



Merck & Co., Inc.
Financial Highlights Package
Third Quarter 2018
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CONSOLIDATED STATEMENT OF INCOME - GAAP
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)
(UNAUDITED)

Table 1

| | GAAP | | % Change | GAAP | | % Change |
|-------------------------------------------------------------------|-----------|-----------|----------|--------------|--------------|----------|
| | 3Q18 | 3Q17 | | Sep YTD 2018 | Sep YTD 2017 | |
| Sales | \$ 10,794 | \$ 10,325 | 5% | \$ 31,296 | \$ 29,689 | 5% |
| Costs, Expenses and Other | | | | | | |
| Materials and production ^{(1) (2)} | 3,619 | 3,307 | 9% | 10,220 | 9,472 | 8% |
| Marketing and administrative ⁽¹⁾ | 2,443 | 2,459 | -1% | 7,459 | 7,432 | -- |
| Research and development ^{(1) (3)} | 2,068 | 4,413 | -53% | 7,538 | 8,024 | -6% |
| Restructuring costs ⁽⁴⁾ | 171 | 153 | 12% | 494 | 470 | 5% |
| Other (income) expense, net ⁽¹⁾ | (172) | (207) | -17% | (512) | (351) | 46% |
| Income Before Taxes | 2,665 | 200 | * | 6,097 | 4,642 | 31% |
| Taxes on Income ⁽¹⁾ | 707 | 251 | | 1,682 | 1,186 | |
| Net Income (Loss) | 1,958 | (51) | * | 4,415 | 3,456 | 28% |
| Less: Net Income Attributable to Noncontrolling Interests | 8 | 5 | | 22 | 16 | |
| Net Income (Loss) Attributable to Merck & Co., Inc. | \$ 1,950 | \$ (56) | * | \$ 4,393 | \$ 3,440 | 28% |
| Earnings (Loss) per Common Share Assuming Dilution ⁽⁵⁾ | \$ 0.73 | \$ (0.02) | * | \$ 1.63 | \$ 1.25 | 30% |
| Average Shares Outstanding Assuming Dilution ⁽⁵⁾ | 2,678 | 2,727 | | 2,694 | 2,754 | |
| Tax Rate ⁽⁶⁾ | 26.5% | 125.5% | | 27.6% | 25.5% | |

* 100% or greater

⁽¹⁾ Amounts include the impact of acquisition and divestiture-related costs, restructuring costs and certain other items. See accompanying tables for details.⁽²⁾ Materials and production costs in the third quarter and first nine months of 2018 include a \$420 million aggregate charge related to the termination of a collaboration agreement with Samsung Bioepis Co., Ltd. (Samsung) for insulin glargine.⁽³⁾ Research and development expenses in the first nine months of 2018 include a \$1.4 billion aggregate charge related to the formation of a collaboration with Eisai Co., Ltd. (Eisai), as well as a \$344 million charge for the acquisition of Viralytics Limited. Research and development expenses for the third quarter and first nine months of 2017 include a \$2.35 billion aggregate charge related to the formation of a collaboration with AstraZeneca PLC (AstraZeneca).⁽⁴⁾ Represents separation and other related costs associated with restructuring activities under the company's formal restructuring programs.⁽⁵⁾ Because the company recorded a net loss in the third quarter of 2017, no potential dilutive common shares were used in the computation of loss per common share assuming dilution as the effect would have been anti-dilutive.⁽⁶⁾ The effective income tax rates for the third quarter and first nine months of 2018 include the unfavorable impact of a \$420 million aggregate pretax charge related to the termination of a collaboration agreement with Samsung for which no tax benefit was recognized. The effective income tax rate for the first nine months of 2018 also reflects the unfavorable impact of a \$1.4 billion aggregate pretax charge related to the formation of a collaboration with Eisai for which no tax benefit was recognized. The effective income tax rates for the third quarter and first nine months of 2017 reflect the unfavorable impact of a \$2.35 billion aggregate pretax charge related to the formation of a collaboration with AstraZeneca for which no tax benefit was recognized, partially offset by the favorable impact of a net tax benefit of \$234 million related to the settlement of certain federal income tax issues.

MERCK & CO., INC.
CONSOLIDATED STATEMENT OF INCOME - GAAP
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)
(UNAUDITED)

Table 1a

| | 2018 | | | | 2017 | | | | | | % Change | |
|-------------------------------------------------------------------|-----------|-----------|-----------|-----------|----------|----------|-----------|-----------|------------|-----------|----------|---------|
| | 1Q | 2Q | 3Q | Sep YTD | 1Q | 2Q | 3Q | Sep YTD | 4Q | Full Year | 3Q | Sep YTD |
| Sales | \$ 10,037 | \$ 10,465 | \$ 10,794 | \$ 31,296 | \$ 9,434 | \$ 9,930 | \$ 10,325 | \$ 29,689 | \$ 10,433 | \$ 40,122 | 5% | 5% |
| Costs, Expenses and Other | | | | | | | | | | | | |
| Materials and production | 3,184 | 3,417 | 3,619 | 10,220 | 3,049 | 3,116 | 3,307 | 9,472 | 3,440 | 12,912 | 9% | 8% |
| Marketing and administrative | 2,508 | 2,508 | 2,443 | 7,459 | 2,472 | 2,500 | 2,459 | 7,432 | 2,643 | 10,074 | -1% | -- |
| Research and development | 3,196 | 2,274 | 2,068 | 7,538 | 1,830 | 1,782 | 4,413 | 8,024 | 2,314 | 10,339 | -53% | -6% |
| Restructuring costs | 95 | 228 | 171 | 494 | 151 | 166 | 153 | 470 | 306 | 776 | 12% | 5% |
| Other (income) expense, net | (291) | (48) | (172) | (512) | (71) | (73) | (207) | (351) | (149) | (500) | -17% | 46% |
| Income Before Taxes | 1,345 | 2,086 | 2,665 | 6,097 | 2,003 | 2,439 | 200 | 4,642 | 1,879 | 6,521 | * | 31% |
| Taxes on Income | 604 | 370 | 707 | 1,682 | 447 | 488 | 251 | 1,186 | 2,917 | 4,103 | | |
| Net Income (Loss) | 741 | 1,716 | 1,958 | 4,415 | 1,556 | 1,951 | (51) | 3,456 | (1,038) | 2,418 | * | 28% |
| Less: Net Income Attributable to Noncontrolling Interests | 5 | 9 | 8 | 22 | 5 | 5 | 5 | 16 | 8 | 24 | | |
| Net Income (Loss) Attributable to Merck & Co., Inc. | \$ 736 | \$ 1,707 | \$ 1,950 | \$ 4,393 | \$ 1,551 | \$ 1,946 | \$ (56) | \$ 3,440 | \$ (1,046) | \$ 2,394 | * | 28% |
| Earnings (Loss) per Common Share Assuming Dilution ⁽¹⁾ | \$ 0.27 | \$ 0.63 | \$ 0.73 | \$ 1.63 | \$ 0.56 | \$ 0.71 | \$ (0.02) | \$ 1.25 | \$ (0.39) | \$ 0.87 | * | 30% |
| Average Shares Outstanding Assuming Dilution ⁽¹⁾ | 2,710 | 2,696 | 2,678 | 2,694 | 2,766 | 2,752 | 2,727 | 2,754 | 2,715 | 2,748 | | |
| Tax Rate | 44.9% | 17.8% | 26.5% | 27.6% | 22.3% | 20.0% | 125.5% | 25.5% | 155.2% | 62.9% | | |

