

LOOKING AHEAD

2009-2010 CORPORATE RESPONSIBILITY REVIEW



ABOUT THIS REVIEW

Today's Merck has a much larger footprint and much greater responsibility than either Merck or Schering-Plough before the merger. As the integration of the two companies continues, we are reviewing our corporate responsibility policies, procedures and programs. We want to ensure that they are aligned to and integrated with the combined company's mission and business strategy, while working to achieve important social, environmental and governance outcomes. We are intent on integrating our initiatives effectively with our day-to-day operations and monitoring and reporting our progress against meaningful and measurable goals.

Merck remains committed to reporting on our performance and progress in a clear and straightforward way. This document does not provide an in-depth analysis of our activities and performance in 2009, but rather an overview of our plan to integrate corporate responsibility across all areas of the company.

Throughout this review we describe the actions we are taking in 2010, particularly as they pertain to our key areas of

responsibility – patients and customers, employees and the environment. We also outline our ongoing commitment to operate in an ethical and transparent manner.

As we focus on building a new enterprise-wide corporate responsibility strategy, we will continue to use several external guidelines and measurement frameworks, including the UN Global Compact, the Global Reporting Initiative, the Millennium Development Goals and the Access to Medicine Index.

The performance data in this report are from 2009, unless otherwise stated, and represent an abbreviated set of our previously identified key performance indicators (KPIs). All KPIs embody combined, full-year data.

We intend to publish our revised goals by the end of 2010 and release our next comprehensive corporate responsibility report in 2011. We look forward to reporting the full scope of our activities and progress, and welcome your input as we shape our reporting.

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IN NOVEMBER 2009, MERCK AND SCHERING-PLOUGH JOINED TOGETHER TO CREATE A NEW KIND OF HEALTH CARE COMPANY

Today's Merck* is a global leader in delivering innovative health solutions through our medicines, vaccines, biologic therapies, and consumer and animal products. The combined company has a powerful late-stage research and development pipeline (www.merck.com/research/pipeline) with greater depth and breadth, many promising drug candidates, a significantly broader portfolio of products and an expanded presence in key international markets, including high-growth emerging markets.

Our new, multi-year business strategy establishes our priorities as we complete the launch of the company, accelerate our growth and break through as a sustainable, diversified, global health care leader. Through it, we will realize our mission: to provide innovative, distinctive products and services that save and improve lives and satisfy customer needs, to be recognized as a great place to work, and to provide investors with a superior rate of return.

As of March 31, 2010, Merck had approximately 95,000 employees worldwide and operated in more than 140 countries. Worldwide sales in 2009 were \$27.4 billion, an increase of 15 percent over 2008. Sales include the results of Schering-Plough operations from the close of the merger on November 3, 2009, through December 31, 2009.

Today's Merck is focused on helping patients be well and, in doing so, our commitment to corporate responsibility has never been stronger. Our goal is to be a trusted partner with customers, public policy officials, suppliers and other important stakeholders.

We will achieve this goal by driving innovation in the critical areas of access to health and environmental sustainability, and by using the strength of our combined cultures to promote strong, ethical behavior and increased transparency in the way we do business. Through our actions, products and partnerships, we can support global health needs and help the world "Be Well."



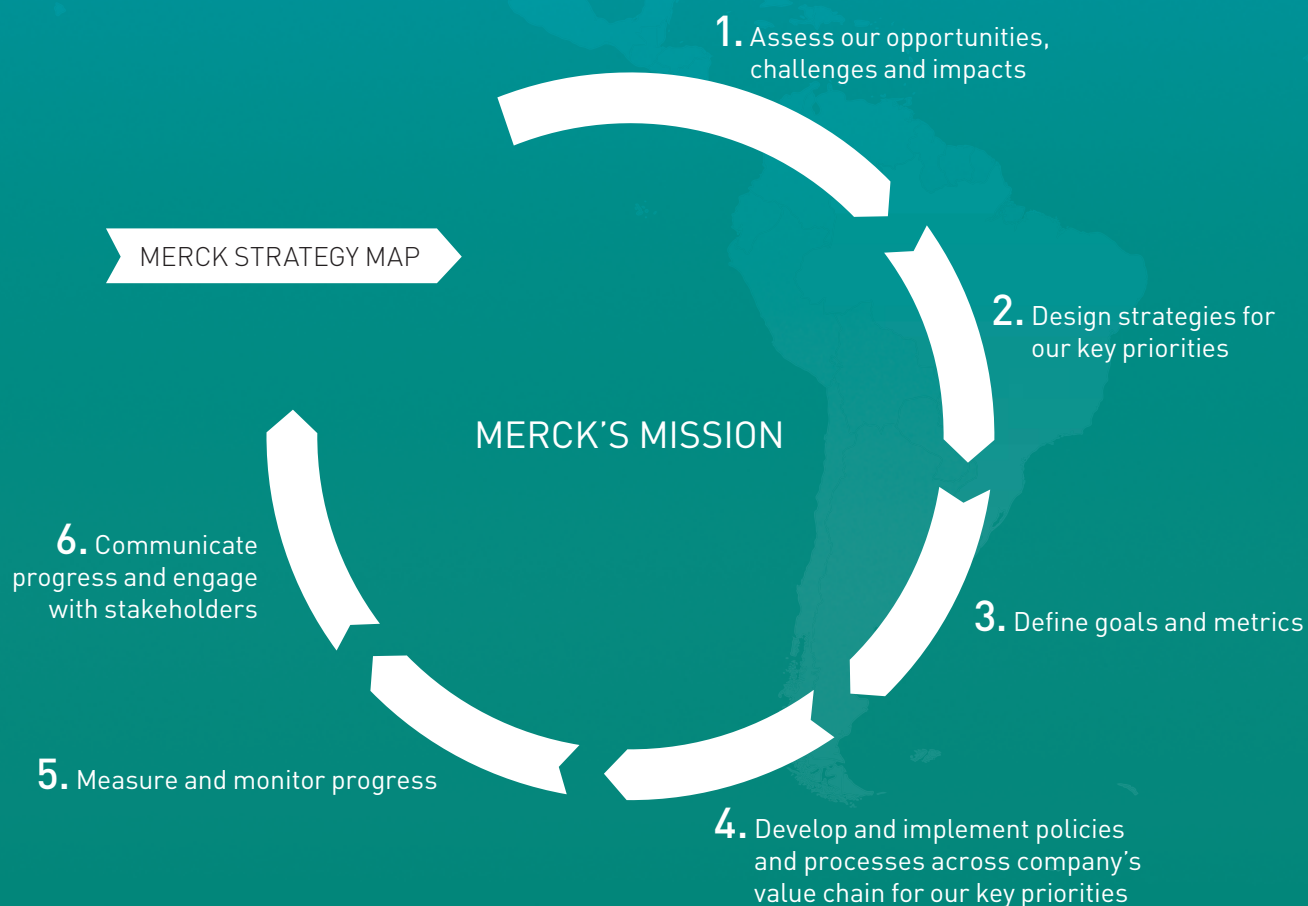
* Merck is known as MSD outside the United States and Canada.

