, which spanned more than 10 years, CPRE found that MISE helped elevate science as a priority in partnership schools and districts and changed the character of teaching and learning in science.

In 2003, MISE and a regional partnership of schools and education organizations received a \$7.1 million award from the National Science Foundation (NSF) Math and Science Partnership Program to strengthen science and mathematics education – the only such award granted to a New Jersey school or organization in 2003. More recently, Merck has added two districts to our New Jersey roster, and has begun work with schools near our new research laboratory in Boston. 

UNIVERSITY FELLOWSHIPS

Merck is committed to promoting the development and training of future leaders in science and biomedical research, particularly among underrepresented groups, by stimulating interest among undergraduate students to pursue graduate study in the health sciences and by creating opportunities for graduate and postdoctoral training in a variety of basic and clinical research areas. Examples of Merck-sponsored programs appear below. 

■ UNCF/Merck Science Initiative


Today, African-Americans hold less than 2 percent of current PhDs in biology and chemistry. In 1995, Merck provided a \$20 million grant to fund a 10-year national awards program in partnership with the United Negro College Fund (UNCF) to help expand the pool of world-



class African-American biomedical scientists.


Each year, 37 fellows, including undergraduate and PhD graduate students and postdoctoral fellows, are selected from a competitive pool of applicants to participate in the UNCF/Merck Science Initiative program. Fellowships are awarded based on an individual student's demonstrated academic excellence as well as his or her potential in the field of biomedical research. To date, more than 300 students, half of them women, have received fellowships.

Ten years into the program, we recognize that there is still a long way to go before African-Americans are fully represented in the ranks of American scientists. However,

Merck and UNCF remain committed to making this a reality. Merck recently announced that we would continue to fund and further develop the UNCF/Merck Science Initiative through 2010. 

■ ACCF/Merck Adult Cardiology Research Fellowship Awards

More than 130 physicians have received The American College of Cardiology Foundation (ACCF)/Merck Adult Cardiology Research Fellowship Awards since the program began in 1981. Each year, six cardiology trainees who show exceptional promise as future leaders in cardiovascular medicine are named "Merck Fellows of the American College of Cardiology." Award recipients are selected based on the scientific merits of their proposals, the commitment of their faculty mentors and the reputation of their research labs. The ACCF administers all aspects of the program, which receives its funding entirely from The Merck Company Foundation – an investment of millions of dollars during the past 25 years. Merck recently announced renewed support for the program through 2008.

A 2004 survey of past ACCF/Merck Fellows found that most are thriving in their careers, and that many have contributed to important advances in cardiovascular medicine. Fifty-six percent of survey respondents work in a medical school or university setting, while 32 percent work in cardiovascular group practice. More than half of the respondents (64 percent) devote at least some time to teaching, helping train future leaders in this field. 

■ NACME Scholarships

Merck plays a leadership role in industry efforts to increase African-American, American Indian and Latino representation in engineering through the Company's support of the National Action Council for Minorities in Engineering (NACME), the largest U.S. private source of scholarships for minorities in engineering. Created in 1974 to address concern about underrepresentation of minorities in engineering and science-based careers, NACME has provided more than \$100 million in financial support to more than 18,000 students at 160 colleges and universities.



Dr. Tuapelo Namauyame, who received HIV/AIDS clinical training through a preceptorship program supported by the Botswana/Gates/Merck partnership, practices at the Princess Marina Hospital in Gaborone, Botswana.

Providing Access to Medicines, Vaccines and Quality Health Care

While research and development are fundamental to our business success, we know it also is critically important to help make our medicines and vaccines available to those who need them. Throughout our history, Merck & Co., Inc.[†] has devoted considerable effort to bringing our medicines and vaccines, expertise and experience to people around the world.

Pharmaceutical companies alone cannot solve the immense public health problems we face globally. Sustainable solutions will come from targeted approaches that draw on the expertise of all stakeholders. For this reason, Merck has pioneered extensive efforts to increase access to medicines, vaccines and quality health care through a number of far-reaching programs and partnerships.

“We cannot step aside and say that we have achieved our goal by inventing a new drug or a new way by which to treat presently incurable diseases.... We cannot rest till the way has been found, with our help, to bring our finest achievement to everyone.”

GEORGE W. MERCK, 1950

Access in the Developed World

In developed countries with sophisticated approval, regulatory and distribution processes, concerns about access to medicines are often related to reimbursement, price, managed care, government policies and patient and physician choice. The best way to remove inefficiencies, control costs and improve the quality of health care is through competition and choice, the cornerstones of the free marketplace.

IN THE UNITED STATES

Merck believes our medicines should be available to those who need them, regardless of their ability to pay. This includes the more than 45 million people in the United States who lack prescription drug coverage. Merck is working with government and private sector partners to help find long-term policy solutions that make health coverage available to the people who need it. Until there is a solution, Merck has several programs to help.

■ U.S. Patient Assistance Program

Merck established the Merck U.S. Patient Assistance Program 50 years ago, making it one of the first such programs in the industry. Today, hundreds of thousands of patients without prescription drug coverage receive free medicines through this program each year. The program has a simple enrollment process and offers free delivery of medicines for qualified applicants to their home or doctor's office.

U.S. Patient Assistance Program Eligibility

- Reside in the United States and have a prescription for a Merck medicine from a U.S.-licensed physician
- Do not have insurance or other coverage for their prescription medicines
- Have a household income below \$19,140 for individuals, \$25,660 for couples and \$38,700 for a family of four
- Under special circumstances, patients with income in excess of these amounts and physician approval also may qualify



In 2004, 695,197 patients filled 6.69 million free prescriptions through the Merck U.S. Patient Assistance Program.

[†] All references in this report to 'Merck' or to 'the Company' refer to Merck & Co., Inc. [Whitehouse Station, NJ, USA]. Merck & Co., Inc. is not affiliated with Merck KGaA, based in Darmstadt, Germany, which operates in the United States and Canada under the umbrella brand EMD.


“I am pleased to hear of Merck’s new Prescription Discount Program to provide the uninsured access to Merck drugs they need at prices more like those paid by those fortunate enough to have good health insurance coverage. I hope all pharmaceutical manufacturers will follow Merck’s example and make their medications more affordable.”

EDWARD KENNEDY, U.S. SENATOR (D-MASS.)

■ Merck Program for Medicare-Approved Discount Card Enrollees

When Medicare was established in 1965, prescription drug coverage was not included. The U.S. Congress addressed this in 2003, and the new law will go into effect on January 1, 2006. Until then, most people with Medicare can sign up for a Medicare-approved drug discount card of their choice. Qualifying low-income seniors are eligible for a credit from the U.S. federal government, which they can apply to drug purchases on their card.

In February 2004, Merck launched a new program to help enrollees in Medicare-approved discount cards gain access to the Merck medicines they need. Merck has contracted with more than 60 Medicare-approved discount cards to provide discounts on Merck medicines to all card enrollees, regardless of income. For low-income seniors who exhaust their federal credit, we provide our medicines free of charge through the member’s participating Medicare-approved discount card. (The dispensing pharmacy may charge a fee, but Merck receives no portion of these fees.)

From June through December 2004, more than 500,000 prescriptions for Merck products were filled through the Medicare Discount Card program. 

■ Help for the Uninsured

In April 2005, Merck announced a third program, The Merck Prescription Discount Program. The program offers discounts of 15 percent to 40 percent on many Merck medicines to all uninsured patients, regardless of age or income. Enrollment is free and there is no annual membership fee. The Merck Prescription Discount Program is available at most U.S. pharmacies. Within the first month of the program, more than 15,000 people had enrolled. It should be noted that discounts offered through The Merck Prescription Discount Program card are not insurance and are not intended to substitute for insurance.

OTHER DEVELOPED COUNTRIES

■ Canada

In Canada, the majority of persons over 65 years of age and those who meet criteria for social assistance are eligible for pharmaceutical coverage through their provincial drug plans. In certain instances, however, some products are not currently reimbursed through public plans. In these cases, if patients do not have access to a private plan, they must pay for their medicines out-of-pocket.

At Merck, we believe that it is important to make our medicines available to as many people as possible. For that reason, Merck Frosst, the Company’s Canadian subsidiary, offers a Patient Assistance Program that provides free Merck medicines to Canadians who cannot otherwise afford to purchase their medication.

■ Outside North America

In other developed countries, including most European countries, we generally do not have patient assistance programs, as most national governments or insurance programs in these countries provide universal health coverage, including pharmaceutical coverage.



Because the U.S. government’s Medicare Drug Benefit does not begin until 2006, Merck launched the Medicare Discount Care program to help people with Medicare gain access to Merck medicines.

500,000

More than half a million prescriptions for Merck products were filled in the first seven months of Merck’s program to help people with Medicare.

Access in the Developing World

The challenges to ensuring access to medicines, vaccines and quality health care in the developing world are complex and require multifaceted approaches and solutions. Access to medicines in developing countries is often limited by inadequate health care infrastructure, lack of expertise and insufficient political will. Merck is working to address these challenges through policies and programs aimed at:

- Making our medicines accessible to those around the world who need them;
- Helping to increase health care capacity and expand delivery systems;
- Building partnerships that draw on the complementary expertise of all stakeholders – governments, international agencies, community organizations, donors, the private sector, nongovernmental organizations, patients and others – to address global health issues.

Through these and other efforts, Merck hopes to make a substantial contribution to achieving the United Nations Millennium Development Goals, including halting and beginning to reverse the spread of HIV/AIDS by 2015, reducing childhood mortality by 2015 and developing public-private development partnerships to improve access to medicines in developing countries.

Following are examples of how Merck is working across sectors to improve health in the developing world. Other examples of Merck's programs and policies in this area can be found on merck.com/cr.