* 100% or greater

Sum of quarterly amounts may not equal year-to-date amounts due to rounding.

On January 1, 2018, the company adopted a new accounting standard related to defined benefit plans that requires the components of net benefit cost/credit (other than service costs) be presented in the statement of income outside of operating expenses. Upon adoption, net periodic benefit cost/credit other than service cost was reclassified to *Other (income) expense, net* from the previous classifications within *Materials and production* costs, *Marketing and administrative* expenses and *Research and development* costs. Previously reported amounts have been reclassified to conform to the new presentation. There was no impact to net income as a result of adopting the new standard.

⁽¹⁾ Because the company recorded net losses in the third and fourth quarters of 2017, no potential dilutive common shares were used in the computations of loss per common share assuming dilution as the effects would have been anti-dilutive.

MERCK & CO., INC.
GAAP TO NON-GAAP RECONCILIATION
THIRD QUARTER 2018
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)
(UNAUDITED)

Table 2a

| | GAAP | Acquisition and Divestiture-Related Costs ⁽¹⁾ | Restructuring Costs ⁽²⁾ | Certain Other Items ⁽³⁾ | Adjustment Subtotal | Non-GAAP |
|----------------------------------------------|----------|----------------------------------------------------------|------------------------------------|------------------------------------|---------------------|----------|
| Materials and production | \$ 3,619 | 680 | 2 | 420 | 1,102 | \$ 2,517 |
| Marketing and administrative | 2,443 | 2 | | | 2 | 2,441 |
| Research and development | 2,068 | 5 | (4) | | 1 | 2,067 |
| Restructuring costs | 171 | | 171 | | 171 | - |
| Other (income) expense, net | (172) | (10) | | | (10) | (162) |
| Income Before Taxes | 2,665 | (677) | (169) | (420) | (1,266) | 3,931 |
| Income Tax Provision (Benefit) | 707 | (26) ⁽⁴⁾ | (20) ⁽⁴⁾ | 8 | (38) | 745 |
| Net Income | 1,958 | (651) | (149) | (428) | (1,228) | 3,186 |
| Net Income Attributable to Merck & Co., Inc. | 1,950 | (651) | (149) | (428) | (1,228) | 3,178 |
| Earnings per Common Share Assuming Dilution | \$ 0.73 | (0.24) | (0.06) | (0.16) | (0.46) | \$ 1.19 |
| Tax Rate | 26.5% | | | | | 18.9% |

Only the line items that are affected by non-GAAP adjustments are shown.

Merck is providing certain non-GAAP information that excludes certain items because of the nature of these items and the impact they have on the analysis of underlying business performance and trends. Management believes that providing this information enhances investors' understanding of the company's results as it permits investors to understand how management assesses performance. Management uses these measures internally for planning and forecasting purposes and to measure the performance of the company along with other metrics. Senior management's annual compensation is derived in part using non-GAAP income and non-GAAP EPS. This information should be considered in addition to, but not as a substitute for or superior to, information prepared in accordance with GAAP.

⁽¹⁾ Amounts included in materials and production costs reflect expenses for the amortization of intangible assets recognized as a result of business acquisitions. Amounts included in marketing and administrative expenses reflect integration, transaction and certain other costs related to business acquisitions and divestitures. Amounts included in research and development expenses primarily reflect an increase in the estimated fair value measurement of liabilities for contingent consideration. Amounts included in other (income) expense, net primarily reflect royalty income, partially offset by an increase in the estimated fair value measurement of liabilities for contingent consideration related to the termination of the Sanofi-Pasteur MSD joint venture.

⁽²⁾ Amounts primarily include employee separation costs and accelerated depreciation associated with facilities to be closed or divested related to activities under the company's formal restructuring programs.

⁽³⁾ Amount included in materials and production costs represents an aggregate charge related to the termination of a collaboration agreement with Samsung Bioepis Co., Ltd. for insulin glargine.

⁽⁴⁾ Represents the estimated tax impact on the reconciling items based on applying the statutory rate of the originating territory of the non-GAAP adjustments.

MERCK & CO., INC.
GAAP TO NON-GAAP RECONCILIATION
NINE MONTHS ENDED SEPTEMBER 30, 2018
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)
(UNAUDITED)

Table 2b

| | GAAP | Acquisition and Divestiture-Related Costs ⁽¹⁾ | Restructuring Costs ⁽²⁾ | Certain Other Items ⁽³⁾ | Adjustment Subtotal | Non-GAAP |
|----------------------------------------------|-----------|----------------------------------------------------------------|---------------------------------------|---------------------------------------|------------------------|----------|
| Materials and production | \$ 10,220 | 2,147 | 11 | 420 | 2,578 | \$ 7,642 |
| Marketing and administrative | 7,459 | 26 | 2 | | 28 | 7,431 |
| Research and development | 7,538 | 7 | 1 | 1,744 | 1,752 | 5,786 |
| Restructuring costs | 494 | | 494 | | 494 | - |
| Other (income) expense, net | (512) | 85 | | (54) | 31 | (543) |
| Income Before Taxes | 6,097 | (2,265) | (508) | (2,110) | (4,883) | 10,980 |
| Income Tax Provision (Benefit) | 1,682 | (230) ⁽⁴⁾ | (69) ⁽⁴⁾ | (101) ⁽⁴⁾ | (400) | 2,082 |
| Net Income | 4,415 | (2,035) | (439) | (2,009) | (4,483) | 8,898 |
| Net Income Attributable to Merck & Co., Inc. | 4,393 | (2,035) | (439) | (2,009) | (4,483) | 8,876 |
| Earnings per Common Share Assuming Dilution | \$ 1.63 | (0.75) | (0.16) | (0.75) | (1.66) | \$ 3.29 |
| Tax Rate | 27.6% | | | | | 19.0% |

Only the line items that are affected by non-GAAP adjustments are shown.