STRENGTHENING OUR APPROACH TO CORPORATE RESPONSIBILITY THROUGHOUT MERCK

MERCK'S MISSION

To provide innovative, distinctive products and services that save and improve lives and satisfy customer needs, to be recognized as a great place to work, and to provide investors with a superior rate of return.

OUR APPROACH TO CORPORATE RESPONSIBILITY



BUILDING BUSINESS MOMENTUM OVER THE NEXT 8 YEARS

LAUNCH

2010–mid-2011 (Day 1–18 months)

- Unify
- Integrate
- Foster Culture

ACCELERATE

2011–2013 (12–36 months)

- Advance Pipeline
- Innovate
- Drive Efficiencies

BREAKTHROUGH

2013–2018 (Years 3–8)

- Drive Sustainable Growth

OUR COMMITMENTS

The principles of the UN Global Compact and the UN Millennium Development Goals continue to guide our corporate responsibility strategy.

Our commitment to the UN Global Compact

Merck underscored its commitment to serving as a responsible global citizen in 2009 by becoming a signatory to the UN Global Compact. We believe that the Compact's 10 universally accepted principles in the areas of human rights, labor, environment and anti-corruption are wholly aligned with our core mission to help the world be well. The initiative's overarching mission to help build a more sustainable and inclusive global economy, and to promote global leadership through partnerships and collaboration, is acutely attuned to our business objectives. The principles have informed our decisions throughout our merger activities and inspire us as we develop our corporate responsibility strategy.

The UN Millennium Development Goals

At Merck, we believe that, as a global community, we can all help resolve problems and aspire to meet the UN Millennium Development Goals (MDGs) when we find ways to work together. Becoming a signatory to the Global Compact strengthens our commitment to contribute to the achievement of the MDGs, particularly those related to health care. As we set new corporate responsibility goals, we will continue to build on the contributions we have made to help reach the MDGs targets.

Merck will continue to support the realization of the following MDG goals:

Goal 4 Reduce Childhood Mortality

Goal 5 Improve Maternal Health

Goal 6 Combat HIV/AIDS, Malaria and Other Diseases

Goal 8 Develop a Global Partnership for Development

MESSAGE FROM THE CEO

TODAY'S MERCK TOUCHES MORE PEOPLE, INCLUDING MORE PATIENTS AND CUSTOMERS, MORE EMPLOYEES AND MORE COMMUNITIES THAN EVER BEFORE.



Dear Friends,

We know that with greater size comes greater opportunity. Today's Merck touches more people, including more patients and customers, more employees and more communities than ever before. As a result, this year we are focused on building the foundations that will help us integrate corporate responsibility deeper into our business and position us to address critical social and environmental challenges in a way that will drive shareholder value. As we work to develop our new strategy, we remain committed to the principles of the UN Global Compact.

The next few years will be critical for global health – and for our industry. Health needs are becoming more severe and complex around the world. Access to quality medicines, vaccines and health care, business integrity, protection of human rights and environmental stewardship are but a few critical issues that we are called upon to address. Bold steps are required to accelerate progress, to manage risks and to seize opportunities.

Our company is well positioned for this new era. Our core values – our emphasis on scientific excellence and innovation, our focus on patient and customer needs, and our commitment to expand access to improve global health – guide us on this journey.

Everything we do at Merck, every day, touches our customers. We have restructured our organization to increase our ability to understand, anticipate and meet patient and customer needs wherever we operate. We are making fundamental changes in the way we interact with our customers. These changes are designed to build strong partnerships with patients, payers and health care professionals around the world, and deliver greater value to them.

We are taking steps to develop a comprehensive access to health strategy. Our vision is of a commercially sustainable business that increases the affordability

and accessibility of our products globally, while helping build local capacity to provide quality health care services to those who need them most.

I am proud of what we have achieved and excited about what lies ahead: Today's Merck brings together two companies with strong legacies of corporate responsibility.

This 2009–2010 Corporate Responsibility Review highlights our plans for Merck as a global health care leader – but it is only the beginning. To succeed, we will rely on our employees' passion, creativity and commitment to make a difference in the lives of people around the world. We invite you to continue to engage and work with us on this journey toward a more sustainable and healthier future.

Be well,

DICK CLARK
CHAIRMAN AND CHIEF EXECUTIVE OFFICER
OCTOBER 2010

MESSAGE FROM THE BOARD

TODAY, OUR COMPANY IS WORKING TO BUILD ON ITS STRENGTHS AS A NEW GLOBAL HEALTH CARE LEADER THAT COMBINES THE STRENGTHS AND CORPORATE RESPONSIBILITY LEGACIES OF MERCK AND SCHERING-PLOUGH.

Dear Stakeholders,

Over the past decades, Merck has built a remarkable record as a corporate citizen with a focus on the well-being of patients worldwide. Its dedication to scientific innovation to treat and prevent serious diseases, including HIV/AIDS and other infectious diseases, heart disease and diabetes, and its innovative programs and partnerships to increase access to medicines not only have defined good practice but also reflect Merck's increasing emphasis on promoting and improving the welfare of societies.

Two recent examples are the rotavirus infant vaccination program in partnership with the Ministry of Health in Nicaragua, and the efforts in Botswana to reduce mortality from HIV/AIDS in partnership with the Government of Botswana and the Bill & Melinda Gates Foundation.

Today, our company is working to build on its strength as a new global health care leader that combines the best practices and corporate responsibility legacies of Merck and Schering-Plough. As it does, it must continue to look for opportunities to serve unmet medical needs and improve access to health, while also providing unmatched shareholder value and operating with a high degree of transparency.