IMPROVING ACCESS: REACHING THOSE IN NEED

For nearly 50 years, Merck has made substantial donations of our products in many developing countries. Through the Merck Medical Outreach Program (MMOP), for example, Merck donates pharmaceuticals and vaccines to select, qualified, U.S.-based private voluntary organizations (PVOs) for use in the developing world and in support of disaster relief and emergency situations worldwide. Established within the Merck Office of Contributions in 1958, the MMOP is one of our longest-standing philanthropic programs.

In 2004, Merck donated nearly \$431 million in pharmaceutical products and vaccines through the MMOP. These donations supported immunization campaigns in the Dominican Republic and Haiti, helped Honduras achieve its goal of eradicating measles in that country, assisted hurricane victims in Florida and the Caribbean, provided medicines and supplies to those affected by the Southeast Asia tsunami and reached many thousands more worldwide through the ongoing medical programs of our partner PVOs. (For more on MMOP, see "Commitment to Communities," page 37.)

Consistent with our goal of expanding access to medicines, Merck also has lowered prices on selected products in certain less-developed nations to help countries without the necessary resources pay for medicines to respond to urgent public health crises.

BUILDING HEALTH CARE CAPACITY: THE MERCK VACCINE NETWORK – AFRICA

According to UNICEF, Africa has the highest prevalence of vaccine-preventable disease in the world. (Source: *The State of the World's Children 2004 Report*, UNICEF.) Yet 50 percent of children in sub-Saharan Africa do not receive basic vaccinations in their first year of life. (Source: *2003 Revised State of the World's Vaccines and Immunization Report*, WHO.) As a partner of the Global Alliance for Vaccines & Immunization (GAVI), Merck is extending its efforts in Africa through the Merck Vaccine Network-Africa (MVN-A). Launched in 2003 with funding from The Merck Company Foundation, MVN-A is a multiyear initiative to help increase the capacity of immunization programs to effectively deliver vaccines in Africa by training health professionals in vaccine management and immunization services.

Training centers established through academic collaborations in Kenya and Mali developed curricula after conducting comprehensive in-country assessments of local immunization management needs; in 2004, the centers held their first courses. More than 90 health care professionals have completed the training thus far and additional sessions continue in both countries. Over time, Merck envisions that the MVN-A training centers will become a model that, in combination with other local and global initiatives, will help more children in developing countries receive life-saving vaccines. 🌱

MSD Pakistan: Bringing Health Care to Rural Areas



For more than a decade, MSD Pakistan has partnered with major Pakistani medical organizations to sponsor medical "camps" in remote areas around the country where people have limited access to health care. Through these camps, patients can consult medical specialists and receive free or subsidized medicines. MSD Pakistan provides medicines for the project at cost, and has loaned equipment to camp staff to conduct procedures such as cholesterol testing.



Vaccines have contributed to the near doubling of life expectancy in the United States, from 47 years in 1900 to 77 years in 2000.* But while illnesses such as whooping cough, measles, mumps and polio are practically unheard of in the United States today, these diseases continue to take a deadly toll on children in developing countries.

* National Center for Health Statistics, *Health, United States, 2002*, Table 28.

The Power of Partnerships: The Merck MECTIZAN Donation Program

Working with a wide range of partners, Merck pioneered a program 18 years ago that today is widely regarded as one of the most successful public health collaborations in the world. In 1987, Merck announced that it would donate MECTIZAN® (ivermectin), our breakthrough medicine for the treatment of onchocerciasis, to all who needed it, for as long as needed. More commonly known as “river blindness,” onchocerciasis is transmitted through the bite of black flies and can cause intense itching, disfiguring dermatitis, eye lesions and, over time, blindness. It is one of the leading causes of preventable blindness worldwide.

To ensure the appropriate infrastructure, distribution and support for the donation initiative, Merck established a unique, multisectoral partnership, involving the World Health Organization (WHO), the World Bank and UNICEF, as well as ministries of health, nongovernmental development organizations and local communities. To date, Merck has donated more than 1 billion tablets of MECTIZAN through the partnership – with more than 350 million treatments administered since 1987 – reaching more than 45 million people in Africa, Latin America and Yemen each year.

In 1998, Merck expanded its donation of MECTIZAN to help prevent lymphatic filariasis (LF) in African countries where river blindness and LF coexist. In 2004, more than 25 million people in nine countries received MECTIZAN to prevent LF.

Today, the delivery system for MECTIZAN also serves as an avenue through which other health and social services have been introduced, such as vitamin A distribution, cataract identification, immunization campaigns, training programs for community health workers and census-taking.

IMPACT, RIVER BLINDNESS CONTROL PROGRAMS

River blindness treatments	More than 45 million treatments annually; more than 350 million total treatments since 1987
Lymphatic Filariasis (LF) treatments	More than 25 million annually; more than 60 million total treatments since 2000
Countries receiving MECTIZAN to treat river blindness	34
Countries receiving MECTIZAN to prevent LF	10
Blindness cases prevented	40,000 annually (WHO)
Acres of previously abandoned arable land recovered	62 million (World Bank)
Productive adult labor available in recipient countries by 2010 because of MECTIZAN Donation Program	7.5 million years (OPEC Fund)
Value of MECTIZAN donation in 2004	\$356 million



2004 MILESTONES

In 2004, Merck took several steps to expand our commitment to river blindness treatment programs:

- Latin America – \$1 million over five years to The Carter Center to fund efforts to eliminate river blindness in the Americas this decade
- Africa – \$1 million over five years to expand river blindness treatment programs in Africa to support new projects, projects in conflict areas and programs employing innovative approaches to community treatment



With only one annual dose necessary to treat river blindness, MECTIZAN is well-suited for distribution in remote areas and is the only well-tolerated drug known to halt the development of the disease.

ECONOMIC DEVELOPMENT BENEFITS

The impact of the MECTIZAN Donation Program extends beyond the immediate health benefits. Estimates show that investments in river blindness control programs (e.g., MECTIZAN treatment and aerial spraying to control black-fly populations) are helping people live not only healthier, but also more productive lives (see table).

A LASTING LEGACY

In April 2004, researchers at the Johns Hopkins University Bloomberg School of Public Health published an impact study on the Merck MECTIZAN Donation Program. They found that the partnership has become “a model for innovation that can address other health challenges... and leaves a legacy of how a public-private partnership can work.” For more information on the impact of the MECTIZAN Donation Program, go to mectizan.org/impact.asp.

“I think Merck has set a standard of the highest possible quality. It’s been one of the most remarkable and exciting partnerships that I have ever witnessed.”

JIMMY CARTER, 39TH PRESIDENT OF THE UNITED STATES
CO-FOUNDER, THE CARTER CENTER
2002 NOBEL PEACE PRIZE LAUREATE

Merck's Commitment to HIV/AIDS Research, Prevention and Treatment

HIV/AIDS is one of the greatest health challenges facing the world today. According to statistics from The Joint United Nations Commission on HIV/AIDS (UNAIDS) and the World Health Organization (WHO), nearly 40 million people around the world are living with HIV, with nearly 5 million new infections last year alone. In 2004, more than 3 million people around the world died of AIDS. (Source: *AIDS Epidemic Update – December 2004*, UNAIDS.)

For nearly 20 years, Merck has sought to make a difference in the fight against HIV/AIDS, from the discovery and development of antiretroviral (ARV) drugs to our continuing efforts to find a well-tolerated, effective HIV vaccine.

Since our HIV products first reached the market, we have worked to expand access to them – particularly for patients in countries that are the poorest and hardest hit by the pandemic. Today, we continue our efforts to address the impact of the disease in resource-scarce settings.

HIV RESEARCH

Merck has dedicated hundreds of millions of dollars and many of our best scientists over the years to HIV/AIDS research. In 1988, Merck researchers were the first to demonstrate that the inhibition of the protease enzyme would prevent replication of HIV. The following year, Merck scientists published the first crystal structure for HIV protease. These insights led to the development of a new, powerful class of medicines to treat HIV/AIDS: protease inhibitors.

Ultimately, what is needed to win the fight against this disease is a vaccine. Today, Phase I and Phase II trials of our investigational HIV/AIDS vaccine candidates are underway in several countries around the world. The Phase II trial, which is being conducted in collaboration with the HIV Vaccine Trials Network (HVTN), is a proof-of-concept study using one of Merck's investigational HIV/AIDS vaccine candidates. The trial is being conducted at both Merck and HVTN clinical trial sites in North and South America, the Caribbean and Australia. We hope that this collaboration will accelerate HIV vaccine development by guiding scientific decisions for future HIV vaccine trials.

Merck also continues to work toward finding new antiretroviral drugs.

PROVIDING ACCESS TO TREATMENT

We have undertaken a number of initiatives to achieve affordable pricing for our HIV/AIDS medicines, improve access and delivery systems and build health care capacity through public/private partnerships.

■ Accelerating Access Initiative (AAI)

Merck is a founding member of the UN/Industry Accelerating Access Initiative (AAI). Established in May 2000, AAI is a cooperative endeavor of UNAIDS, WHO, UNICEF, the UN Population Fund, the World Bank and several research-based pharmaceutical companies to help improve access to more affordable HIV-related medicines and diagnostics for developing countries and those hardest hit by the HIV/AIDS pandemic.

As of March 2005, more than 427,000 HIV/AIDS patients in developing countries were receiving ARV treatment at significantly reduced prices through the efforts of AAI companies. This represents a 47 percent increase over the number of patients initiated on ARV treatment in 2004. The AAI focused initially on Africa, where more than 216,000 people now have access to antiretrovirals.

■ HIV/AIDS Pricing Policy

In 2001, Merck announced price reduction guidelines for our HIV/AIDS medicines CRIXIVAN® (indinavir sulfate) and STOCRIN® (efavirenz), based on the generally accepted United Nations Development Program (UNDP) Human Development Index (HDI) and adult HIV prevalence data as reported by UNAIDS.