Merck is providing certain non-GAAP information that excludes certain items because of the nature of these items and the impact they have on the analysis of underlying business performance and trends. Management believes that providing this information enhances investors' understanding of the company's results as it permits investors to understand how management assesses performance. Management uses these measures internally for planning and forecasting purposes and to measure the performance of the company along with other metrics. Senior management's annual compensation is derived in part using non-GAAP income and non-GAAP EPS. This information should be considered in addition to, but not as a substitute for or superior to, information prepared in accordance with GAAP.

⁽¹⁾ Amounts included in materials and production costs reflect expenses for the amortization of intangible assets recognized as a result of business acquisitions. Amounts included in marketing and administrative expenses reflect integration, transaction and certain other costs related to business acquisitions and divestitures. Amounts included in research and development expenses primarily reflect an increase in the estimated fair value measurement of liabilities for contingent consideration. Amounts included in other (income) expense, net primarily reflect an increase in the estimated fair value measurement of liabilities for contingent consideration, partially offset by royalty income related to the termination of the Sanofi-Pasteur MSD joint venture.

⁽²⁾ Amounts primarily include employee separation costs and accelerated depreciation associated with facilities to be closed or divested related to activities under the company's formal restructuring programs.

⁽³⁾ Amount included in materials and production costs represents an aggregate charge related to the termination of a collaboration agreement with Samsung Bioepis Co., Ltd. for insulin glargine. Amounts included in research and development expenses represent a \$1.4 billion aggregate charge related to the formation of a collaboration with Eisai Co., Ltd., as well as a \$344 million charge for the acquisition of Viralytics Limited.

⁽⁴⁾ Represents the estimated tax impact on the reconciling items based on applying the statutory rate of the originating territory of the non-GAAP adjustments.

MERCK & CO., INC.
GAAP TO NON-GAAP RECONCILIATION
THIRD QUARTER 2017
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)
(UNAUDITED)

Table 2c

| | GAAP | Acquisition and Divestiture-Related Costs ⁽¹⁾ | Restructuring Costs ⁽²⁾ | Certain Other Items ⁽³⁾ | Adjustment Subtotal | Non-GAAP |
|-----------------------------------------------------|-----------|----------------------------------------------------------------|---------------------------------------|---------------------------------------|------------------------|----------|
| Materials and production | \$ 3,307 | 768 | 25 | | 793 | \$ 2,514 |
| Marketing and administrative | 2,459 | 11 | | | 11 | 2,448 |
| Research and development | 4,413 | 271 | 2 | 2,350 | 2,623 | 1,790 |
| Restructuring costs | 153 | | 153 | | 153 | - |
| Other (income) expense, net | (207) | (18) | | | (18) | (189) |
| Income Before Taxes | 200 | (1,032) | (180) | (2,350) | (3,562) | 3,762 |
| Income Tax Provision (Benefit) | 251 | (179) ⁽⁴⁾ | (39) ⁽⁴⁾ | (234) ⁽⁵⁾ | (452) | 703 |
| Net (Loss) Income | (51) | (853) | (141) | (2,116) | (3,110) | 3,059 |
| Net (Loss) Income Attributable to Merck & Co., Inc. | (56) | (853) | (141) | (2,116) | (3,110) | 3,054 |
| (Loss) Earnings per Common Share Assuming Dilution | \$ (0.02) | (0.31) | (0.05) | (0.77) | (1.13) | \$ 1.11 |
| Tax Rate | 125.5% | | | | | 18.7% |

Only the line items that are affected by non-GAAP adjustments are shown.

Merck is providing certain non-GAAP information that excludes certain items because of the nature of these items and the impact they have on the analysis of underlying business performance and trends. Management believes that providing this information enhances investors' understanding of the company's results as it permits investors to understand how management assesses performance. Management uses these measures internally for planning and forecasting purposes and to measure the performance of the company along with other metrics. Senior management's annual compensation is derived in part using non-GAAP income and non-GAAP EPS. This information should be considered in addition to, but not as a substitute for or superior to, information prepared in accordance with GAAP.

⁽¹⁾ Amounts included in materials and production costs primarily reflect expenses for the amortization of intangible assets recognized as a result of business acquisitions. Amounts included in marketing and administrative expenses reflect integration, transaction and certain other costs related to business acquisitions and divestitures. Amounts included in research and development expenses reflect \$245 million of in-process research and development (IPR&D) impairment charges and \$26 million of expenses related to an increase in the estimated fair value measurement of liabilities for contingent consideration. Amount included in other (income) expense, net represents royalty income related to the termination of the Sanofi-Pasteur MSD joint venture.

⁽²⁾ Amounts primarily include employee separation costs and accelerated depreciation associated with facilities to be closed or divested related to activities under the company's formal restructuring programs.

⁽³⁾ Amount included in research and development expenses represents an aggregate charge related to the formation of a collaboration with AstraZeneca PLC.

⁽⁴⁾ Represents the estimated tax impact on the reconciling items based on applying the statutory rate of the originating territory of the non-GAAP adjustments.

⁽⁵⁾ Represents a net tax benefit related to the settlement of certain federal income tax issues.