The Merck Board of Directors Committee on Public Policy and Social Responsibility has reviewed Merck's Corporate Responsibility Review. On behalf of the Board, I am pleased to see Merck taking this opportunity to strengthen its commitment to corporate responsibility and expand its efforts to integrate responsible business practices deeper into the company.

The Merck Board Committee and I look forward to reviewing the company's new corporate responsibility strategy later this year, and approving the targets and metrics that we will use to embed the strategy into the company's day-to-day operations.

We believe it is critical for the new strategy to connect with the fundamentals of Merck's business and align with society's expectations of a global health care leader—to continue to manage social and environmental risks, operate with uncompromised ethical standards, promote society's well-being even in the most disadvantaged communities, and address urgent global issues, such as climate change and water stresses.

The combination of Merck and Schering-Plough has created a formidable health care leader with vast potential for future discoveries and new business models that can provide better health care. It is an exciting time, but there is much important work that must be accomplished. While



continuing to forge the combined company, we must build and implement a new integrated corporate responsibility strategy that will enable Merck to maintain its leadership as a premier corporate citizen, while successfully growing stakeholder value for years to come.

We believe this is essential to the future sustainability of the company.

Sincerely,

A handwritten signature in dark ink that reads "Thomas E. Shenk". The signature is fluid and cursive, with a long, sweeping tail on the final letter.

THOMAS E. SHENK, PH.D.
CHAIR, MERCK BOARD COMMITTEE ON PUBLIC
POLICY AND SOCIAL RESPONSIBILITY
OCTOBER 2010

STAKEHOLDER VOICES



AS PART OF OUR ONGOING DIALOGUE WITH STAKEHOLDERS, WE ASKED EXPERTS FROM A VARIETY OF DISCIPLINES TO COMMENT ON HOW MERCK SHOULD ADDRESS KEY ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES.

“The expectation for business in the 21st century economy is that sustainability will be integrated throughout the corporation – from the boardroom to the copy room, and throughout the supply chain. Merck has an opportunity to lead its industry by developing a comprehensive sustainability strategy – one that creates accountability at the board and senior executive levels, incorporates sustainability criteria into the decision-making process, sets aggressive targets and goals, and pushes for real performance improvements.”

Mindy S. Lubber,
President, Ceres

“There is a need to reform health care systems across the world to manage coming demographic shifts that will pose new challenges, e.g., aging, population growth, etc. As one of the largest pharmaceutical companies, Merck can become the pivotal change-maker and leader in defining the innovative cutting edge of models and approaches that will solve the health care challenges of our current and future times. The world currently lacks such a leader and Merck’s stellar past history facilitating the development of leading large-scale innovative health care programs aptly positions the company to assume this role.”

Ernest Darkoh,
Chairman and Founding Partner,
BroadReach Healthcare

“Most of Merck’s sustainability footprint lies outside its operations, and the definition of ‘sustainability’ increasingly will blend environmental, social and health dimensions. To create stakeholder value – including for shareholders – Merck will need to develop sustainability strategies spanning all three dimensions that minimize its negative footprint, such as understanding how to resolve impacts of compounds in water supply, and maximize its positive footprint, such as in helping adapt to health risks posed by climate change.”

Truman Seamans,
Principal, Green Order

“The biggest challenge for any organization is to sustain performance over time. This holds true for businesses and corporate responsibility. When companies first adopt ethical or environmental standards, it should be straightforward to show progress. For those like Merck, however, that cherish a particular legacy of social commitment, adapting to the demands of modern CSR is challenging and requires the courage of a reformer as well as imagination. It will therefore be fascinating to see the new vision that Merck is preparing. We must hope that – as Merck did in the past – the company will do more than catch up. It should aim for a big step, over the present, toward the next generation of values.”

Robert Archer,
Executive Director, International Council
on Human Rights Policy

“Merck has a great opportunity to differentiate itself through its actions in delivering better health care more creatively to everyone, especially those that cannot afford it. And to do this in a responsible way.”

Susan Davis,
President & CEO, BRAC USA



HEALTH CARE REFORMS AROUND THE GLOBE WILL REQUIRE A GREATER FOCUS ON DELIVERING HIGH-QUALITY, HIGH-VALUE, HEALTH CARE SERVICES TO GREATER NUMBERS OF PEOPLE SEEKING CARE.

We are committed to improving health, not only through our significantly expanded portfolio of medicines, vaccines, and consumer and animal health products, but also through far-reaching programs and partnerships.

Today's Merck is generating a renewed sense of urgency and focus on our priorities: improving the well-being of patients, anticipating the needs of our customers – including health care providers who treat patients – and ensuring the safety of our products.

With a world of nearly 7 billion people, the majority living in the developing world where chronic disease is becoming increasingly prevalent, working to increase affordability, availability and accessibility to our medicines and vaccines is a key priority for our business. Today's Merck is well suited to embrace this opportunity through both our research pipeline and our current portfolio of products that address a significant amount of the global burden of disease.

Merck is developing a global access to health strategy that will unify the policies and programs of both legacy companies under a common framework aligned with common objectives and commitments. In 2010, we are engaging stakeholders to help shape our strategy, and exploring opportunities to expand access to our products and more fully leverage our partnerships.

Merck has a rich history of expanding access to our products through traditional philanthropic approaches, including our U.S. Patient Assistance Program, partnerships to support women's health in least developed countries, and the Merck MECTIZAN® (ivermectin) Donation Program.

Increasingly we see opportunity to address global health in a way that will also drive greater shareholder value. For example, in emerging markets we are developing innovative business models to better meet customers' needs. We are also working with health care professionals to provide education and support to patients.

In the United States where challenges to access for health care persist, we supported U.S. health care reform legislation that will provide health benefits to more than 32 million Americans, and will enhance existing coverage for America's seniors.

Reforms in the United States and elsewhere will require a greater focus on delivering high-quality, high-value, health care services to greater numbers of people seeking care. These changes reinforce the need for Merck to work closely with health care providers and payers in new ways that will lead to improved access and improved health outcomes. To better address these needs, we have adopted a new, customer-focused approach that drives our decision making down to the local level, providing the flexibility to understand and respond to provider and payer needs in a personalized and timely matter.