Merck makes no profit on the sale of its current HIV/AIDS medicines in the world's poorest countries and those hardest hit by the pandemic. For medium HDI countries with an adult HIV prevalence of less than 1 percent, CRIXIVAN and STOCRIN are available at significantly reduced prices. For high HDI countries, Merck makes its ARV medicines available at market-based prices that take into account local purchasing power and competitive products.



What is HDI?

The United Nations Development Program's Human Development Index (HDI) measures the overall development of countries. Indicators include a combination of life expectancy, educational attainment and standard of living in GDP per capita.

MSD Australia: Helping Neighbors in Need

MSD Australia has joined with several other Australian companies to help address HIV/AIDS in the continent's nearest neighbor, Papua New Guinea. The Collaboration for Health in Papua New Guinea works to strengthen health care teams that work in the area of HIV/AIDS, build health infrastructure, reduce the stigma associated with HIV/AIDS and encourage more nutritional diets to improve general health.



2004 Highlights

- Announced a partnership with DHL to expand access to HIV medicines in parts of Africa
- Partnered with USAID and Jamaica AIDS Support (JAS) to fight stigma and discrimination



To date, we have offered our ARV medicines at discounted prices to purchasers in the public and private sectors in more than 110 countries. Medicines are currently reaching patients in 76 developing countries. By the end of March 2005, more than 307,000 patients in the developing world were being treated with regimens containing CRIXIVAN or STOCRIN. [w](#)

■ Patents

Merck is open to discussions about licensing our ARVs to companies able to produce high-quality versions in a reliable manner. In July 2004, the Company signed an agreement to grant a nonexclusive patent license for the manufacture and sale of a generic version of efavirenz to Thembalami Pharmaceuticals (Pty) Ltd., a joint venture between South African pharmaceutical company Adcock Ingram and Indian generics manufacturer Ranbaxy. To date, Thembalami has yet to obtain registration for their generic version of efavirenz. For this reason, we are exploring the potential for similar licenses with other manufacturers in South Africa.

It should be noted that South Africa currently is the only country in Africa where STOCRIN and CRIXIVAN are both patented. CRIXIVAN also is patented in the Democratic Republic of Congo; in the other 51 countries in Africa, neither product is patented.

BUILDING HEALTH CARE CAPACITY

Merck supports HIV/AIDS clinical training programs for African physicians to help strengthen local health care capacity. Since 1997, more than 2,200 African physicians from 24 countries have participated in clinical HIV training through local workshops, regional and international scientific conferences and clinical preceptorships. These numbers include physicians trained through our public/private partnership in Botswana. The Company also has provided support for the National AIDS Control Program in Rwanda since 1998 with the goal of strengthening local HIV expertise and HIV-related care and services. In addition, we are working with the Regional AIDS Initiative of Southern Africa to help develop and coordinate programs to address HIV/AIDS. [w](#)

Merck has worked to improve physician training in other parts of the world, as well. In Latin America, technicians and clinicians have gained significant cutting-edge technical experience from participating in Merck-sponsored HIV/AIDS vaccine and other clinical trials, such as those in Brazil and the Caribbean. In China, Merck has applied the expertise gained in other regions of the world to help develop a comprehensive approach to HIV/AIDS that will work in part to enhance health care worker training and patient management skills.

MAJOR PARTNERSHIPS IN HIV/AIDS

We have learned through our nearly 20 years of experience in the developing world that simple checkbook philanthropy, while important, is not enough. Addressing health and other development challenges often requires a long-term view and a hands-on approach.

■ Enhancing Care Initiative (ECI)

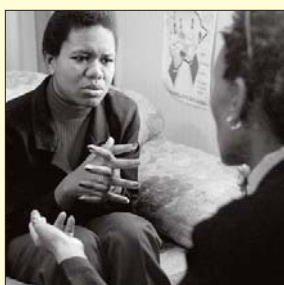
The Enhancing Care Initiative (ECI), a program of the Harvard AIDS Institute and the François-Xavier Bagnoud Center at the Harvard School of Public Health, was launched in 1998 with a five-year, \$5 million grant from The Merck Company Foundation. A multisectoral, multinational collaboration, ECI sought to identify practical, country-led approaches to providing effective HIV/AIDS care tailored to local needs and resources. Teams were established in Brazil, Senegal, South Africa and Thailand. A grant from the United States Health Resources and Services Administration supported a fifth team in Puerto Rico.

While 2004 marked the conclusion of ECI as a formal collaboration, many of the programs initiated by the country teams are continuing through the support of local and national efforts and additional external funding. During the past several years, ECI has helped prove that local capacity to mobilize resources and influence policy agendas according to community needs, combined with the dedicated involvement of local experts, can enhance care even in resource-constrained settings. [w](#)

The Front Line in Botswana: A Public-Private Partnership

Five years ago, Merck & Co., Inc. approached the Government of Botswana and the Bill & Melinda Gates Foundation to develop an innovative partnership to support and enhance Botswana's national response to HIV/AIDS through a comprehensive approach to prevention, care, treatment and support. The partners sought to create a model approach that could be applied to other countries and regions.

Formally established in 2000, the Botswana/Gates/Merck partnership (also known as the African Comprehensive HIV/AIDS Partnerships, or ACHAP) works in full integration with government strategy to build institutional and management capacity, strengthen Botswana's health care system, promote behavior change and support grassroots efforts to tackle HIV/AIDS.



In addition to supporting treatment and prevention initiatives, the Botswana/Gates/Merck partnership helps to provide counseling and support services for people living with HIV/AIDS.

The Merck Company Foundation and the Gates Foundation each are providing \$50 million to help Botswana fight HIV/AIDS. In addition, Merck is donating our two antiretroviral medicines to Botswana's national ARV treatment program, known as "Masa."

The year 2005 marks the fifth anniversary of the partnership. While success has not come overnight, progress to date is encouraging:

- As of July 2005, more than 47,580 were enrolled in Masa, with more than 40,000 patients receiving treatment through the program.
- More than 2,000 new HIV-positive patients are being enrolled in Masa each month.
- Masa is one of the largest ARV treatment programs in Africa.
- In its June 2005 3x5 report, WHO noted that Botswana is currently the only country in Africa to have met the goal of treating 50 percent of its people who need treatment.

The Botswana/Gates/Merck partnership has supported this effort by helping to construct four Infectious Disease Care Clinics and 16 satellite clinics. The partnership also supported the development of laboratory capacity to test and monitor patient response to treatment and information technology systems to track patient adherence, while more than 2,300 health care workers have received hands-on, clinic-based training from international experts through

the partnership's preceptorship program.

Other programs have included a prevention initiative with the Ministry of Education, Botswana



Since doctors diagnosed the first case of AIDS in Botswana in 1985 the disease has spread through the population of 1.7 million at a staggering rate. Today, nearly two in five adults in Botswana are infected with HIV.

Source: ACHAP

Television and the UN Development Programme (UNDP) to provide distance education for primary and secondary school teachers to raise awareness of HIV/AIDS and destigmatize the disease among students and their peers. As of July 2005, this program had already reached 78 percent of all primary and secondary education institutes nationwide – and more than 4,800 teachers. In addition, the partnership is working with the Botswana Ministry of Health to improve distribution of free condoms. Condom distribution machines have been installed across the country, with plans to install an additional 800 condom dispensers at ARV clinics nationwide.

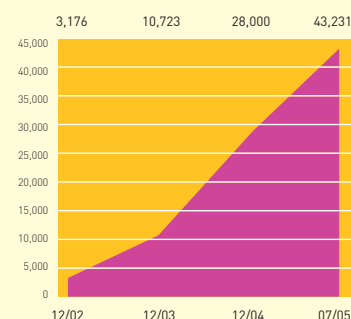
While we are proud of the partnership's success to date, formidable challenges remain. Both Merck and the Gates Foundation are committed to working with the Government of Botswana for an additional five years to continue to build an effective, comprehensive response to HIV/AIDS. Strategic priorities for 2005 and beyond include continued ARV program support, expansion of HIV testing capacity, development and strengthening of posttest services to improve prevention and care, and empowering people living with HIV/AIDS and their communities to enhance critical programs.

LESSONS LEARNED IN BOTSWANA

Our work in Botswana has taught us valuable lessons about implementing an appropriate response to HIV/AIDS:

- A successful national response to HIV/AIDS requires sound, enabling policy and political will to drive and guide the right course of action.
- Local, national and international partners must integrate and align all efforts to the national blueprint.
- Success depends on building local capacity and achieving buy-in at all levels.
- A comprehensive approach to treatment and prevention is required.
- It is possible to implement effective ARV therapy, even in a resource-limited setting.

Number of Patients on ARV Therapy Through Botswana's National Treatment Program



Today, we are applying these lessons to projects elsewhere – including Estonia, Côte d'Ivoire, Nigeria and Malawi – to help governments, aid organizations, community organizations and others to address the challenges of HIV/AIDS.



Merck has worked with the Romanian government since 1997 to increase access to treatment and care for thousands of Romanian children and adults living with HIV/AIDS, contributing \$1.5 million toward projects to improve HIV/AIDS infrastructure.

Awards and Recognition

Merck has been widely recognized for our work in the area of HIV/AIDS. 2004 awards included:

- March 2004: Received the **USAID/Jamaica Public-Private Partnership Award** for our work with the Caribbean HIV/AIDS Regional Training (CHART) Initiative.
- December 2004: Received the inaugural **People Living with HIV/AIDS (PLWHA) Award** from AIDS Empowerment and Treatment International (AIDSETI), an organization that provides support to associations around the world for people living with HIV/AIDS.

■ Romania: Bringing Children New Hope

Merck has worked with the Romanian government since 1997 to increase access to treatment and care for thousands of Romanian children and adults living with HIV/AIDS, contributing \$1.5 million toward projects to improve the HIV/AIDS infrastructure. We also extended no-profit pricing to the Romanian government on our HIV medications in recognition of the government's commitment to fighting the disease.