MERCK & CO., INC.
GAAP TO NON-GAAP RECONCILIATION
NINE MONTHS ENDED SEPTEMBER 30, 2017
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES)
(UNAUDITED)

Table 2d

| | GAAP | Acquisition and Divestiture-Related Costs ⁽¹⁾ | Restructuring Costs ⁽²⁾ | Certain Other Items ⁽³⁾ | Adjustment Subtotal | Non-GAAP |
|----------------------------------------------|----------|----------------------------------------------------------|------------------------------------|------------------------------------|---------------------|----------|
| Materials and production | \$ 9,472 | 2,450 | 121 | | 2,571 | \$ 6,901 |
| Marketing and administrative | 7,432 | 40 | 3 | | 43 | 7,389 |
| Research and development | 8,024 | 289 | 11 | 2,350 | 2,650 | 5,374 |
| Restructuring costs | 470 | | 470 | | 470 | - |
| Other (income) expense, net | (351) | 18 | | (9) | 9 | (360) |
| Income Before Taxes | 4,642 | (2,797) | (605) | (2,341) | (5,743) | 10,385 |
| Income Tax Provision (Benefit) | 1,186 | (464) ⁽⁴⁾ | (132) ⁽⁴⁾ | (319) ⁽⁵⁾ | (915) | 2,101 |
| Net Income | 3,456 | (2,333) | (473) | (2,022) | (4,828) | 8,284 |
| Net Income Attributable to Merck & Co., Inc. | 3,440 | (2,333) | (473) | (2,022) | (4,828) | 8,268 |
| Earnings per Common Share Assuming Dilution | \$ 1.25 | (0.85) | (0.17) | (0.73) | (1.75) | \$ 3.00 |
| Tax Rate | 25.5% | | | | | 20.2% |

Only the line items that are affected by non-GAAP adjustments are shown.

Merck is providing certain non-GAAP information that excludes certain items because of the nature of these items and the impact they have on the analysis of underlying business performance and trends. Management believes that providing this information enhances investors' understanding of the company's results as it permits investors to understand how management assesses performance. Management uses these measures internally for planning and forecasting purposes and to measure the performance of the company along with other metrics. Senior management's annual compensation is derived in part using non-GAAP income and non-GAAP EPS. This information should be considered in addition to, but not as a substitute for or superior to, information prepared in accordance with GAAP.

⁽¹⁾ Amounts included in materials and production costs primarily reflect \$2.3 billion of expenses for the amortization of intangible assets recognized as a result of business acquisitions, as well as intangible asset impairment charges of \$123 million. Amounts included in marketing and administrative expenses reflect integration, transaction and certain other costs related to business acquisitions and divestitures. Amounts included in research and development expenses reflect \$253 million of in-process research and development (IPR&D) impairment charges, as well as \$36 million of expenses related to an increase in the estimated fair value measurement of liabilities for contingent consideration. Amounts included in other (income) expense, net reflect an increase in the estimated fair value measurement of liabilities for contingent consideration, partially offset by royalty income related to the termination of the Sanofi-Pasteur MSD joint venture.

⁽²⁾ Amounts primarily include employee separation costs and accelerated depreciation associated with facilities to be closed or divested related to activities under the company's formal restructuring programs.

⁽³⁾ Amount included in research and development expenses represents an aggregate charge related to the formation of a collaboration with AstraZeneca PLC.

⁽⁴⁾ Represents the estimated tax impact on the reconciling items based on applying the statutory rate of the originating territory of the non-GAAP adjustments.

⁽⁵⁾ Includes the estimated tax impact on the reconciling items based on applying the statutory rate of the originating territory of the non-GAAP adjustments, as well as a \$234 million net tax benefit related to the settlement of certain federal income tax issues and an \$88 million tax benefit related to the settlement of a state income tax issue.