2009 HIGHLIGHT

Product Safety

To reinforce our focus on product safety and ensure the well-being of patients worldwide, we appointed Dr. Michael Rosenblatt, former dean of Tufts University Medical School, as the company's first Chief Medical Officer in December 2009. Reporting directly to Richard T. Clark, our chairman and CEO, Dr. Rosenblatt has a distinguished academic and research career that will contribute to his unique and independent role as an advocate for patients and the global medical community. His expert medical input and informed external perspective will strengthen our strategies and positions on patient care, keeping us focused on the well-being of patients.



EXAMPLES OF HOW MERCK IS WORKING IN PARTNERSHIP FOR BETTER HEALTH

> The Merck MECTIZAN Donation Program. Since 1987, Merck has provided MECTIZAN free of charge to treat river blindness through a multisectoral partnership that has successfully halted or nearly halted the disease in parts of Latin America and West Africa. In 1998, the program expanded to include lymphatic filariasis.

> Nicaraguan Rotavirus Vaccination Program. In 2006, Merck, the Nicaraguan Ministry of Health, UNICEF and other leading health organizations established a three-year partnership to provide free vaccinations against rotavirus gastroenteritis to all eligible infants born in Nicaragua. Through this partnership – called the Nicaraguan Rotavirus Vaccination Program – Merck has provided 1.3 million free doses of ROTATEQ® (rotavirus vaccine, live, oral pentavalent) to Nicaragua, reaching about 90 percent of eligible children. Sustainability of Nicaragua's vaccination program has been ensured by a commitment from the GAVI Alliance to support rotavirus vaccination and Merck's access pricing policy.

> GARDASIL® Access Program. Merck made a commitment to donate at least 3 million doses of GARDASIL® [Human Papillomavirus Quadrivalent (Types 6, 11, 16, 18) Vaccine, Recombinant] to organizations and institutions in developing countries, where more than 85 percent of the world's cervical

cancer cases occur. With the goal of supporting development of successful child and adolescent immunization models, the GARDASIL Access Program enables applicants from eligible lowest income countries, endorsed by their ministries of health, to gain operational experience in the design and implementation of human papillomavirus (HPV) vaccination projects. As of July 2010, more than 355,000 doses of GARDASIL have shipped to 13 approved grantees in support of their proposed HPV vaccination projects in 12 countries: Bhutan, Bolivia, Cambodia, Cameroon, Georgia, Haiti, Lesotho, Moldova, Nepal, Tanzania, Uganda and Uzbekistan.

> MOH-MSD Partnership Program for Hepatitis C Eradication in Egypt. Since 2006, Merck has been working with the government of Egypt to help provide treatment and education to Egyptians infected with the hepatitis C virus. More recently, Merck is helping the country achieve its goal to identify, treat and cure children – between the ages of 3 to 18 – infected with the virus, through the program, "Virus C Free Children."

> Institutional Family Planning Services in Low and Middle Income Countries. For more than 25 years, Merck has made affordable contraceptives available to ministries of health and non-governmental organizations in low and middle income countries around the world. The goals of the program are to help decrease infant and pregnancy-related mortality, as well as to support the prevention of unplanned pregnancies and reduce the spread of HIV/AIDS in regions where access to care is limited.

> African Comprehensive HIV/AIDS Partnerships. In 2000, the Government of Botswana, The Merck Company Foundation/Merck and the Bill & Melinda Gates Foundation established the African Comprehensive HIV/AIDS Partnerships (ACHAP) to support and enhance Botswana's response to the HIV/AIDS epidemic through a comprehensive approach to HIV/AIDS prevention, care, treatment and support. ACHAP has dramatically reduced mother-to-child transmission and new infections among children, and halved the mortality rate from HIV/AIDS in adults, saving more than 50,000 lives. In 2010, Merck and The Gates Foundation announced continued support of ACHAP through 2014.

> Merck Childhood Asthma Network. This non-profit organization was established in 2005 to address the complex and growing problem of pediatric asthma in the United States by advancing evidence-based programs that improve the quality of life for children with asthma, and to reduce, through dissemination of effective interventions, the burden of the disease on them and society.

> Afya Serengeti Project in Tanzania. Since 2003, Intervet/Schering-Plough Animal Health has been donating doses of the rabies vaccine to control rabies around the Serengeti Reservation in Tanzania. Since the start of the program in 2003, more than 1 million doses of the vaccine have been donated, and the number of people requiring hospital care for bites from rabid dogs has dropped 82 percent.



2009–2010 HIGHLIGHTS

MSD Wellcome Trust Hilleman Laboratories

In 2009, Merck joined with the Wellcome Trust to establish the MSD Wellcome Trust Hilleman Laboratories, a research and development organization that intends to develop affordable vaccines for millions of people in some of the poorest areas of the world. Many scientists identify vaccine candidates potentially useful to developing countries, but face significant challenges in product development and formulations because they lack the resources typically available only within large vaccine companies. Based in India, the Hilleman Laboratories is leveraging Merck's expertise in vaccine development and the Wellcome Trust's excellence in global biomedical research in a sustainable not-for-profit model that has the potential to revolutionize the way we address pressing health challenges in the developing world. Merck was honored to receive the Vaccine Industry Excellence Award for the Best Vaccine Partnership/Alliance/License in 2010 for this innovative collaboration.



MerckEngage

MerckEngage.com, a free online tool available in the U.S., offers resources that reinforce healthy lifestyle changes, provide disease-specific education, support adherence to therapy and help U.S. health care consumers have more productive interactions with their health care professionals. This assistance is augmented with critical support and encouragement for caregivers, who are often engaged in the day-to-day care and treatment decisions of family members and friends. The Internet site, launched in February 2010, is one component of the new MerckEngage Health Partnership Program that provides health care professionals with

health support materials and tools for their patients who have been prescribed certain Merck medications. The Program is designed to support the health care professional/health care consumer relationship by providing tools and tips for healthier living and encouraging health care consumers to make healthier lifestyle choices between office visits, through a variety of resources offered online, in print and through a call center. A unique aspect of the MerckEngage Health Partnership Program is the availability of health coaches who provide one-on-one coaching with eligible members to help them achieve their own health goals.



