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ScientiaVision Competitor Close-up: Merck & Company, Inc.

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While Merck was the world's leading healthcare company until it sold Medco Health Solutions in 2003, the company has seen numerous setbacks over the last five years, primarily in the form of the *Vioxx* (rofecoxib) withdrawal and in significant patent expirations. In 2003, *Vioxx* was Merck's third-leading product in terms of sales, with over \$2.5 billion. While the loss of *Vioxx* sales was a significant blow, Merck was further hit by the patent expirations of *Zocor* in 2006, the benign prostatic hyperplasia (BPH) indication for *Proscar* in 2006, the *Fosamax* patent in February 2008, and *Cosopt/Trusopt* (dorzolamide hydrochloride; ophthalmic) in October 2008. Merck is taking aggressive action to counteract its challenges. With public displeasure over pharmaceutical costs, increasing competition from newly merged and streamlined pharmaceutical companies, a more global pharmaceutical market, pressures from insurers, the *Vioxx* withdrawal, and numerous patent expirations, Merck has been continually restructuring to improve efficiency and results. While Merck has been mentioned as a merger or takeover candidate, particularly after the 2004 withdrawal of *Vioxx*, the company has been implementing measures to lower costs, improve its pipeline, and expedite the approval process. The program began paying off in 2007 in the form of increased revenues generated in large part by global sales of *Gardasil*, Merck's cervical cancer vaccine; *Januvia* (sitagliptan phosphate) diabetes drug; and *RotaTeq* rotavirus vaccine. The program also paid off with approvals of *Janumet* and *Isentress* in 2007 and a new formulation of *Emend* in January 2008. Merck's future depends on its being able to bring safe and effective new pharmaceuticals and vaccines to the market quickly, leverage past research by adding line extensions, license or acquire research and technologies from other companies, cut costs, and rebuild its reputation. Merck has significant challenges ahead as it loses patent protection on its biggest-selling drugs over the next few years, so it is imperative that Merck make up lost sales with new products. Merck will have to balance the requirement to get new products on the market with the equally important needs to proceed through the development process carefully and avoid missteps, as well as to rebuild its reputation for integrity and dependability.

TABLE OF CONTENTS

TABLE OF CONTENTS	I
LIST OF EXHIBITS	III
1 HISTORY	1
2 CURRENT STATUS.....	2
2.1 Challenges.....	2
2.2 Corporate Strategies.....	3
2.2.1 Restructuring.....	3
2.2.2 Development and Distribution of Pharmaceuticals and Vaccines	6
2.3 Acquisitions	11
3 CORPORATE LEADERSHIP.....	12
4 FINANCIAL INFORMATION	13
4.1 Methodology and Notes to Tables	13
4.2 Sales of Leading Products.....	15
4.3 Sales of Products Through Joint Ventures.....	15
4.4 Net Sales and Segment Revenues	15
4.5 Segment Profits and Income	16
4.6 Retained Earnings.....	16
4.7 Consolidated Sales, Costs, Expenses, and Other	16
4.8 Geographic Revenues	17
4.9 Affiliate Relationships	17
4.10 Assets and Liabilities.....	17
4.11 Cash Flows.....	17
4.12 Year-end Position and Statistics	18
4.13 Merck Stock Prices	18
5 2008 FINANCIAL INFORMATION	47
5.1 Sales of Leading Products.....	47
5.2 Sales of Selected Products Through Joint Ventures	47
5.3 Consolidated Results.....	47
5.4 Equity Income from Affiliates	48
6 PRODUCT LINES.....	57
6.1 Product Approvals	57
6.2 Pharmaceuticals	58

6.3	Vaccines.....	59
6.4	In the Pipeline.....	60
6.5	Research and Development Expenditures.....	62
7	JOINT VENTURES.....	64
7.1	Johnson & Johnson · Merck Consumer Pharmaceuticals Company.....	64
7.2	AstraZeneca LP.....	64
7.3	Sanofi Pasteur MSD.....	65
7.4	Merial Limited.....	65
7.5	Merck Schering-Plough.....	65
8	FORECAST.....	66

LIST OF EXHIBITS

TABLE OF CONTENTS	2
EXHIBIT 1: PRETAX CHARGES FOR GLOBAL RESTRUCTURING PROGRAM, BY TYPE, 2005 TO 2007	5
EXHIBIT 2: MERCK SALES OF LEADING PRODUCTS, 2003 TO 2007	19
EXHIBIT 3: MERCK SALES OF SELECTED PRODUCTS THROUGH JOINT VENTURES, 1998 TO 2007	22
EXHIBIT 4: MERCK'S HEALTHCARE RANKING, SALES, AND REVENUES, BY CATEGORY, 1998 TO 2007	24
EXHIBIT 5: RECONCILIATION OF SEGMENT REVENUES TO CONSOLIDATED SALES, 1998 TO 2007	25
EXHIBIT 6: MERCK SEGMENT PROFITS AND INCOME, BY CATEGORY, 1998 TO 2007	26
EXHIBIT 7: MERCK RECONCILIATION OF TOTAL SEGMENT PROFITS TO CONSOLIDATED INCOME BEFORE TAXES, 1998 TO 2007	27
EXHIBIT 8: MERCK SEGMENT REVENUES AND SEGMENT PROFITS, 1998 TO 2007	28
EXHIBIT 9: MERCK INCOME AND EARNINGS, 1998 TO 2007	30
EXHIBIT 10: MERCK RETAINED EARNINGS, 1998 TO 2007	31
EXHIBIT 11: MERCK COMPARISON OF CONSOLIDATED SALES WITH COSTS, EXPENSES, AND OTHER COSTS, 1998 TO 2007	32
EXHIBIT 12: MERCK GEOGRAPHIC REVENUES (EXCLUDING MERCK-MEDCO), BY REGION, 1998 TO 2007	33
EXHIBIT 13: MERCK FINANCIAL INFORMATION FOR AFFILIATE RELATIONSHIPS, 1998 TO 2007.	34
EXHIBIT 14: MERCK ASSETS, BY CATEGORY, 1998 TO 2007	36
EXHIBIT 15: MERCK LIABILITIES AND STOCKHOLDERS' EQUITY, BY CATEGORY, 1998 TO 2007	37
EXHIBIT 16: MERCK CASH FLOWS, BY CATEGORY, 1998 TO 2007	39
EXHIBIT 17: MERCK YEAR-END POSITION AND STATISTICS, 1998 TO 2007	44
EXHIBIT 18: MERCK STOCK PRICES, 1998 TO 2007	45
EXHIBIT 19: MERCK COMMON STOCK PRICES, 2008	46
EXHIBIT 20: MERCK SALES OF LEADING PRODUCTS, FIRST THREE QUARTERS OF 2008	49
EXHIBIT 21: MERCK SALES OF LEADING PRODUCTS, THROUGH SEPTEMBER 30, 2008, AND THROUGH SEPTEMBER 30, 2007	51
EXHIBIT 22: MERCK SALES OF SELECTED PRODUCTS THROUGH SELECTED JOINT VENTURES, THROUGH SEPTEMBER 30, 2008	53
EXHIBIT 23: MERCK CONSOLIDATED RESULTS, THROUGH SEPTEMBER 30, 2008	54
EXHIBIT 24: MERCK EQUITY INCOME FROM AFFILIATES, THROUGH SEPTEMBER 30, 2008, AND THROUGH SEPTEMBER 30, 2007	56
EXHIBIT 25: MERCK RESEARCH AND DEVELOPMENT EXPENDITURES, 1998 TO 2007	63