MERCK & CO., INC.
FRANCHISE / KEY PRODUCT SALES
(AMOUNTS IN MILLIONS)
(UNAUDITED)
Table 3

7

| | 2018 | | | | 2017 | | | | | | 3Q | | Sep YTD | |
|--------------------------------------------|-----------------|-----------------|-----------------|-----------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|------------|------------|------------|------------|
| | 1Q | 2Q | 3Q | Sep YTD | 1Q | 2Q | 3Q | Sep YTD | 4Q | Full Year | Nom % | Ex-Exch % | Nom % | Ex-Exch % |
| TOTAL SALES ⁽¹⁾ | \$10,037 | \$10,465 | \$10,794 | \$31,296 | \$9,434 | \$9,930 | \$10,325 | \$29,689 | \$10,433 | \$40,122 | 5 | 6 | 5 | 5 |
| PHARMACEUTICAL | 8,919 | 9,282 | 9,658 | 27,859 | 8,185 | 8,759 | 9,156 | 26,101 | 9,290 | 35,390 | 5 | 7 | 7 | 5 |
| Oncology | | | | | | | | | | | | | | |
| Keytruda | 1,464 | 1,667 | 1,889 | 5,020 | 584 | 881 | 1,047 | 2,512 | 1,297 | 3,809 | 80 | 82 | 100 | 97 |
| Emend | 125 | 148 | 123 | 396 | 133 | 143 | 137 | 413 | 143 | 556 | -10 | -10 | -4 | -6 |
| Temodar | 57 | 56 | 46 | 159 | 66 | 65 | 68 | 198 | 73 | 271 | -32 | -30 | -20 | -21 |
| Alliance Revenue – Lynparza | 33 | 44 | 49 | 125 | | | 5 | 5 | 16 | 20 | * | * | * | * |
| Alliance Revenue – Lenvima | | 35 | 43 | 78 | | | | | | | * | 100 | * | 100 |
| Vaccines ⁽²⁾ | | | | | | | | | | | | | | |
| Gardasil / Gardasil 9 | 660 | 608 | 1,048 | 2,317 | 532 | 469 | 675 | 1,675 | 633 | 2,308 | 55 | 56 | 38 | 36 |
| ProQuad / M-M-R II / Varivax | 392 | 426 | 525 | 1,343 | 355 | 399 | 519 | 1,273 | 403 | 1,676 | 1 | 2 | 5 | 5 |
| Pneumovax 23 | 179 | 193 | 214 | 586 | 163 | 166 | 229 | 558 | 263 | 821 | -7 | -6 | 5 | 4 |
| RotaTeq | 193 | 156 | 191 | 540 | 224 | 123 | 179 | 525 | 160 | 686 | 7 | 8 | 3 | 2 |
| Zostavax | 65 | 44 | 54 | 163 | 154 | 160 | 234 | 547 | 121 | 668 | -77 | -77 | -70 | -71 |
| Hospital Acute Care | | | | | | | | | | | | | | |
| Bridion | 204 | 240 | 217 | 661 | 148 | 163 | 185 | 495 | 209 | 704 | 17 | 20 | 33 | 31 |
| Noxafil | 176 | 188 | 188 | 551 | 141 | 155 | 162 | 458 | 179 | 636 | 16 | 18 | 21 | 18 |
| Invanz | 151 | 149 | 137 | 437 | 136 | 150 | 159 | 445 | 157 | 602 | -14 | -12 | -2 | -2 |
| Cubicin | 98 | 94 | 95 | 287 | 96 | 103 | 91 | 290 | 92 | 382 | 4 | 6 | -1 | -3 |
| Cancidas | 91 | 87 | 79 | 257 | 121 | 112 | 94 | 327 | 95 | 422 | -16 | -14 | -22 | -25 |
| Primaxin | 72 | 68 | 72 | 212 | 62 | 71 | 73 | 206 | 74 | 280 | -1 | 0 | 3 | -1 |
| Immunology | | | | | | | | | | | | | | |
| Simponi | 231 | 233 | 210 | 673 | 184 | 199 | 219 | 602 | 217 | 819 | -4 | -3 | 12 | 5 |
| Remicade | 167 | 157 | 135 | 459 | 229 | 208 | 214 | 651 | 186 | 837 | -37 | -35 | -29 | -33 |
| Neuroscience | | | | | | | | | | | | | | |
| Belsomra | 54 | 71 | 66 | 191 | 42 | 52 | 56 | 150 | 60 | 210 | 17 | 17 | 27 | 25 |
| Virology | | | | | | | | | | | | | | |
| Isentress / Isentress HD | 281 | 305 | 275 | 860 | 305 | 282 | 310 | 896 | 308 | 1,204 | -11 | -9 | -4 | -5 |
| Zepatier | 131 | 113 | 104 | 347 | 378 | 517 | 468 | 1,363 | 296 | 1,660 | -78 | -77 | -75 | -76 |
| Cardiovascular | | | | | | | | | | | | | | |
| Zetia | 305 | 226 | 165 | 696 | 334 | 367 | 320 | 1,021 | 323 | 1,344 | -48 | -48 | -32 | -36 |
| Vytorin | 167 | 155 | 92 | 414 | 241 | 182 | 142 | 565 | 186 | 751 | -35 | -34 | -27 | -31 |
| Atozet | 73 | 101 | 84 | 258 | 49 | 63 | 59 | 171 | 54 | 225 | 42 | 44 | 51 | 42 |
| Adempas | 68 | 75 | 94 | 238 | 84 | 67 | 70 | 221 | 79 | 300 | 35 | 35 | 7 | 4 |
| Diabetes ⁽³⁾ | | | | | | | | | | | | | | |
| Januvia | 880 | 949 | 927 | 2,756 | 839 | 948 | 1,012 | 2,799 | 938 | 3,737 | -8 | -8 | -2 | -3 |
| Janumet | 544 | 585 | 563 | 1,693 | 496 | 563 | 513 | 1,572 | 586 | 2,158 | 10 | 12 | 8 | 6 |
| Women's Health | | | | | | | | | | | | | | |
| NuvaRing | 216 | 236 | 234 | 686 | 160 | 199 | 214 | 573 | 188 | 761 | 9 | 10 | 20 | 19 |
| Implanon / Nexplanon | 174 | 174 | 186 | 535 | 170 | 178 | 155 | 503 | 183 | 686 | 20 | 22 | 6 | 6 |
| Diversified Brands | | | | | | | | | | | | | | |
| Singulair | 175 | 185 | 161 | 521 | 186 | 203 | 161 | 550 | 182 | 732 | 0 | 1 | -5 | -9 |
| Cozaar / Hyzaar | 120 | 125 | 103 | 348 | 112 | 119 | 128 | 360 | 125 | 484 | -20 | -18 | -3 | -6 |
| Nasonex | 122 | 81 | 71 | 274 | 139 | 85 | 42 | 266 | 120 | 387 | 67 | 73 | 3 | 0 |
| Arcoxia | 83 | 84 | 83 | 249 | 103 | 89 | 80 | 272 | 91 | 363 | 3 | 7 | -8 | -10 |
| Follistim AQ | 67 | 70 | 60 | 198 | 81 | 79 | 72 | 232 | 66 | 298 | -16 | -15 | -15 | -17 |
| Fosamax | 55 | 59 | 45 | 159 | 61 | 66 | 53 | 180 | 62 | 241 | -16 | -14 | -12 | -15 |
| Dulera | 57 | 42 | 50 | 149 | 82 | 69 | 59 | 210 | 77 | 287 | -15 | -14 | -29 | -29 |
| Other Pharmaceutical ⁽⁴⁾ | 989 | 1,053 | 980 | 3,023 | 995 | 1,064 | 952 | 3,017 | 1,048 | 4,065 | 3 | 6 | 0 | -1 |
| ANIMAL HEALTH | 1,065 | 1,090 | 1,021 | 3,176 | 939 | 955 | 1,000 | 2,894 | 981 | 3,875 | 2 | 6 | 10 | 8 |
| Livestock | 652 | 633 | 660 | 1,946 | 578 | 582 | 655 | 1,816 | 668 | 2,484 | 1 | 5 | 7 | 6 |
| Companion Animals | 413 | 457 | 361 | 1,230 | 361 | 373 | 345 | 1,078 | 313 | 1,391 | 5 | 7 | 14 | 12 |
| Other Revenues ⁽⁵⁾ | 53 | 93 | 115 | 261 | 310 | 216 | 169 | 694 | 162 | 857 | -32 | -21 | -62 | -16 |

* 200% or greater

Sum of quarterly amounts may not equal year-to-date amounts due to rounding.

⁽¹⁾ Only select products are shown.

⁽²⁾ Total Vaccines sales were \$1,561 million, \$1,533 million and \$2,159 million in the first, second and third quarters of 2018, respectively, and \$1,516 million, \$1,404 million, \$1,924 million and \$1,704 million for the first, second, third and fourth quarters of 2017, respectively.