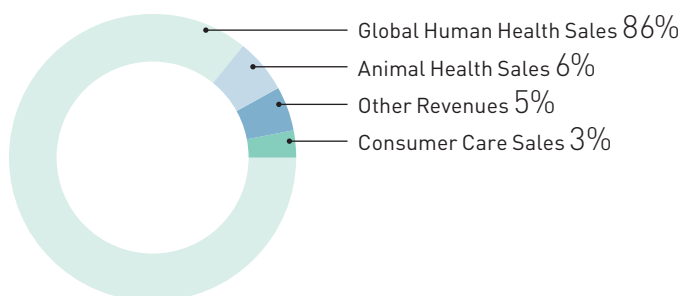
Access to Medicines

In 2010, the Access to Medicine Index, which ranks pharmaceutical companies on various criteria around global access to medicines, ranked Merck No. 2 among the top 20 pharmaceutical companies.

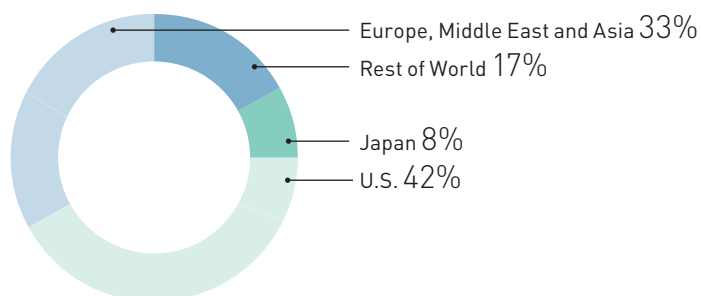
access to medicine index



FRANCHISE/KEY PRODUCT BY SALES (as of 1Q10)



HUMAN HEALTH GEOGRAPHIC SALES (as of 1Q10)



EMPLOYEES



AS A LARGER COMPANY WITH A BROADER REACH AND GREATER RESPONSIBILITY, WE BELIEVE THAT THE SUCCESSFUL INTEGRATION OF OUR PEOPLE IS CRITICAL TO THE SUCCESS OF OUR BUSINESS.

To achieve our business goals, we rely on the integrity, knowledge, imagination, skill, diversity and teamwork of Merck employees worldwide. We strive to reward their commitment and performance, and to respond to the needs of our employees and their families.

We want each of our 95,000 Merck employees to feel like they own and are responsible for the business. So we are building on the robust values-based foundations of both Merck and Schering-Plough to create a singular organizational culture that is characterized by candor and courage, and that is dedicated to rapid decision making and an intense customer focus.

We consider diversity and inclusion an integral part of the culture we seek to build. Creating opportunities for all employees has always been more than a moral imperative for Merck. We believe that having a diverse, inclusive workforce is a strategic imperative that makes us a more innovative and agile company, attuned to the needs of our customers in the 140 countries in which we now operate.

Successful integration requires that our employees have new and stronger capabilities. Our goal is to retain and develop talent at every level and in each area of the combined organization.

Our ability to excel depends on the integrity, knowledge, imagination, skill, diversity and teamwork of our employees. To this end, we strive to create an environment of mutual respect, encouragement and teamwork.

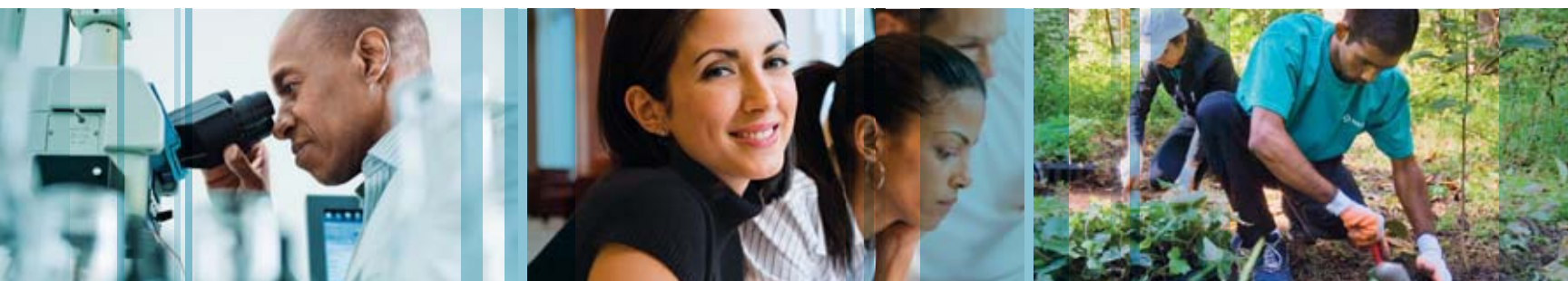
This holds true even as the company goes through a period of workforce reductions. As part of the first phase of the Merger Restructuring Program, by the end of 2012, the company expects to reduce our total workforce by approximately 15 percent across all areas of the company worldwide. The company also plans to eliminate 2,500 vacant positions as part of the first phase of this program. These reductions build on the restructuring programs that were underway in each company prior to the merger. Together they are reducing our cost structure, increasing efficiency and enhancing our competitiveness without affecting our ability to deliver on our core mission of helping patients be well.

Our priority is to quickly create the right structure with the right people in the right jobs. This requires difficult decisions, and we are committed to making them in a responsible way, with respect, transparency and open, ongoing communication. We are providing opportunities for dialogue through which employees can ask questions and receive candid responses. We are honoring all contractual obligations to both legacy Merck and Schering-Plough employees, and providing fair severance packages, counselling and job search assistance.

2010 HIGHLIGHT

365 Merck Days

Merck employees around the world are involved in volunteer efforts that improve their communities and enhance their neighbors' well-being. In February 2010, we introduced 365 Merck Days to celebrate that giving spirit. A MerckVolunteers intranet site provides information on how employees can become involved in volunteer activities and showcases how colleagues in the company are making a difference by volunteering their personal time in their communities. Merck recognizes and rewards the volunteer efforts of our global employees, granting employees 20 hours per year of time during regular work hours to volunteer at eligible organizations. Employees who invest 40 hours of service each calendar year with an eligible organization can apply for a \$500 contribution for the organization.





OUR REPUTATION AND THE TRUST THAT HEALTH CARE PROVIDERS AND PATIENTS PLACE IN US DEPEND ON HOW WE CONDUCT OURSELVES AS A BUSINESS.

Operating ethically, with integrity and with respect for human rights is critical to Merck's success and to the well-being of the patients we serve. The importance of this behavior is underscored in the company's code of conduct, *Our Values and Standards*.