In January 2002, the Romanian government announced that it had achieved its goal of providing access to ARV therapy to all HIV/AIDS patients in Romania in need of treatment. Today, out of almost 8,000 patients in active monitoring, more than 6,000 are being treated. This represents all patients in Romania who need ARV treatment under international guidelines.

■ Merck-China HIV/AIDS Partnership

On May 11, 2005, Merck announced the establishment of a public-private partnership with China's Ministry of Health to provide HIV/AIDS prevention, patient care, treatment and support. The project will focus on education, counseling, testing, harm reduction and health services, including treatment and care for people living with HIV/AIDS, and will be launched in Liangshan Prefecture, Sichuan Province, in the fall of 2005. Merck has committed \$30 million over five years to the project – the largest of its kind to date in China.

MERCK WORKPLACE POLICY: HIV/AIDS, TUBERCULOSIS AND MALARIA

Not only is Merck contributing to global health through our research and products, we also are a major employer with a responsibility to the health and well-being of every one of our 63,000 employees around the world. Merck's HIV/AIDS, Tuberculosis (TB) and Malaria Workplace Policy ensures that Merck employees and their dependents have access to appropriate disease prevention programs and to a minimum standard of medical care and treatment.

The principles of the policy are to:

- Ensure that all employees and their dependents have access to prevention, care and treatment for HIV/AIDS, TB and malaria;
- Ensure that HIV/AIDS, TB and malaria care and treatment programs for all Merck employees and their dependents meet certain standards of care, and that prevention programs are locally appropriate;
- Promote confidentiality, equal opportunity, nondiscrimination and reasonable accommodation of employees, including those with HIV/AIDS, TB or malaria;
- Supplement and support local governmental health care responsibilities;
- Provide Company-sponsored benefits where local access to appropriate prevention, care and treatment is inadequate.

As part of our commitment to stop the spread of HIV/AIDS, Merck has shared its experience combating HIV/AIDS in the workplace with other employers in sub-Saharan Africa and the Caribbean to help them develop their own workplace policies. We also are an active member of the Global Business Coalition on HIV/AIDS, an alliance of more than 200 companies dedicated to using business skills to fight HIV/AIDS.

Access to Health Care Information

For more than 100 years, Merck has provided unbiased and independently reviewed health information resources to the public and to health care professionals, both directly and through nonprofit operations established as independent enterprises.

MERCK MANUALS

In 1899, Merck published the first edition of *The Merck Manual*, a 192-page resource book designed to aid physicians and pharmacists. By the 1980s, *The Merck Manual* was the world's largest-selling medical text and had been translated into more than a dozen languages. It is now in its 17th edition. In 1997, Merck created *The Merck Manual – Home Edition* to provide the benefits of *The Merck Manual* for the general public. Now in its second edition, more than 2 million copies have been sold. We have developed additional books, such as *The Merck Index* for chemists, *The Merck Manual for Geriatrics*, *The Merck Veterinary Manual* and *The Merck Manual of Health & Aging* to provide professionals and consumers with useful health care information.

Merck makes these manuals available on a not-for-profit basis and free of any marketing information or promotions as a service to the community. All of the manuals, with the exception of *The Merck Index*, are available free online at merck.com.

MERCKSOURCE.COM

MerckSource.com is a comprehensive medical Web site where patients can learn about health conditions for themselves or those in their care. Medical professionals write the unbiased content on the site, which is available free of charge. Patients can find interactive health tools, 3-D illustrations, forms to track their health and suggestions on how to make their doctor's visit more productive on MerckSource.com.

MERCK MEDICUS

Merck Medicus is an online resource for medical professionals. The Web site, MerckMedicus.com, serves as a promotion-free guide to medical information available on the Internet. Resources include a library of references and treatment guidelines, professional development tools, patient resources and an electronic companion tool for personal digital devices.

THE MERCK INSTITUTE OF AGING & HEALTH

The Merck Institute of Aging & Health (MIAH) is a nonprofit organization dedicated to improving the health, independence and quality of life of older adults around the world through information and education. MIAH is especially concerned with the education and training of primary care physicians in geriatrics and currently funds projects in the United States, Europe and Latin America.

Among its activities, MIAH produces an annual "State of Aging and Health Report;" sponsors geriatric education projects; develops conferences, workshops and meetings to inform health professionals and the public about aging issues; and supports research on improving primary health care for older adults. MIAH's noncommercial Web site, miahonline.org, includes resources in English and Spanish, such as toolkits for practicing physicians to help with patient care, "Nurse Notes" that provide practical advice on aging issues and health news and articles.

ICN/MERCK MOBILE LIBRARIES

Nurses play a critical role in health care, particularly in Africa, where nurses typically deliver the vast majority of health care. Since 2002, Merck has partnered with the International Council of Nurses (ICN) and Elsevier, the leading publisher of scientific reference textbooks, to help nurses in rural Africa gain critical access to quality health care information. The ICN/Merck Mobile Libraries project provides traveling libraries of health education and reference materials, including donated copies of *The Merck Manual – Home Edition*, in 15 African countries. Each ICN/Merck Mobile Library contains up-to-date information on family and community health, disease prevention, health promotion and health services.

To date, tens of thousands of people in more than 300 clinical settings in these 15 countries have benefited from the presence of the Mobile Libraries. Currently there are 126 Mobile Libraries in circulation. Direct beneficiaries of this project are the local populations whose health care has been improved as a result of the enhanced knowledge of nurses and other health care providers about how to meet local health priorities and needs.



Throughout the world, countries are facing rapidly aging populations. One out of every 10 persons is now

60 years or older; by 2050, one out of five will be 60 years or older; and by 2150, one out of three persons will be 60 years or older.*

Among the findings of MIAH's third annual "State of Aging and Health in America 2004" report:

- Despite the proven health benefits of physical activity, one third of older adults are not taking part in any leisure-time physical activities.
- Two thirds of older adults are not eating the recommended five servings of fruits and vegetables a day.
- Nearly one fifth of older adults are obese, which is defined as at least 30 pounds above recommended weight.

The report notes that promoting a healthier lifestyle among older Americans is the single most important factor for maintaining both physical and mental wellness.

*Source: Population Division, Department of Economic and Social Affairs, United Nations Secretariat.



The International Council of Nurses (ICN)/Merck Mobile Library project provides traveling libraries of health education and reference materials, including donated *Merck Manuals*, in nine African countries.



An MSD Brazil employee examines one of the 115 native species planted along the ecological corridor of the Atibaia River, part of MSD Brazil's Projeto Refloresta reforestation project.

Environment, Health and Safety

Merck & Co., Inc.[†] considers environmental, health and safety (EHS) practices to be of fundamental importance to the way we operate. These include protecting the health and well-being of our employees and the public, protecting and preserving the environment and ensuring the safety of our employees and those who live in the vicinity of our facilities. Our EHS values are expressed through our focus on compliance, leadership, performance management, global standards, prevention and minimization, communication, education and training.

We strive to be a leader in environmental and safety performance by incorporating best practices and instituting mechanisms to drive continuous improvement, including systems to measure and benchmark our progress. Three Merck locations are certified to the ISO 14001 environmental management system. As a member of the American Chemistry Council (ACC), Merck is committed to the guiding principles of Responsible Care®, a voluntary program dedicated to improvements in environmental, health and safety performance, which ACC members are required to implement as a condition of membership. For more information on Responsible Care®, see the ACC Web site, americanchemistry.com.

We have improved our manufacturing safety performance through programs that reduce workplace accidents and exposure to hazardous chemicals. We also have implemented a global Motor Vehicle Safety program that is designed to protect Merck employees, who collectively drove more than 400 million miles in 2003 on Company-related business. And we have undertaken initiatives to manage resource utilization, minimize energy use and reduce waste generation. Merck devotes extensive financial and human resources to ensuring the progress and success of our environmental, safety and health programs, which are overseen by our Environment, Safety and Health Advisory Committee. Merck spent \$42 million in 2003 for environmental capital expenditures.

Climate change and greenhouse gas management are issues of global concern. As a member of the Business Roundtable (BRT) and signatory to BRT's Climate RESOLVE program, Merck supports the goal of enhanced voluntary company actions to control greenhouse gas emissions (GHG). Merck's voluntary energy reduction goals are achieved through the efforts of the Merck Energy Reduction Initiative Team (MERIT) and result in GHG avoidance due to the efficient use of energy. In addition, Merck has eliminated all of its coal-fired boilers throughout the world.

Merck continues to make EHS progress across a number of fronts. Recent accomplishments include:

- Development of a Greenhouse Gas Policy that aligns with our global energy management program;
- Achievement of a 21 percent energy cost reduction over four years at our manufacturing facilities worldwide (adjusted for growth);
- Achievement of a 27 percent reduction (absolute) in our releases and transfers of toxic chemicals worldwide during the period 2001 to 2003.

Awards and Recognition

In June 2005, the U.S. Environmental Protection Agency (EPA) honored Merck for significant contributions in advancing pollution prevention and industrial ecology at the 2005 Presidential Green Chemistry Challenge Awards ceremony in Washington, D.C. Merck was recognized for redesigning the synthesis of the active ingredient in our medicine to prevent the nausea and vomiting associated with chemotherapy. Our streamlined, environmentally friendly process has cut the number of process steps in half while doubling yield and significantly reducing environmental impact.

Other recent awards include:

- Named **Best in Class** for our Central Engineering Construction Safety Program as noted by CURT (Construction User Roundtable)
- Awarded **2003 EPA Environmental Quality Award** for outstanding commitment to protecting and enhancing environmental quality at Puerto Rico manufacturing operations
- Awarded the **Silver Medal** by the Japan Industrial Safety and Health Association at the Okazaki plant in its Innovations, Improvements and S&H Activities Contest



An MSD Brazil safety and environment analyst inspects the clean, treated water that flows along this channel into the Atibaia River.