⁽³⁾ Total Diabetes sales were \$1,433 million, \$1,571 million and \$1,506 million in the first, second and third quarters of 2018, respectively, and \$1,338 million, \$1,520 million, \$1,531 million and \$1,533 million for the first, second, third and fourth quarters of 2017, respectively.

⁽⁴⁾ Includes Pharmaceutical products not individually shown above.

⁽⁵⁾ Other Revenues are comprised primarily of Healthcare Services segment revenues, third-party manufacturing sales and miscellaneous corporate revenues, including revenue hedging activities.

MERCK & CO., INC.
FRANCHISE / KEY PRODUCT SALES
THIRD QUARTER 2018
(AMOUNTS IN MILLIONS)
(UNAUDITED)
Table 3a

8

| | Global | | | U.S. | | | International | | |
|--------------------------------------------|-----------------|-----------------|------------|----------------|----------------|------------|----------------|----------------|------------|
| | 3Q 2018 | 3Q 2017 | % Change | 3Q 2018 | 3Q 2017 | % Change | 3Q 2018 | 3Q 2017 | % Change |
| TOTAL SALES ⁽¹⁾ | \$10,794 | \$10,325 | 5 | \$5,030 | \$4,594 | 9 | \$5,764 | \$5,732 | 1 |
| PHARMACEUTICAL | 9,658 | 9,156 | 5 | 4,649 | 4,197 | 11 | 5,010 | 4,959 | 1 |
| Oncology | | | | | | | | | |
| Keytruda | 1,889 | 1,047 | 80 | 1,109 | 604 | 84 | 780 | 442 | 76 |
| Emend | 123 | 137 | -10 | 71 | 88 | -20 | 52 | 49 | 6 |
| Temodar | 46 | 68 | -32 | | | | 46 | 68 | -33 |
| Alliance Revenue - Lynparza | 49 | 5 | * | 33 | | | 15 | 5 | * |
| Alliance Revenue - Lenvima | 43 | | | 30 | | | 13 | | |
| Vaccines ⁽²⁾ | | | | | | | | | |
| Gardasil / Gardasil 9 | 1,048 | 675 | 55 | 740 | 484 | 53 | 308 | 191 | 62 |
| ProQuad / M-M-R II / Varivax | 525 | 519 | 1 | 429 | 419 | 2 | 96 | 100 | -4 |
| Pneumovax 23 | 214 | 229 | -7 | 160 | 174 | -8 | 54 | 56 | -3 |
| RotaTeq | 191 | 179 | 7 | 134 | 127 | 6 | 57 | 52 | 10 |
| Zostavax | 54 | 234 | -77 | (1) | 139 | -101 | 56 | 94 | -41 |
| Hospital Acute Care | | | | | | | | | |
| Bridion | 217 | 185 | 17 | 96 | 63 | 52 | 120 | 122 | -1 |
| Noxafil | 188 | 162 | 16 | 89 | 78 | 13 | 99 | 83 | 19 |
| Invanz | 137 | 159 | -14 | 74 | 93 | -20 | 62 | 66 | -6 |
| Cubicin | 95 | 91 | 4 | 55 | 41 | 33 | 40 | 50 | -19 |
| Candidas | 79 | 94 | -16 | 2 | 6 | -62 | 77 | 88 | -13 |
| Primaxin | 72 | 73 | -1 | 1 | 5 | -86 | 71 | 68 | 5 |
| Immunology | | | | | | | | | |
| Simponi | 210 | 219 | -4 | | | | 210 | 219 | -4 |
| Remicade | 135 | 214 | -37 | | | | 135 | 214 | -37 |
| Neuroscience | | | | | | | | | |
| Belsomra | 66 | 56 | 17 | 23 | 27 | -12 | 43 | 30 | 44 |
| Virology | | | | | | | | | |
| Isentress / Isentress HD | 275 | 310 | -11 | 123 | 143 | -14 | 151 | 167 | -9 |
| Zepatier | 104 | 468 | -78 | 18 | 228 | -92 | 86 | 241 | -64 |
| Cardiovascular | | | | | | | | | |
| Zetia | 165 | 320 | -48 | 9 | 65 | -86 | 157 | 255 | -39 |
| Vytorin | 92 | 142 | -35 | | (6) | 108 | 92 | 148 | -38 |
| Atozet | 84 | 59 | 42 | | | | 84 | 59 | 42 |
| Adempas | 94 | 70 | 35 | | | | 94 | 70 | 35 |
| Diabetes ⁽³⁾ | | | | | | | | | |
| Januvia | 927 | 1,012 | -8 | 498 | 598 | -17 | 429 | 414 | 4 |
| Janumet | 563 | 513 | 10 | 225 | 197 | 14 | 339 | 316 | 7 |
| Women's Health | | | | | | | | | |
| NuvaRing | 234 | 214 | 9 | 193 | 160 | 21 | 41 | 54 | -25 |
| Implanon / Nexplanon | 186 | 155 | 20 | 133 | 110 | 21 | 53 | 45 | 19 |
| Diversified Brands | | | | | | | | | |
| Singulair | 161 | 161 | | 5 | 16 | -68 | 156 | 145 | 7 |
| Cozaar / Hyzaar | 103 | 128 | -20 | 4 | 9 | -53 | 99 | 119 | -17 |
| Arcoxia | 83 | 80 | 3 | | | | 83 | 80 | 3 |
| Nasonex | 71 | 42 | 67 | 7 | (23) | 129 | 64 | 65 | -2 |
| Follistim AQ | 60 | 72 | -16 | 26 | 30 | -13 | 34 | 41 | -18 |
| Dulera | 50 | 59 | -15 | 44 | 52 | -16 | 6 | 7 | -6 |
| Fosamax | 45 | 53 | -16 | 2 | 4 | -46 | 42 | 48 | -13 |
| Other Pharmaceutical ⁽⁴⁾ | 980 | 952 | 3 | 317 | 266 | 19 | 666 | 688 | -3 |
| ANIMAL HEALTH | 1,021 | 1,000 | 2 | 306 | 290 | 6 | 715 | 710 | 1 |
| Livestock | 660 | 655 | 1 | 153 | 137 | 12 | 508 | 518 | -2 |
| Companion Animals | 361 | 345 | 5 | 153 | 153 | | 207 | 192 | 8 |
| Other Revenues ⁽⁵⁾ | 115 | 169 | -32 | 75 | 107 | -30 | 39 | 63 | -39 |

* 200% or greater

⁽¹⁾ Only select products are shown.