At Merck, behaving ethically and in compliance is the responsibility of everyone, every day, in everything we do. In 2009, we created a Global Compliance Organization and appointed Dr. Richard Bowles as Chief Compliance Officer (CCO), reporting directly to Merck's Chairman and CEO. Through central leadership and management, the CCO acts as the steward for compliance across the organization, working in partnership with the business to ensure Merck achieves its business goals while meeting the letter and spirit of the complex regulatory framework in which we operate. The CCO sets and guides policy development, promotes and monitors compliance, and implements systems to identify, assess and act on potential risks to the company.

Within the compliance organization, the Office of Ethics serves as the foundation of Merck's global business ethics programs around the world. It actively supports Merck's commitment to high standards by facilitating behavior consistent with our code of conduct and by fostering a culture that promotes the prevention, detection and resolution of potential misconduct. Through it, we map out clear expectations for employees and hold them accountable for their behavior. Importantly, we are working to establish a culture where employees are willing to ask questions and where they feel safe to speak up. We have a number of employee resources available for raising questions or concerns regarding business practices, including the Office of Ethics, the

Ombudsman office and a global Advice Line – a toll-free telephone service operated by a third-party vendor, available to all Merck employees seven days a week, 24 hours a day.

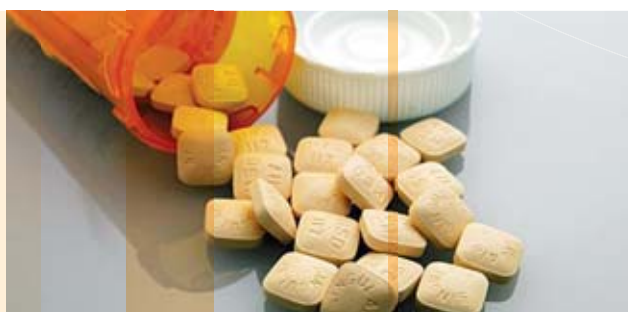
Our reputation, and the trust that health care providers and patients place in us, depend in large part on how we conduct ourselves. We believe the best way to address the concerns and questions about how we do business is to be more transparent about the way we operate.

Since 2007, we have registered, at trial initiation, all clinical trials in patients (Phases I–V) that the company sponsors and conducts worldwide on www.ClinicalTrials.gov. We also disclose results from all registered clinical trials of marketed products – regardless of outcome – on www.ClinicalTrials.gov.

In October 2008, Merck started reporting grants over \$500 provided by the company's Global Human Health division to U.S. organizations in support of independent, accredited educational programs for health care professionals. In 2009, we expanded our public disclosure of our financial support for third-party groups, including grants, charitable contributions and membership fees we make to patient organizations, medical scientific groups and professional societies in the United States, Canada, Europe, the Middle East and Africa. We also began disclosing payments to health care providers who speak on our behalf in the United States. Our intention is to eventually include payments to speakers outside the United States. In 2011, we plan to begin disclosing payments made to U.S.-licensed physicians who perform certain consulting services for Merck.

To improve access to information about Merck's corporate political contributions in the United States, Merck also annually posts the company's contributions categorized by state, candidate and amount. Merck also discloses any contributions to committees known as 527 organizations. Beginning in 2009, we expanded this list to include corporate contributions in Australia and Canada, and we continued to disclose the portion of dues that major U.S.-based trade associations report to us as being used for advocacy and/or political activities where dues are greater than \$50,000.

Merck is committed to maintaining the highest standards of ethics and integrity. We also remain committed to operating openly and have taken significant steps recently to improve transparency.





WE ARE WORKING TO SUSTAIN AND CONTINUOUSLY IMPROVE OUR COMPLIANCE PROGRAMS AND ENVIRONMENTAL CONTROLS WHILE ENHANCING THE EFFICIENCY OF OUR USE OF ENERGY, WATER AND OTHER NATURAL RESOURCES.

We believe that an important part of our mission to improve human health is the protection of the environment. Merck's vision is to have world-class environmental programs and performance, including taking actions to manage the risks and opportunities of climate change and water scarcity across our business.

We believe, as a health care company, that we have a role to play in understanding, identifying and responding to the potential health implications that may result from climate change and other environmental issues.

Under a newly expanded corporate Global Safety and Environment organization and the guidance of an enhanced Environmental, Health and Safety policy, we are working to sustain and continuously improve our compliance programs and environmental controls while enhancing the efficiency of our use of energy, water and other natural resources in our business.

We have undertaken several initiatives to increase our energy efficiency and also have begun to reduce our dependency on fossil fuels. In 2009, we added two major solar installations at our offices in New Jersey, both among the largest of their kind in a corporate setting. Together, they will avoid the production of more than 2,500 tons of carbon dioxide emissions annually. And in 2010, we will begin to operate our first wind turbines at one of our U.K. manufacturing facilities. The greening of our fleet is also helping to reduce the environmental impact of our sales activities. Merck's U.S. Fleet Services has changed its engine standards from 6-cylinder to 4-cylinder and in the past three years the U.S. fleet has been reduced by 5,500 vehicles. Globally, our fleet also includes a significant number of hybrid vehicles.

To reduce our use of water, we have a global water reduction program that requires all of our major facilities to document how much water is coming into the site, how it is used, how much is reused and where it is discharged. This process helps us identify water waste and opportunities for improvement. Cutting down our use of water is especially critical where water shortages are severe. For example, our manufacturing facility in Australia has focused on both employee culture and on water-conserving practices to become the first pharmaceutical company to achieve "5 Star Accreditation" under the Sydney Water Authority Every Drop Counts Program.

Using engineering principles and innovative chemistry, we are reducing our use of raw materials, energy, and water in the manufacturing of our products. Merck scientists are applying their expertise in green chemistry principles to manage our expanded research activities and manufacturing processes in an environmentally responsible manner. By applying these principles in our process design, we have prevented the creation of many thousands of gallons of solvent waste. We are also exploring ways to recover and reuse solvents to reduce their environmental impacts both upstream and downstream of our facilities. In 2009, six of our plants – two in France, three in the Netherlands and one in the United States – used more regenerated than fresh solvents.

We also are working to reduce the amount of packaging material and waste associated with our products. We are piloting a recycling program for our insulated vaccine shipping containers, which will recycle these containers and reduce the waste sent to landfill. In our Consumer Health Business, we are replacing PVC plastic with recyclable materials in the redesigned Dr. Scholl's® packaging, which will eliminate an estimated 400,000 pounds of waste material each year.