Merck is committed to the efficient and responsible use of energy in its global operations.

[†] All references in this report to 'Merck' or to 'the Company' refer to Merck & Co., Inc. (Whitehouse Station, NJ, USA). Merck & Co., Inc. is not affiliated with Merck KGaA, based in Darmstadt, Germany, which operates in the United States and Canada under the umbrella brand EMD.

Future EHS challenges and goals include improving our manufacturing and fleet safety performance, continuing improvement in global energy management, improving water conservation, and reducing waste from our manufacturing operations.

In most cases, the data in this report cover the calendar year 2003. For some environmental parameters, 2003 was the first year that we collected these data on a global basis. Thus, the parameters of nitrogen oxides (NO_x), sulfur oxides (SO_x), volatile organic compounds (VOC), water, hazardous waste and energy are included in this report for baseline reporting purposes; it is our intent to collect and report on these parameters in the future to show absolute and normalized trends. For the most current data, please check our Web site for periodic updates, which we will post to the site as new data become available.

ENERGY POLICY

Merck is committed to the efficient and responsible use of energy in its global operations. Energy efficiency is a key criterion when Merck purchases equipment and services. Merck continually seeks opportunities to promote energy conservation at our facilities worldwide. Merck also encourages employees to employ energy conservation practices both at work and at home.

Global Energy Program Pays Off in Dollars and Less Carbon Dioxide

The Merck Energy Reduction Initiative Team (MERIT) has led efforts to reduce energy consumption at facilities worldwide through the Company's Global Energy Management Program (GEMP). As a result of their efforts, we project energy cost reductions at our manufacturing facilities of more than 25 percent, adjusted for growth, from 2000 to 2005. In the first four years of the program, we have achieved a 21.3 percent energy savings reduction, and are on track to meet our five-year goal.

The American Chemistry Council (ACC) recently recognized our efforts with an award for "exceptional merit" in the category of "Energy Efficiency Program – Corporate/Business Unit" as part of the ACC's Energy Efficiency Award for 2003.



The GEMP involves Merck research, manufacturing and other facilities that use substantial amounts of energy. We are in the process of extending this program throughout Merck to create awareness among all employees of the importance of energy conservation.

In 2004, we extended our participation in Energy Star, a voluntary program administered by the U.S. Environmental Protection Agency and the U.S. Department of Energy, to all our U.S. facilities. Through this program, we will track and benchmark energy performance, develop and implement a plan

to improve performance, and educate employees and the public about the importance of energy efficiency.

Merck also participates in the Business Roundtable's Climate RESOLVE program, and has established a corporate greenhouse gas policy, as well as a greenhouse gas emissions inventory and greenhouse gas emissions management goals.

ENERGY USE

Merck used 19 million gigajoules of energy in 2003. One gigajoule is equal to 278 kilowatt-hours of electricity or 26 liters of heating oil. Merck's 2003 energy sources distribution was 76 percent from natural gas, 20 percent from purchased electricity, 3 percent from distillate fuel, and 1 percent from kerosene. Merck's focus and progress on energy conservation continues to be good for the environment and good for reducing our operating costs.



Merck's focus and progress on energy conservation continues to be good for the environment and good for reducing our operating costs. From 2000-2004, Merck manufacturing facilities reduced energy costs by more than 21.3 percent.

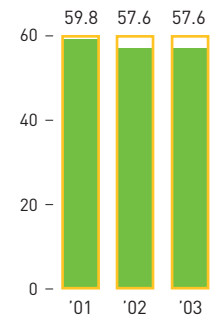
GREENHOUSE GAS EMISSIONS

Merck generated 1,470,000 metric tons of CO₂ worldwide from combustion sources and fleet vehicles in 2003. Combustion sources accounted for 88 percent of these emissions while fleet vehicles accounted for 12 percent. We reported fleet vehicle emissions for the first time in 2003. Future reporting years will include both combustion and fleet sources of emissions.

CO₂ EMISSIONS, 2001-2003

MILLION KG	2001	2002	2003
Combustion Sources	1,268	1,236	1,294
Fleet Vehicles	Not Reported	Not Reported	176
Total	1,268	1,236	1,470

CO₂ Emissions from Combustion Sources
Million kg per Billion Sales



WATER

At Merck we recognize that water stewardship is an enormous worldwide challenge – and we have made water conservation an EHS priority. Merck has therefore begun to examine its water use on a global scale. Worldwide, Merck used 45,600,000 cubic meters of water in 2003. This represents the total amount of water purchased from off-site sources (both fresh and grey water), water withdrawn from rivers, or water pumped from on-site wells.

Merck has recently expanded the scope of MERIT to include an additional focus on water conservation. This enhanced scope reflects the significant links between energy and water consumption and reinforces Merck's position that thoughtful use of these resources is a key corporate responsibility. For 2005, MERIT is assessing how water is used at Merck facilities, identifying best practices for water conservation and developing a methodology to assign a cost structure to water that reflects its true value.

Merck is also a member of the Water Environment Research Foundation (WERF), an organization that funds research to advance the science and technology available to address water quality issues.

ENVIRONMENTAL EVENTS FROM MANUFACTURING OPERATIONS

At our worldwide manufacturing facilities we monitor environmental events such as reportable spills, releases and permit deviations; notices of violations or violations of consent agreements; all environmental incidents resulting in fines or that have a significant impact on our communities; and any permit violations. Merck experienced 58 events that were reportable to environmental agencies in 2003. During the period 2001 to 2003, there was a 20 percent reduction in the number of reportable events.

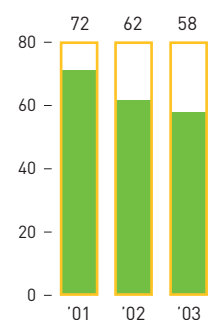
REMEDIATION

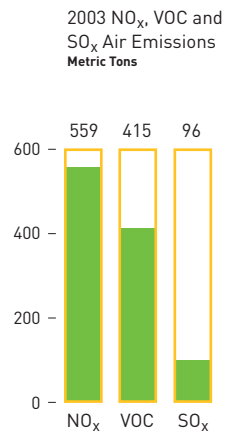
Merck operates sites around the world that are subject to a variety of permit and regulatory requirements. Past industrial and waste management practices at some of these sites, though lawful and acceptable under standards at the time, have resulted in the need for environmental remediation today. We recognize our responsibilities in this area, and have instituted investigations and projects to ensure that aggressive and appropriate cleanup actions are pursued. In the United States, we also are involved in a number of Superfund (or Comprehensive Environmental Response, Compensation and Liability Act) proceedings, as well as other remediation actions under other federal and state statutes.

Our 2003 expenditures for remediation and environmental liabilities were \$31.3 million. We project an estimated \$87 million for the period 2004 through 2008. These amounts do not take into account potential recoveries from insurers or other parties.

We use many forums, such as community advisory panels and public meetings, to work with our communities to better understand and respond to their concerns. This has been especially effective in ensuring that our actions for site cleanup are consistent with the community's plans for growth and development.

Events Reported to Environmental Agencies from Manufacturing Operations
Number of Events





MSD Australia

MSD Australia is minimizing its environmental impact in a multifaceted, integrated way. To reduce energy use by 15 percent over three years, cut operating costs and lower greenhouse gas emissions, MSD Australia developed a plan with the Sustainable Energy Development Authority in New South Wales to improve the Company's energy efficiency. MSD employees play an important role in environmental conservation, working with schools and the government to plant hundreds of trees in local parks and clean up garbage from local rivers. MSD Australia also has helped plan for responsible management of local wilderness areas listed on the Threatened Species Act.



SUPERFUND AMENDMENTS REAUTHORIZATION ACT (SARA) RELEASES AND TRANSFERS

Merck's releases and transfer of SARA chemicals for 2003 was 448 metric tons. Between the period 2001 and 2003, Merck reduced its release and transfer of SARA chemicals by 27 percent.

RELEASE AND TRANSFER OF SARA CHEMICALS, 2001-2003

METRIC	2001	2002	2003
Tons	614	467	448
Tons per Billion Sales	28.9	21.8	19.9

Merck generated 1,070 metric tons of nitrogen oxides (NO_x), volatile organic compounds (VOC) and sulfur oxides (SO_x) worldwide during 2003, which was the first year for worldwide reporting of these parameters.

HAZARDOUS WASTE

Merck generated 28,300 metric tons of hazardous waste (as defined by the U.S. Environmental Protection Agency) in the United States during 2003. A global roll-up of hazardous waste data will be available in future reporting years.

PRODUCTS AND SERVICES

Merck assesses the potential environmental effects of its products to determine whether active pharmaceutical ingredients are discharged from Merck facilities in amounts that could cause environmental harm. We are an active member of PhRMA's Pharmaceuticals in the Environment Task Force, which is evaluating the significance of pharmaceuticals in the environment on human health and ecosystems.

Merck has developed guidance for patients to respond to questions concerning disposal of unused prescription medicines. We have processes in place to accept returns of unused products from commercial customers and we support government take-back programs to collect unused medicines from patients.

SAFETY AND ENVIRONMENTAL FINES

In accordance with our safety and environmental policies, we are committed to conducting our business safely and in an environmentally responsible manner, thus ensuring compliance with the letter and spirit of all applicable and relevant environmental laws. Despite these efforts, Merck paid fines of \$24,500 for six environmental violations in 2003. No fines for safety violations were paid in 2003. A summary of the fines paid for the past three years appears below:

SAFETY AND ENVIRONMENTAL FINES, 2001-2003

ENVIRONMENTAL	2001	2002	2003
Number of Fines	5	5	6
Fine Amount	\$8,300	\$20,800	\$24,500

SAFETY AND ENVIRONMENTAL AUDITS

Merck's Safety and Environmental Protection (S&E) audit program is based on three key elements: self-assessment audits, corporate audits and management oversight. Merck facilities are required to conduct self-assessment audits of their programs and operations on an ongoing basis. Corporate audits are conducted routinely, with their frequency based on the size and complexity of the facility being audited. Reports and action plans are submitted to senior management for control and follow-up.