⁽²⁾ Total Vaccines sales were \$2,159 million and \$1,924 million on a global basis for third quarter 2018 and 2017, respectively.

⁽³⁾ Total Diabetes sales were \$1,506 million and \$1,531 million on a global basis for third quarter 2018 and 2017, respectively.

⁽⁴⁾ Includes Pharmaceutical products not individually shown above.

⁽⁵⁾ Other Revenues are comprised primarily of Healthcare Services segment revenue, third-party manufacturing sales and miscellaneous corporate revenues, including revenue hedging activities.

MERCK & CO., INC.
FRANCHISE / KEY PRODUCT SALES
SEPTEMBER YEAR-TO-DATE 2018
(AMOUNTS IN MILLIONS)
(UNAUDITED)
Table 3b

| | Global | | | U.S. | | | International | | |
|--------------------------------------------|-----------------|-----------------|------------|-----------------|-----------------|------------|-----------------|-----------------|-------------|
| | Sep YTD 2018 | Sep YTD 2017 | % Change | Sep YTD 2018 | Sep YTD 2017 | % Change | Sep YTD 2018 | Sep YTD 2017 | % Change |
| TOTAL SALES ⁽¹⁾ | \$31,296 | \$29,689 | 5 | \$13,425 | \$13,096 | 3 | \$17,871 | \$16,593 | 8 |
| PHARMACEUTICAL | 27,859 | 26,101 | 7 | 12,206 | 11,887 | 3 | 15,653 | 14,214 | 10 |
| Oncology | | | | | | | | | |
| Keytruda | 5,020 | 2,512 | 100 | 2,906 | 1,522 | 91 | 2,114 | 990 | 114 |
| Emend | 396 | 413 | -4 | 239 | 257 | -7 | 157 | 156 | 1 |
| Temodar | 159 | 198 | -20 | 3 | 4 | -40 | 156 | 194 | -19 |
| Alliance Revenue - Lynparza | 125 | 5 | * | 88 | | | 37 | 5 | * |
| Alliance Revenue - Lenvima | 78 | | | 49 | | | 29 | | |
| Vaccines ⁽²⁾ | | | | | | | | | |
| Gardasil / Gardasil 9 | 2,317 | 1,675 | 38 | 1,422 | 1,195 | 19 | 894 | 481 | 86 |
| ProQuad / M-M-R II / Varivax | 1,343 | 1,273 | 5 | 1,097 | 1,058 | 4 | 246 | 215 | 14 |
| Pneumovax 23 | 586 | 558 | 5 | 394 | 392 | 1 | 192 | 166 | 15 |
| RotaTeq | 540 | 525 | 3 | 384 | 377 | 2 | 156 | 148 | 6 |
| Zostavax | 163 | 547 | -70 | 16 | 356 | -96 | 147 | 191 | -23 |
| Hospital Acute Care | | | | | | | | | |
| Bridion | 661 | 495 | 33 | 272 | 162 | 67 | 389 | 333 | 17 |
| Noxafil | 551 | 458 | 21 | 257 | 220 | 17 | 294 | 237 | 24 |
| Invanz | 437 | 445 | -2 | 252 | 268 | -6 | 185 | 177 | 4 |
| Cubicin | 287 | 290 | -1 | 150 | 148 | 1 | 137 | 141 | -3 |
| Cancidas | 257 | 327 | -22 | 10 | 17 | -45 | 247 | 310 | -20 |
| Primaxin | 212 | 206 | 3 | 6 | 7 | -12 | 206 | 199 | 3 |
| Immunology | | | | | | | | | |
| Simponi | 673 | 602 | 12 | | | | 673 | 602 | 12 |
| Remicade | 459 | 651 | -29 | | | | 459 | 651 | -29 |
| Neuroscience | | | | | | | | | |
| Belsomra | 191 | 150 | 27 | 76 | 72 | 5 | 115 | 78 | 47 |
| Virology | | | | | | | | | |
| Isentress / Isentress HD | 860 | 896 | -4 | 383 | 422 | -9 | 477 | 474 | 1 |
| Zepatier | 347 | 1,363 | -75 | 8 | 683 | -99 | 339 | 680 | -50 |
| Cardiovascular | | | | | | | | | |
| Zetia | 696 | 1,021 | -32 | 34 | 298 | -89 | 662 | 723 | -8 |
| Vytorin | 414 | 565 | -27 | 11 | 114 | -90 | 402 | 451 | -11 |
| Atozet | 258 | 171 | 51 | | | | 258 | 171 | 51 |
| Adempas | 238 | 221 | 7 | | | | 238 | 221 | 7 |
| Diabetes ⁽³⁾ | | | | | | | | | |
| Januvia | 2,756 | 2,799 | -2 | 1,466 | 1,646 | -11 | 1,291 | 1,153 | 12 |
| Janumet | 1,693 | 1,572 | 8 | 625 | 640 | -2 | 1,067 | 933 | 14 |
| Women's Health | | | | | | | | | |
| NuvaRing | 686 | 573 | 20 | 550 | 425 | 29 | 135 | 148 | -9 |
| Implanon / Nexplanon | 535 | 503 | 6 | 375 | 367 | 2 | 160 | 137 | 17 |
| Diversified Brands | | | | | | | | | |
| Singulair | 521 | 550 | -5 | 16 | 28 | -44 | 505 | 522 | -3 |
| Cozaar / Hyzaar | 348 | 360 | -3 | 18 | 15 | 26 | 330 | 345 | -4 |
| Nasonex | 274 | 266 | 3 | 8 | 16 | -49 | 266 | 250 | 6 |
| Arcoxia | 249 | 272 | -8 | | | | 249 | 272 | -8 |
| Follistim AQ | 198 | 232 | -15 | 83 | 104 | -21 | 115 | 128 | -10 |
| Fosamax | 159 | 180 | -12 | 3 | 7 | -53 | 155 | 173 | -10 |
| Dulera | 149 | 210 | -29 | 128 | 191 | -33 | 21 | 19 | 9 |
| Other Pharmaceutical ⁽⁴⁾ | 3,023 | 3,017 | | 877 | 876 | | 2,150 | 2,140 | |
| ANIMAL HEALTH | 3,176 | 2,894 | 10 | 924 | 842 | 10 | 2,252 | 2,052 | 10 |
| Livestock | 1,946 | 1,816 | 7 | 383 | 359 | 7 | 1,563 | 1,457 | 7 |
| Companion Animals | 1,230 | 1,078 | 14 | 541 | 483 | 12 | 689 | 595 | 16 |
| Other Revenues ⁽⁵⁾ | 261 | 694 | -62 | 295 | 367 | -20 | (34) | 327 | -110 |

* 200% or greater

⁽¹⁾ Only select products are shown.