2010 HIGHLIGHT

Merck and Codexis, Inc.

In 2010, Merck and Codexis, Inc. were jointly awarded the annual Presidential Green Chemistry Challenge Award from the U.S. Environmental Protection Agency for the development of a novel biocatalytic method for the synthesis of sitagliptin.



KEY PERFORMANCE INDICATORS

In 2009, we continued to measure our performance in each of our priority corporate responsibility areas against defined key performance indicators. As a result of the merger between Merck and Schering-Plough, the following list of key performance indicators represents those metrics that we can report on for the full year for the combined company, unless otherwise noted. We are working to harmonize the metrics of the two companies and plan to publish, by the end of 2010, a new set of short- and long-term targets. We will begin reporting on them in 2011 and 2012.

	2009	2008	2007	2006	2005
Economic indicators					
Sales (\$USM) ^[a]	27,428.3	23,850.3	24,197.7	22,636.0	22,011.9
Global tax expense as reported on income statement (\$USM) ^[a]	2,267.6	1,999.4	95.3	1,787.6	2,732.6
Cash dividends paid per common share (\$US) ^{[a][b]}	1.52	1.52	1.52	1.52	1.52
Researching new medicines and vaccines to address unmet needs					
Merck's investment in R&D programs (\$USB) ^[c]	5.8	4.8	4.9	4.8	3.8
Number of new products approved (number of products in pipeline and under regulatory review) ^[d]	1 (47)	1 (47)	2 (49)	5 (57)	2 (58)
Percentage of top 20 global burdens of illness addressed by our products and pipeline (as defined by WHO and excluding accidents, premature birth and self-inflicted injuries) ^[e]	50	50	60	N/R	N/R
Improving access to medicines, vaccines and health care					
Number of Merck products for which access prices are offered to least developed countries	6	6	6	2	2
Number of patients on Merck ARV therapy – all formulations, all products	372,362 ^[f]	653,867	763,118	701,391	N/D
Percentage of total patients on Merck ARVs estimated to be children taking pediatric formulations	16	17	15	19	N/D
Number of countries where Merck has committed to access prices for GARDASIL and ROTATEQ	72	72	72	N/R	N/R
Number of new country registrations of GARDASIL and ROTATEQ globally (and cumulative to date)	10 (206)	18 (196)	72 (178)	105 (106)	1 (1)
Product donations (\$USM) (% in the developing world) ^[g]	1,015 (70) ^[h]	766 (77)	766 (79)	768 (58) ^[i]	979 (45)
Millions of treatments approved through the MECTIZAN Donation Program (at 3 tablets per treatment)	209	174	128	118	114
Number of patients utilizing Merck's Patient Assistance Program (total value of Merck medicines dispensed under Merck's PAP [\$USM]) ^[j]	331,890 (302)	250,285 (174)	350,000 (161.5)	540,240 (326)	730,000 (502)
Major PPPs to improve access to medicines, vaccines and/or health care ^[k]	11	11	13	12	10
Conducting ourselves ethically and transparently					
Number of calls to the Merck Adviceline and the Schering-Plough Integrity Action Line	392	151	149	77	80
Number of calls to the Merck Office of Ethics/Ombudsman and Schering-Plough's Compliance Office	652	583	600	597	770
Number of warning letters or untitled letters from DDMAC or APLB	2	0	N/R	N/R	N/R

	2009	2008	2007	2006	2005
Managing our environmental footprint					
Environmental inspections	193	101	76	88	N/D
Notices of environmental violations/citations ^[l]	30	9	13	11	N/D
Environmental fines paid (\$US) (number of fines)	8,000 (1)	1,579,600 ^[m] (7)	31,515 (6)	10,652 (3)	281,025 (4)
Total energy supply (million BTUs x 10 ⁶)	26.1	12.8	15.2	15.5	17.5
Energy demand intensity (million BTU/sq ft) ^[n]	0.45	0.47	0.52	0.54	0.61
Total GHG emissions (as CO ₂ eq) (million metric tons) ^[o]	2.14	1.18	1.29	1.29	1.36
Total water usage (billion gallons)	7.4	5.6	8.8	9.6	10.1
Nitrogen oxides (NO _x) emissions (metric tons)	467	297	318	322	471
Sulfur oxides (SO _x) emissions (metric tons)	96	50	58	67	84
Emissions of volatile organic compounds (VOCs) (metric tons)	1,103	353	401 ^[p]	427	411
Total waste generated (metric tons)	140,000	74,000	86,000	N/D	N/D
Advocacy and outreach					
Political contributions US\$ ^[q]					
United States	\$602,950	\$597,775	\$470,625	\$611,975	\$337,140
Australia	\$4,000	\$5,050	\$19,195	\$20,292	\$12,137
Canada	\$33,980	\$30,695	\$58,396	\$45,765	\$46,700
Valuing our employees					
Number of employees (approximate)	100,000	55,200	59,800	60,000	61,000
% of Women on the Board	17	21	23	25	25
% of Women in executive roles (U.S.)	25	28	27	26	28
% of Under-represented ethnic groups on the Board	11	14	17	17	17
% of Under-represented ethnic groups in executive roles	13	11	11	12	12
Number of position eliminations through Merck's restructuring program ^[r]	4,881	5,800	2,400	3,700	1,100
Overall turnover rate ^[s]	5.0 ^[t]	17.6	10.7	11.9	10.6
Safety inspections	140	75	41	65	N/D
Notices of safety violations/citations ^[l]	5	7	3	8	N/D
Safety fines paid (US\$) (number of fines)	1,350 (1)	0 (0)	1,500 (1)	1,975 (2)	1,000 (2)
Recordable Injury Rate (RIR) ^[u]	0.92	1.10	1.12	1.11	1.21

KEY PERFORMANCE INDICATORS

	2009	2008	2007	2006	2005
Valuing our employees (continued)					
Lost-Time Incident Rate (LTIR) ^[u]	0.41	0.42	0.48	0.43	0.44
Fatalities	2	1	1	0	0
Accidents Per Million Miles (APMM)	10.97	7.03 ^[v]	9.64	9.92	10.40
Supply chain management					
Spending on diverse suppliers in the U.S. (%)	10	14	12	8	5
Philanthropy					
Merck's philanthropic contributions (total cash and product) (\$USM)	1,083	821	828	826	1,039
Cash contributions (\$USM)	68	55	62	58	60

KEY

N/A: Not applicable. N/D: No data. N/R: Not reported

[a] Amounts for 2009 include the impact of the merger with Schering-Plough Corporation on November 3, 2009. Amounts for periods prior to November 3, 2009 reflect the results of Merck Sharp & Dohme Corp. ("Old Merck"), formerly known as Merck & Co., Inc.