SAFETY POLICY AND PERFORMANCE

Merck is dedicated to protecting the safety and well-being of our employees and the communities in which we operate. Merck uses the U.S.-based Occupational Safety and Health Administration (OSHA) injury and illness record-keeping system to report and investigate all work-related injuries and illnesses experienced by employees worldwide. Merck is able to track and investigate all injuries and illnesses, including first-aid cases. Merck tracks and measures itself against three key metrics: Recordable Incident Rate (RIR), Lost-Time Incident Rate (LTIR), and Lost-Time Day Rate (LTDR). In 2003, Merck experienced 1,235 recordable injuries and illnesses (1.84 RIR), 361 lost-time days (0.54 LTDR), and 7,594 lost-time workdays (11.32 LTDR). Safety rates for the period 2001 to 2003 are noted below:

SAFETY PERFORMANCE RATES, 2001-2003

METRIC	2001	2002	2003
RIR	2.46	2.15	1.84
LTIR	0.57	0.64	0.54
LTDR	9.62	13.53	11.32

FLEET SAFETY PERFORMANCE

In 2003, Merck fleet vehicles were driven 438 million miles and were involved in 5,470 accidents. This translates into a rate of 12.49 accidents per million miles (APMM).

FLEET ACCIDENT TRENDS, 2001-2003

METRIC	2001	2002	2003
APMM	12.66	12.65	12.49

CONSTRUCTION SAFETY IS BEST IN CLASS

Merck's Central Engineering construction safety performance has been ranked "best in class" for major industrial corporations. Construction safety practices are fully integrated with our business processes; global construction industry best practices are implemented on all Merck capital projects. Merck considers construction safety to be as important as quality, project cost and schedule performance. Continuous improvement and effective safety program implementation are Company priorities.

Since the inception of Merck's construction safety program, both the Central Engineering staff and partner organizations have fully embraced the realization that it is possible to achieve zero incidents. This recognition has resulted in a steady decrease in the number of recordable and lost-time incidents. Based on benchmarking comparisons with the Construction Users Roundtable (CURT), Merck's 2003 recordable incident rate was just above "best in class" and the 2003 lost-time incident rate was better than "best in class."

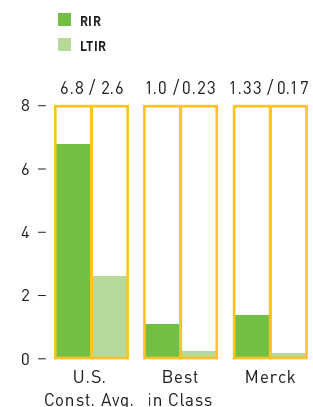
CONSTRUCTION SAFETY PERFORMANCE, 2001-2003

METRIC	2001	2002	2003
Recordable Incident Rate	1.84	1.35	1.33
Lost Time Incident Rate	0.25	0.1	0.17

Recent Construction Safety Awards

- Ministry of Manpower Singapore – **Letter of Commendation** Developer/Owner, 2000
- Merck Chairman's **Safety Award** – Singapore Construction Project, 2002
- MSD Singapore **Capital Projects** – 12 million work-hours without a lost-time incident, April 2003
- MSD Singapore – **CURT – Outstanding Achievement in Safety Excellence**, November 2002
- Merck & Co., Inc. Danville, Pennsylvania, Pham MACT project – **CURT – Outstanding Achievement in Safety Excellence**, November 2002
- Jacobs @ Merck MSO Project Rahway, New Jersey – **CURT – Outstanding Achievement in Safety Excellence**, November 2002
- Merck & Co., Inc. **CURT – Outstanding Achievement in Safety Excellence**, November 2003

Construction Safety Performance
2003 Recordable Incident Rate (RIR) /
Lost-Time Incident Rate (LTIR)





Merck volunteers, their families and neighbors participated in a program to clean up the Wissahickon Creek that runs behind the Company's facility in West Point, Pa.

Commitment to Communities

We strive to make a difference in our local, national and international communities through investments in health, education and the environment and by providing disaster relief. Together with our employees, Merck & Co., Inc.,[†] its subsidiaries and The Merck Company Foundation touch the lives of millions of people across the globe.

PARTNERSHIP FOR GIVING (P4G) AND MATCHING GIFT PROGRAM

The Partnership for Giving (P4G) is our U.S.-based annual workplace giving campaign. Each October, Merck gives U.S.-based employees and retirees the opportunity to donate to the health and human services organizations of their choice. The Merck Company Foundation matches each contribution 100 percent. Through the 2004-2005 campaign, the P4G raised more than \$13 million total to support more than 6,000 organizations across the United States.

The Matching Gift Program is the Company's other major matching funds program. It allows employees and retirees to support educational institutions, public broadcasting, public libraries and science museums and receive a Merck match for their contributions. The Merck Company Foundation will match dollar for dollar up to \$10,000 per participant in any calendar year. In 2004, donor contributions equaled \$4.2 million. The Merck Company Foundation provided an additional \$2.9 million in matching funds.

In 2005, the Partnership for Giving campaign and Matching Gift Program were combined into a single, year-round matching funds program. As in the past, contributions made by U.S. and Puerto Rico-based employees and retirees through the new P4G Program will be matched by The Merck Company Foundation.

PRO BONO LEGAL PROGRAM

Since the Merck Pro Bono Program was established in 1994, Merck attorneys, paralegals and administrative associates have devoted thousands of hours to providing pro bono legal services to New Jersey and Pennsylvania residents who otherwise could not afford legal representation.

Merck currently is handling pro bono cases with our partners at Legal Services of New Jersey, Central Jersey Legal Services, Legal Services of Northwest Jersey and the Volunteer Lawyers for Justice in the areas of guardianship, landlord/tenant law, bankruptcy, family law, domestic violence, and immigration law. We also are working with our colleagues at the Pro Bono Partnership to represent qualifying nonprofit organizations in New Jersey.

In 2004, Merck was named Corporate Volunteer of the Year by the Pro Bono Partnership and received Pro Bono Awards from the New Jersey State Bar Association and the American Corporate Counsel Association for our work in this area.

NEIGHBOR OF CHOICE

As part of our commitment to open dialogue and involvement in our communities, the Neighbor of Choice program aims to build trustworthy and sustainable relationships with neighbors and key individuals and groups in places where Merck research and production facilities are located. The program seeks to identify community needs and respond to high-priority issues and concerns. Through this program, Merck employees and sites have established summer science camps for students, provided mentors for at-risk children and volunteered for numerous public service initiatives, and have made significant contributions to local health and human service organizations and other community organizations.



Merck holds blood drives at its New Jersey and Pennsylvania sites. In New Jersey, we run blood drives every quarter with the help of our partner, New Jersey Blood Services. 2,300 units of blood were collected at Merck's four New Jersey sites in 2004.



Neighbor of Choice: The Franklin Institute's Giant Heart Exhibit

The Giant Heart at the Franklin Institute in Philadelphia is the focal point of a new interactive exhibit that highlights human anatomy, physiology, health and wellness. The Merck Company Foundation and the contributions committee at Merck's West Point, Pa., site contributed \$2 million to renovate the heart and fund the new exhibit.

**\$20.1
million**

Merck's two matching funds programs, P4G and the Matching Gift Program, raised a combination of employee giving and Company matching totaling \$20.1 million in 2004.

[†] All references in this report to 'Merck' or to 'the Company' refer to Merck & Co., Inc. (Whitehouse Station, NJ, USA). Merck & Co., Inc. is not affiliated with Merck KGaA, based in Darmstadt, Germany, which operates in the United States and Canada under the umbrella brand EMD.

CHAMPIONS FOR THE ENVIRONMENT PROGRAM

For 10 years, Merck employees around the world have volunteered thousands of hours to work on environmental projects with local groups through our Champions for the Environment program. Each project receives a grant from Merck and is “championed” by a Merck employee on behalf of local not-for-profit partners, including schools, local government agencies and environmental and youth organizations. Projects must be educational in nature, demonstrate respect for the environment and the conservation of natural resources and involve a significant number of Merck employees. Recent Champions for the Environment initiatives have included a river walk in Ireland, the creation of a conservation video for Puerto Rican school children and an environmentally focused summer camp in China.

“Merck has long been a great partner with our schools and communities to preserve the environment and to increase public awareness of environmental issues.”

MAYOR JAMES J. KENNEDY, RAHWAY, N.J.

MSD Brazil

Since 1997 MSD Brazil has worked to educate communities near our manufacturing facilities in Campinas on environmental conservation, waste segregation, recycling and water consumption reduction.

Reviva o Rio Atibaia:

Rio Atibaia supplies water for 60 cities and 4.5 million people in the Campinas region. MSD has helped raise awareness in the community about the importance of preserving the river. As a result, sewage treatment levels in Campinas have increased from 4 percent in 1997 to almost 30 percent in 2004. Our goal is to reach 70 percent by the end of 2005.

Projeto Refloresta: Launched in 2002, this initiative has contributed to the regeneration of an ecological corridor along the Atibaia River. Six thousand nursery plants from 115 native species were planted in 2004 to help preserve native vegetation.

The Future Is Now: In 2004, approximately 2,000 children from community schools in the manufacturing community of Sousas were educated on the value of interacting with and preserving the environment. In conjunction with experts and the Puc-Campinas University, nearly 20 teachers and environmental educators also received environmental education training.