⁽²⁾ Total Vaccines sales were \$5,254 million and \$4,843 million on a global basis for September YTD 2018 and 2017, respectively.

⁽³⁾ Total Diabetes sales were \$4,510 million and \$4,389 million on a global basis for September YTD 2018 and 2017, respectively.

⁽⁴⁾ Includes Pharmaceutical products not individually shown above.

⁽⁵⁾ Other Revenues are comprised primarily of Healthcare Services segment revenue, third-party manufacturing sales and miscellaneous corporate revenues, including revenue hedging activities.

MERCK & CO., INC.
PHARMACEUTICAL GEOGRAPHIC SALES
(AMOUNTS IN MILLIONS)
(UNAUDITED)

Table 3c

| | 2018 | | | | 2017 | | | | | | % Change 3Q |
|------------------------------------------|----------------|----------------|----------------|-----------------|----------------|----------------|----------------|-----------------|----------------|-----------------|----------------|
| | 1Q | 2Q | 3Q | Sep YTD | 1Q | 2Q | 3Q | Sep YTD | 4Q | Full Year | |
| TOTAL PHARMACEUTICAL | \$8,919 | \$9,282 | \$9,658 | \$27,859 | \$8,185 | \$8,759 | \$9,156 | \$26,101 | \$9,290 | \$35,390 | 5 |
| United States | 3,716 | 3,841 | 4,649 | 12,206 | 3,761 | 3,929 | 4,197 | 11,887 | 3,967 | 15,854 | 11 |
| % Pharmaceutical Sales | 41.7% | 41.4% | 48.1% | 43.8% | 45.9% | 44.9% | 45.8% | 45.5% | 42.7% | 44.8% | |
| Europe ⁽¹⁾ | 2,402 | 2,322 | 2,114 | 6,839 | 1,977 | 2,082 | 2,174 | 6,232 | 2,290 | 8,522 | -3 |
| % Pharmaceutical Sales | 26.9% | 25.0% | 21.9% | 24.5% | 24.2% | 23.8% | 23.7% | 23.9% | 24.7% | 24.1% | |
| Japan | 718 | 834 | 740 | 2,292 | 688 | 818 | 756 | 2,262 | 780 | 3,043 | -2 |
| % Pharmaceutical Sales | 8.1% | 9.0% | 7.7% | 8.2% | 8.4% | 9.3% | 8.3% | 8.7% | 8.4% | 8.6% | |
| Asia Pacific | 1,112 | 1,224 | 1,054 | 3,390 | 889 | 946 | 994 | 2,829 | 1,054 | 3,883 | 6 |
| % Pharmaceutical Sales | 12.5% | 13.2% | 10.9% | 12.2% | 10.9% | 10.8% | 10.9% | 10.8% | 11.3% | 11.0% | |
| China | 459 | 530 | 488 | 1,476 | 328 | 353 | 377 | 1,058 | 439 | 1,497 | 30 |
| Latin America | 398 | 459 | 493 | 1,350 | 375 | 462 | 451 | 1,288 | 547 | 1,836 | 9 |
| % Pharmaceutical Sales | 4.5% | 4.9% | 5.1% | 4.8% | 4.6% | 5.3% | 4.9% | 4.9% | 5.9% | 5.2% | |
| Eastern Europe/Middle East Africa | 335 | 356 | 347 | 1,038 | 255 | 314 | 349 | 918 | 397 | 1,314 | 0 |
| % Pharmaceutical Sales | 3.8% | 3.8% | 3.6% | 3.7% | 3.1% | 3.6% | 3.8% | 3.5% | 4.3% | 3.7% | |
| Canada | 196 | 192 | 177 | 565 | 182 | 171 | 193 | 546 | 193 | 739 | -8 |
| % Pharmaceutical Sales | 2.2% | 2.1% | 1.8% | 2.0% | 2.2% | 2.0% | 2.1% | 2.1% | 2.1% | 2.1% | |
| Other | 42 | 54 | 84 | 179 | 58 | 37 | 42 | 139 | 62 | 199 | 100 |
| % Pharmaceutical Sales | 0.5% | 0.6% | 0.9% | 0.6% | 0.7% | 0.4% | 0.5% | 0.5% | 0.7% | 0.6% | |

⁽¹⁾ Europe primarily represents all European Union countries and the European Union accession markets.

MERCK & CO., INC.
OTHER (INCOME) EXPENSE, NET - GAAP
(AMOUNTS IN MILLIONS)
(UNAUDITED)
Table 4

OTHER (INCOME) EXPENSE, NET

| | 3Q18 | 3Q17 | Sep YTD 2018 | Sep YTD 2017 |
|-------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Interest income | \$ (92) | \$ (90) | \$ (257) | \$ (284) |
| Interest expense | 190 | 189 | 569 | 564 |
| Exchange losses (gains) | 42 | (6) | 119 | 5 |
| Equity income from affiliates | (81) | (18) | (93) | (11) |
| Net periodic defined benefit plan (credit) cost other than service cost | (119) | (121) | (384) | (381) |
| Other, net | (112) | (161) | (466) | (244) |
| Total | \$ (172) | \$ (207) | \$ (512) | \$ (351) |

On January 1, 2018, the company adopted a new accounting standard related to defined benefit plans that requires the components of net benefit cost/credit (other than service costs) be presented in the statement of income outside of operating expenses. Upon adoption, net periodic benefit cost/credit other than service cost was reclassified to *Other (income) expense, net* from the previous classifications within *Materials and production* costs, *Marketing and administrative* expenses and *Research and development* costs. Previously reported amounts have been reclassified to conform to the new presentation. There was no impact to net income as a result of adopting the new standard.