[b] Amount for 2009 reflects dividends paid to common shareholders of Old Merck. In addition, approximately \$144 million of dividends were paid subsequent to the merger with Schering-Plough, and \$431 million was paid prior to the merger, relating to common stock and preferred stock dividends declared by Schering-Plough in 2009.

[c] Research activities and investments include all Merck divisions.

[d] 2009 data reflect the company's research pipeline as of February 12, 2010, and includes candidates in Phase II-III, excluding candidates in Phase I. Prior year data reflects candidates in Phase I-III. (Source: 10K)

[e] The decrease in 2008 is due mainly to the changing nature of the Global Burden of Disease as defined by WHO. Prior year data has been modified to reflect a correction identified after publication of the previous report.

[f] The decrease in the estimated number of patients on Merck ARV therapy in 2009 is due in part to the elimination of a compliance factor of 1.28 used in previous years' estimations. Additionally, the number of patients treated with generic ARVs has increased significantly, especially in developing countries.

[g] We value our product donations based on the U.S. wholesale acquisition cost.

[h] The number in 2009 reflects the first full year with ISENTRESS® (raltegravir) and ATRIPLA® (efavirenz 600 mg/emtricitabine 200 mg, tenofovir disoproxil fumarate 300 mg) included in our ACHAP donations, more than doubling the value of ARVs donated to the program. Also, 2009 was the first year in which donations were made through the GARDASIL Access Program.

[i] The decrease in product donations is due in part to declining patient enrollment in our Corporate U.S. Patient Assistance Program, attributed in part to an increasing number of patients with prescription drug coverage, including through the Medicare Prescription Drug Program, which began on January 1, 2006.

[j] Totals include the Merck Patient Assistance Program, the U.S. Merck Vaccine Patient Assistance Program, the Schering-Plough Patient Assistance Program and the Merck/Schering-Plough Pharmaceuticals Patient Assistance Program and are based on the U.S. wholesale acquisition cost; the decrease in numbers is due in part to the increasing number of patients with prescription drug coverage, including the Medicare Prescription Drug Program.

[k] Major is defined as with an investment by Merck of more than \$500,000 per year and/or engagement with a national government. Therefore, in 2009 these included ACHAP, C-MAP, Diabetes Alliance, GARDASIL Access Program, MCAN, MDP, MMOP, MSD Wellcome Trust Hilleman Laboratories, MVN-A, Nicaraguan Rotavirus Vaccination Program, and the Measles Initiative.

[l] Reflects definitions of NOVs used by each company prior to the merger. A consistent definition will be used for reporting 2010 performance.

[m] Reflects a significant environmental settlement (\$1,575,000), paid in early 2008, associated with three spills that occurred in 2006.

[n] The difference between demand energy and supply energy is losses in energy production at Merck facilities.

[o] In accordance with US EPA Climate Leaders Protocol, GHG generation baseline data have been adjusted to remove facilities that have been sold.

[p] Data unavailable for a site sold at the end of 2007.

[q] Prior to the merger, Schering-Plough also had a policy of disclosing its U.S. corporate and political action committee contributions. These contributions were made in accordance with Schering-Plough Corporation's guiding principles.

[r] Position eliminations include separations and vacancy eliminations.

[s] Overall turnover incorporates all types of turnover, including restructuring.

[t] The decrease in the overall turnover rate in 2009 reflects the exclusion of retirements and deaths in the number reported for voluntary turnover.

[u] LTIR/RIR: calculated per OSHA methodology.

[v] In 2008 a change was made to the definition of accidents to include only business-related accidents. In 2009, we returned to the prior approach.

AWARDS AND RECOGNITION



Access to Medicine Index (ATMI) – Ranked Merck No. 2 in the 2010 Access to Medicine Index, which assesses and ranks pharmaceutical companies on various criteria around global access to medicines. Merck ranked No. 1 in the category of product donations and philanthropy. (2010)



Dow Jones Sustainability Indexes – For the second year in a row, Merck has been placed on the Dow Jones Sustainability North America Index, which is based on a thorough analysis of corporate economic, environmental, and social performance. The North America Index captures the leading 20 percent in terms of sustainability out of the largest 600 North America companies. (2010)



FTSE4Good Index – Merck is an FTSE4Good constituent member. The FTSE4Good Index Series has been designed to measure the performance of companies that meet globally recognized corporate responsibility standards. (2010)



Corporate Responsibility Officer Magazine – Ranked Merck No. 17 on the 11th Annual 100 Best Corporate Citizens List. The list rates companies on their performance in seven key areas: environment, climate change, human rights, philanthropy, employee relations, financial and governance. (2010)



DiversityInc – Ranked Merck No. 13 in its annual list of the “Top 50 Companies for Diversity,” marking the company’s eighth consecutive appearance on the list. (2010)



Human Rights Campaign Corporate Equality Index – Merck scored 100 percent on the Corporate Equality Index, which rates companies on a scale of 0 to 100 percent based on standards set by the Human Rights Campaign. (2010)



U.S. Environmental Protection Agency – Recognized Merck with the 2010 Energy Star Sustained Excellence Award for continued efforts to protect the environment through energy efficiency. Merck, an Energy Star partner since 2004, has been recognized by the EPA for five consecutive years – twice as Partner of the Year and now for the third time for Sustained Excellence. (2010)



Merck and Codexis, Inc. have jointly been awarded the annual Presidential Green Chemistry Challenge Award from the U.S. Environmental Protection Agency (EPA) for the development of a novel biocatalytic method for the synthesis of sitagliptin. The Presidential Green Chemistry Challenge Awards are presented annually to recognize new technologies that help prevent pollution by reducing or eliminating hazardous waste in industrial production.

PRINTING INFORMATION

Environmental benefits based on 4,384 lbs. of 100% post-consumer recycled paper, actual environmental savings versus standard paper are as follows:

- » 42 trees saved
- » 17,878 gallons of waste water avoided
- » 29,811,200 BTUs of energy not consumed





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