IMPROVING OUR COMMUNITIES

Merck offices around the world contribute to our communities in many other ways:

- **Breaking Down Barriers in Italy** MSD Italy and other corporate sponsors are providing support for Cittadinanzattiva, an Italian movement that encourages the public to play an active role in governing society. MSD Italy works with the group's Obiettivo Barriere program, which removes architectural barriers that prevent disabled persons from gaining access to essential services and public spaces. In 2003, the program eliminated 118 architectural impediments to the disabled across Italy, including removing steps that prevented access to the Church of San Francesco di Paola in Naples and improving the entrance to the post office in the northern Italian town of La Spezia. In 2004, the program focused on eliminating barriers that keep disabled persons from entering sports facilities. The program's efforts have raised public awareness of the issue and prompted the Italian government to institute the first national monitoring system of architectural barriers to public services.
- **Netherlands 50th Anniversary** To celebrate the 50th anniversary of our MSD branch in the Netherlands, approximately 900 MSD employees – more than 80 percent of our employees in the Netherlands – spent one day during a two-week period assisting various charities and community projects in and around the city of Haarlem. MSD employees helped improve nursing-home and day-care center gardens, organized day trips for children and elderly groups, and carried out maintenance projects for prominent monuments.

DISASTER RELIEF: MERCK RESPONDS TO THE CALL FOR HELP

Merck provides disaster relief as part of our philanthropic outreach. Our relief efforts often include donations of medicines working through established channels and with trusted partners. In certain cases, Merck also provides cash donations. Our activities in 2004-2005 have included:

- **Bam, Iran:** Through a number of private voluntary organizations, provided essential medicines to assist relief efforts following an earthquake that killed more than 30,000 people.
- **Haiti and the Dominican Republic:** Donated medicines to help flood victims.
- **United States:** Donated more than \$780,000 in medicines to assist hurricane relief efforts in Florida and contributed \$100,000 from The Merck Company Foundation to the Hurricane Charley Relief Fund. Donated nearly \$11 million in vaccines and medicines to relief agencies and state departments of health, among other assistance, to help victims of Hurricanes Katrina and Rita.
- **Southeast Asia Tsunami:** Contributed \$3 million to the American Red Cross, the U.S. Fund for UNICEF and several local agencies to support relief efforts. Merck also donated more than \$7.5 million in much-needed vaccines and medicines, and matched employee contributions raised through the Company's Disaster Relief Matching Funds Program, for a combined contribution of more than \$11 million. 

LOCAL RELIEF EFFORTS

While Merck's Office of Contributions coordinates Company-wide responses to emergency health situations, many Merck subsidiaries also respond to urgent requests for assistance. In the aftermath of the December 26 tsunami, for example, MSD Thailand and other subsidiaries in the region collected employee contributions and provided matching funds to help with food and relief efforts. MSD Thailand also worked with the local pharmaceutical research and manufacturing association to donate anti-infectives and vaccines, and has been evaluating assistance options to help rebuild medical infrastructure.



MSD Taiwan donated products to the Taiwan Root Medical Peace Corps to help relief efforts in Sri Lanka and other areas affected by the tsunami. Many MSD employees throughout the region made cash contributions to local charities.

**\$11.5
million**



Merck partnered with organizations such as Project HOPE to deliver relief aid to tsunami victims. In total, Merck and Merck employees donated more than \$11.5 million in cash, products and employee contributions to support relief efforts.



The Children's Inn: Helping Children and Families in Need

Fourteen years ago Merck funded the construction of The Children's Inn at the National Institutes of Health (NIH) in Bethesda, Maryland. The Inn provides "a home away from home" for children receiving treatments for diseases such as cancer, HIV infection and heart, lung, blood and bone disorders at 13 different NIH Institutes. The Merck Company Foundation provided an additional \$3.7 million over three years (2001-2003) toward the \$6.4 million construction costs of the Inn's first major expansion, which was completed in 2004. In total, Merck has donated or pledged more than \$9 million to The Children's Inn.



Wendy Lindeque, project manager for MSD South Africa's training academy, leads a class of trainee sales representatives.

Valuing Our Employees

Our employees are our single greatest asset. They are responsible for discovering, developing and manufacturing the innovative medicines and vaccines that treat and prevent disease, helping to deliver those medicines to the people around the world who need them and supporting steps in between.

We seek employees who share our commitment to ethical business practices and our belief that patients come first. We cast a wide net in our search for talent, support and invest in our employees, promote diversity across our enterprise and encourage a collaborative workplace environment characterized by mutual respect.

DIVERSITY IN OUR WORKFORCE

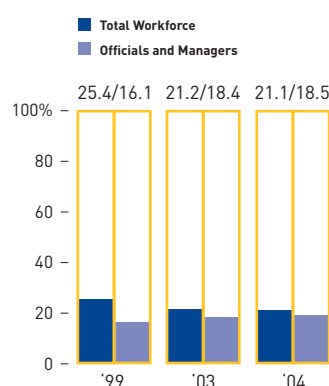
Merck & Co., Inc.[†] actively promotes equal opportunities for people of all backgrounds across race, gender, ethnicity, culture, age, disabilities, religion and sexual orientation. We advocate diversity, and work to correct imbalances at all levels of our workforce. We foster a supportive work environment designed to attract the best talent to our organization and give everyone a place to grow and advance.

At Merck, we encourage collaboration among people of various backgrounds, experiences and knowledge bases. The diversity of thought that comes from this is essential to achieving the level of innovation necessary for success in the global marketplace.

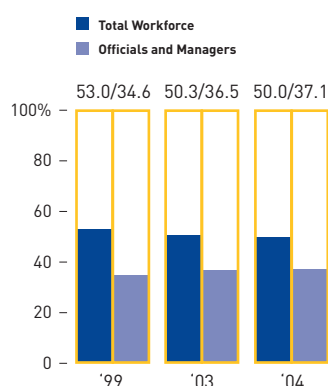
2004 MERCK U.S. EMPLOYEE DEMOGRAPHICS

EMPLOYEE CATEGORY	TOTAL	MALE					FEMALE				
		WHITE	BLACK	HISPANIC	ASIAN	AMER IND.	WHITE	BLACK	HISPANIC	ASIAN	AMER IND.
Officials and Managers	6,800	3,545	227	144	351	8	1,994	196	82	245	8
		52%	3%	2%	6%	0.12%	29%	3%	1%	4%	0.12%
Total Workforce	23,322	11,626	1,170	532	1,286	44	11,458	1,274	526	1,323	43
		40%	4%	2%	4%	0.15%	32%	4%	2%	9%	0.15%

Representation of Minority Employees

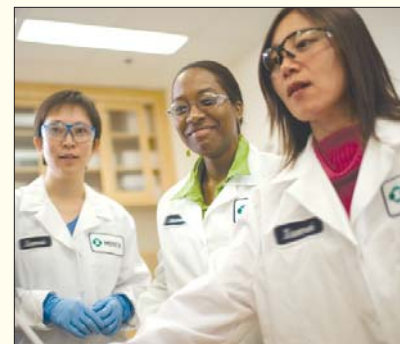


Representation of Female Employees



THE MERCK LEADERSHIP MODEL

Our approach to cultivating diversity is not limited to a "diversity program." For example, we integrate diversity initiatives into our leadership framework, the foundation of our global human resources programs, policies and practices. Based on the premise that business performance and employee satisfaction go hand in hand, the framework describes the competencies that we believe support a winning culture. These competencies cover areas such as teamwork, collaboration, candid communication, focus on developing talent, and innovation. Taken together, the competencies outlined in our leadership framework provide employees and managers with the guidance they need to create a productive work environment in which everyone can excel.



Employee Data

- 63,000 employees worldwide
- 32,700 are based in the U.S. and Puerto Rico
- More than 20% of U.S. employees are minorities
- 50% of Merck's U.S. employees are women
- 22% of employees worldwide are represented by collective bargaining groups

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Recent Awards and Recognitions

- 2005 Secretary of Labor's New Freedom Initiative Award Winner
- 2005 *DiversityInc* – Top 50 Companies for Minorities; Top 10 Companies for People with Disabilities; Top 10 Companies for GLBT Employees
- 2005 *Working Mother* Magazine – 100 Best Companies for Working Mothers; Working Mother Hall of Fame Honoree
- 2005 National Association for Female Executives (NAFE) – Top 30 Companies for Executive Women
- 2005 *Essence* Magazine – Great Places for Black Women to Work
- 2005 *Hispanic* Magazine – Top Corporate 100
- 2004 *DiversityInc* – Top 50 Companies for Minorities
- 2004 *Fortune* Magazine – Top 50 Companies for Minorities
- 2004 National Association for Female Executives (NAFE) – Top 30 Companies for Executive Women

SUPPLIER DIVERSITY

Merck is committed to diversity among our suppliers. For more than 20 years, we have actively pursued qualified suppliers from all segments of the business community, including minority-owned, women-owned, veteran-owned, Historically Underutilized Business Zone (HUBZone) and small-business concerns through our Supplier Diversity Program. Existing and potential suppliers can view program details and register online at merck.com/about/supplierdiversity/home.html.

SUPPLIER DIVERSITY, UNITED STATES AND PUERTO RICO, 2002-2004

Supplier**	2002		2003		2004	
	Spend	%	Spend	%	Spend	%
Small Business	\$738,050,000	16.24	\$715,033,000	14.24	\$750,000,000	17
Minority-Owned*	\$38,821,000	.85	\$55,217,000	1.10	\$68,100,000	1.6
Woman-Owned*	\$55,289,000	1.22	\$104,820,000	2.09	\$102,800,000	2.3
Veteran-Owned*	\$3,722,000	.04	\$4,451,000	.09	\$34,600,000	.8
Service-Disabled Veteran	\$788,000	.02	\$767,000	.02	\$94,000	0
HUBZone Businesses	–	–	–	–	\$3,400,000	.10

* Includes both large and small businesses.

** Note: Categories are not exclusive, i.e., some minority-owned businesses are small; also, service-disabled-veteran-owned businesses are included in veteran-owned figures.

OFFICE OF DIVERSITY AND WORK ENVIRONMENT

The Company's Office of Diversity and Work Environment oversees our integrated approach to diversity in all business practices. The Office helps managers tailor diversity initiatives to specific business practices and consults with our Office of Ethics to resolve workplace issues related to diversity. The Office of Diversity and Work Environment also ensures the Company's compliance with all U.S. local, state and federal regulations pertaining to diversity.

DIVERSITY IN LEADERSHIP

Merck's commitment to diversity begins at the top. Of our 10-member team reporting to Merck CEO Richard Clark, three are women, three are African-American and one is Asian-American.

Each Merck division develops a succession plan for all leadership positions at the director level and above. We carefully consider women and individuals of diverse backgrounds in this process to ensure that the broadest pool of our talent benefits from leadership development plans and has the support needed to achieve personal goals. Senior management periodically reviews these succession plans.



Merck actively encourages equal opportunities throughout all levels of its diverse workforce, including senior management.



FOCUS ON THE LONG TERM

Merck collaborates with a number of organizations that share our diversity goals. We have a direct stake in supporting medical and science education through a broad array of colleges, universities and organizations.

RECENT REVIEWS/AUDITS

The U.S. Department of Labor's Employment Standards Administration's Office of Federal Contract Compliance Programs (OFCCP) conducted a scheduled compliance evaluation of our Rahway, N.J., facility in the fourth quarter of 2003. At that time we also underwent a desk audit review of our West Point, Pa., facility. Merck received a closure letter in early 2004 indicating that OFCCP had found no apparent deficiencies or violations at the Rahway facility. In 2005, the OFCCP conducted a desk audit review of our Upper Gwynedd location and closed both the Upper Gwynedd and West Point audits with no deficiencies or violations.

WHAT OUR EMPLOYEES SAY: GLOBAL DIVERSITY NEEDS ASSESSMENT

In 2004, Merck conducted an extensive needs assessment with Merck employees outside the United States on a wide range of global diversity and inclusion issues. The assessment was designed to gain an understanding of the key elements that form the complex and demanding reality of managing a multicultural, geographically dispersed, multilanguage workforce.

The assessment, which was translated into 14 languages, was conducted with a random selection of approximately 10 percent of the employee population and 20 percent of the manager population during the second and third quarters of 2004.

In general, employees expressed an appreciation for Merck's values and ethics, overall environment of respect and opportunities for career and personal growth. Employees linked diversity to the Company's ability to excel. Respondents urged the Company to better understand and make use of local perspectives, encourage cross-cultural training and develop a less U.S.-centric, more global corporate culture.

Merck's Office of Diversity and Work Environment is working to address these and other issues identified in the assessment to ensure that Merck's commitment to diversity is reflected in all aspects of our business and work practices. New and ongoing initiatives will include cross-cultural training, mentoring and assignments; development of new tools to help ensure that communications across the Company are inclusive and culturally sensitive with respect to language, time zones, holidays and other local norms; and enhanced performance expectations to continue to promote a culture of transparency and diversity of thought.

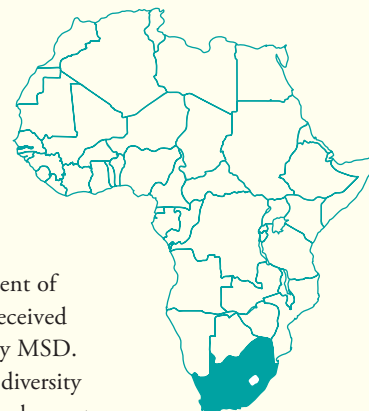
MSD South Africa Training Academy

Under apartheid, schooling in nonwhite communities in South Africa was poor and focused primarily on producing cheap labor for mining. To redress the education gap and improve the pool of potential employees,



MSD South Africa worked with the Chemical Industry Seta (CHIETA), a government-established body, to introduce a "rep learnership program" in 2003. Sixteen individuals were selected to receive one year of training.

All 16 recruits – representing 39 percent of new entrants into the sales force – received certification and now are employed by MSD. MSD South Africa also introduced a diversity management course for all current employees to help integrate these recruits. MSD South Africa was repeating the program in July 2005, and six recruits had already been selected and commenced training. MSD South Africa intends to employ another ten recruits by the end of 2005.



Employee Benefits

TRAINING OPPORTUNITIES

The many leadership development and training materials we offer employees reflect the Company's global commitment to personal and professional development and to fostering diversity. In the United States, for example, training opportunities include:

- Interactive programs to emphasize the value of diversity in the workplace
- Educational assistance programs, including tuition reimbursement
- Distance learning programs such as on-site MBA courses and self-directed, Web-based online learning
- Leadership training and development programs


FAMILY, COMPENSATION AND HEALTH CARE BENEFITS

To attract, retain and motivate the talent necessary to succeed, Merck provides its employees with competitive benefits consistent with local practices. In the United States, for example, pay and benefit programs include:

- Health care benefits, including medical, dental and vision coverage
- Retirement benefits, including 401(k) savings and traditional pensions
- Short- and long-term disability insurance
- Employee and dependent life insurance
- Eligibility for annual merit increases and incentive pay (bonuses)
- Eligibility for long-term incentives such as stock options and restricted stock units
- Flexible work arrangements
- Fully accredited, on-site child-care facilities

Eligibility for, and participation in, pay and benefit programs may vary based on a variety of factors, including grade level, work location and employee status (e.g., part-time, full-time, union or salaried).

EMPLOYEE HEALTH CARE

Merck seeks to enhance the health and well-being of its employees by providing a wide variety of health programs based on standards of medical care and regulatory requirements, including medical privacy. Programs vary by location, but may include health education and health promotion, treatment and rehabilitation of work-related conditions, preventive occupational health programs, minor acute episodic care, disability management and disease management programs. 



We strive to create a working environment of mutual respect, encouragement and teamwork that rewards commitment and performance and is responsive to the needs of employees and their families.



Improving Our Performance


For many years, Merck has sought to improve our ability to recruit, develop, retain and fully engage employees of all backgrounds. We are proud of our results to date:

- The overall percentage of women and people of color at Merck equals or exceeds their representation in the workforce at large.
- Based on a comprehensive, two-part flexible work arrangement assessment in 2003, more than 83 percent of respondents reported having at least one form of flexible work arrangement. Seventy-three percent said they were satisfied with the flexibility they have.


We recognize, however, that there is more work to be done. In the United States, for example, we are focusing on three areas that affect working women and mothers:

- Evaluating the effectiveness of flexible work arrangements
- Fostering a culture of inclusion for women
- Supporting a broader definition of family

Merck placed additional focus in 2003 and 2004 on achieving greater representation of women at senior levels of the Company. We also implemented two new training programs in 2003 to help employees identify and achieve their personal and professional goals and to foster inclusive thinking and behaviors. Other efforts include an employee development program as well as both formal and informal mentoring initiatives. To date, more than 1,600 mentors and mentees have participated in programs at major Merck locations. In 2003 alone, 482 employees participated in a formal, one-on-one mentoring program across various U.S. sites.

In addition, Merck has taken important steps in recent years to support a broader definition of family by extending health care and various insurance benefits to employees' same-sex domestic partners and their partners' eligible dependent children and by launching adoption assistance benefits for our U.S.-based employees. 

EMPLOYEE SURVEY

Merck periodically measures employee satisfaction and identifies areas of concern through a global online employee survey tool. The survey is designed to help managers understand employee perspectives about the Company, their jobs and growth opportunities, address critical issues and help the Company take employee views into account when making decisions. Through this survey, Merck is able to reach out to different parts of the organization at different points in time. Highlights of the survey results, including changing employee trends, are communicated to employees through a combination of face-to-face meetings and written summaries. The survey is available in 11 languages. The last survey was fielded in late April and early May 2005 and boasted a 66 percent employee response rate, up from 64 percent in 2004. 

Awards and Recognition

Merck has received wide public recognition for our efforts to hire and develop the best people and to provide a work environment that supports and celebrates the success of our employees. For more information, see merck.com/careers/awards_and_accolades.html.



Our overall recruitment strategy is to recruit and retain the broadest pool of diverse talent worldwide.

Further Information



LOOKING AHEAD

This report is part of Merck's broader commitment to putting patients first, making a difference in the world and conducting ourselves responsibly and transparently in all that we do. Looking forward, the Company intends to report on our corporate responsibility activities in areas relevant to our business, including ethics, access to medicine and environmental practices.

While we are proud of our progress to date, we recognize that there is still much to be done. We plan to continue to communicate regularly and transparently on Merck's progress toward the goals we have outlined in this report. In areas where information was not available for inclusion in this report, we will aim to provide that information, where possible, in future years, as well as to cover certain areas more broadly and deeply.

FEEDBACK

We encourage you to share your thoughts and perspectives about this report by responding to the feedback card included with the report or by taking a feedback survey at merck.com/cr. Your frank and honest feedback about this report is important to us and will be helpful as we develop future reports.

WEB SITE

Please visit merck.com/cr for more information about our corporate responsibility initiatives and to download the full report.

FORWARD-LOOKING STATEMENT

This document contains "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995. These statements involve risks and uncertainties, which may cause results to differ materially from those set forth in the statements. The forward-looking statements may include statements regarding product development, product potential or financial performance. No forward-looking statement can be guaranteed, and actual results may differ materially from those projected. Merck undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise. Forward-looking statements in this document should be evaluated together with the many uncertainties that affect Merck's business, particularly those mentioned in the cautionary statements in Item 1 of Merck's Form 10-K for the year ended Dec. 31, 2004, and in its periodic reports on Form 10-Q and Form 8-K, which the Company incorporates by reference.

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