



2005 Annual Report



Merck is changing every aspect  
of its business in order to  
reclaim its leadership position  
in the pharmaceutical industry.



Dick Clark,  
Chief Executive Officer  
and President

## Message to shareholders

Dear Shareholders:

When I joined Merck almost 35 years ago, I did not expect that someday I would be asked to lead this great Company as its chief executive officer and president.

On the day I was offered that opportunity last spring, I could not have been more honored or excited. I was honored by the confidence that our Board of Directors was placing in me. I was excited because serving in this job would give me the opportunity to return Merck to the status it once enjoyed as the Company to which patients, physicians and shareholders look for unmatched excellence in addressing unmet medical needs.

## Financial Highlights

Merck & Co., Inc. and Subsidiaries

Years Ended December 31

(\$ in millions except per share amounts)

	2005 <sup>(1)</sup>	2004 <sup>(2)</sup>	2003 <sup>(3)</sup>	Percentage Change from Preceding Year	
				2005	2004
Sales	\$22,011.9	\$22,938.6	\$22,485.9	-4%	+2%
Net income	4,631.3	5,813.4	6,830.9	-20%	-15%
Earnings per common share assuming dilution					
Net income	\$2.10	\$2.61	\$3.03	-20%	-14%
Cash dividends paid per common share	\$1.52	\$1.49	\$1.45	+2%	+3%
Average common shares outstanding assuming dilution (millions)	2,200.4	2,226.4	2,253.1		
Total assets	44,845.8	42,572.8	40,587.5		
Net cash flows provided by operating activities of continuing operations	7,608.5	8,799.1	8,426.5		
Capital expenditures	1,402.7	1,726.1	1,915.9		
Net income as a % of average total assets	10.6%	14.0%	14.9%		
Number of stockholders of record	198,200	216,100	233,000		
Number of employees	61,500	62,600	63,200		

<sup>(1)</sup> Amounts for 2005 include the impact of the net tax charge primarily associated with the AJCA repatriation, restructuring actions and additional Vioxx legal defense costs.

<sup>(2)</sup> Amounts for 2004 include the impact of the withdrawal of Vioxx, Vioxx legal defense costs and restructuring actions.

<sup>(3)</sup> Amounts for 2003 include the impact of the implementation of a new distribution program for U.S. wholesalers and restructuring actions.

Over the course of my years at Merck, this Company has discovered, developed and brought to patients medicines and vaccines that have made an enormous difference in the health and lives of millions. All of us at Merck are proud of what we have accomplished together. Each of us is eager to build on that legacy of achievement and reach new heights of success.

Yet each of us is also keenly aware that we have a lot of work to do to return Merck to the leadership position it held for so long. We are driven, not by some sense of nostalgia for the past, but by a vision of what Merck can be in the years ahead. We are determined to succeed by producing results that earn the confidence of patients, physicians, payers and shareholders in equal measure.

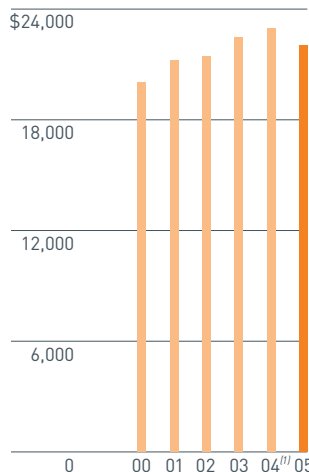
From the moment I assumed my new position, my management team and I began working to identify what we need to do to reclaim Merck's leadership. We concluded that we must take a completely different approach to every aspect of our business. By the time 2005 came to a close, we had developed and started implementing a strategy to make Merck, once again, a true leader in the pharmaceutical industry.

We call our strategy *Merck's Plan to Win*. We entered 2006 actively working to execute that plan to deliver greater value for shareholders, patients and the health care providers and payers who serve them, and results that all of us at Merck can take pride in.

Throughout my tenure at Merck, I have been impressed by the dedication and talent of our employees.

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pharmaceutical industry.

Consolidated Sales  
\$ in millions



<sup>(1)</sup> Amount for 2004 includes the impact of the withdrawal of Vioxx.

It is because of these qualities that I have such confidence in our ability to deliver on our plan. I am also appreciative of the guidance and support of our Board of Directors. This Company is fortunate to be served by people of such extraordinary passion and commitment, and I am fortunate to be working with them.

In this report, we will share with you the framework of our plan. I am confident that you will agree that it is a plan that fully and boldly addresses the challenges we face. I pledge that you will see during the course of 2006 and beyond that we are committed to flawlessly executing our plan.

As we undertake this effort, we do so with considerable strength and momentum. Throughout the course of 2005 and early in 2006, we continued to make important advances in improving patient care and preventing disease:

- *Fosamax Plus D*, a single once-weekly tablet that provides osteoporosis patients with the benefits of *Fosamax* and vitamin D in one convenient dose, was approved by the United States Food and Drug Administration (FDA);

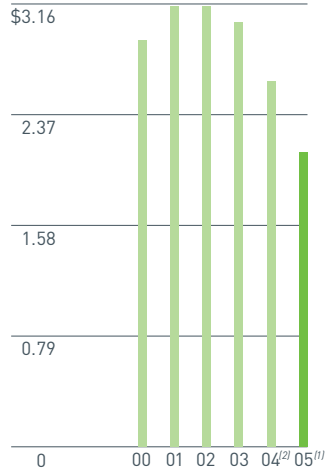
- *Singulair* received approval for a new indication for year-round allergies in patients as young as six months;
- *Vaqta*, our hepatitis A vaccine, was approved by the FDA for children as young as one year, and was recommended for use at this age by the

Advisory Committee on Immunization Practices;

- *ProQuad*, our combination vaccine for measles, mumps, rubella and chickenpox, became the first and only vaccine approved for use in the United States that helps protect against these four diseases in one shot;
- *Gardasil*, our investigational vaccine for cervical cancer – the second leading cause of cancer deaths in women worldwide – was granted priority review by the FDA. A true breakthrough, *Gardasil* has the potential to reduce the estimated 500,000 diagnosed cases of cervical cancer and 300,000 deaths annually worldwide;
- *RotaTeq*, our vaccine to prevent rotavirus gastroenteritis, which is responsible for approximately half a million deaths among children worldwide each year, was approved by the FDA for use in the United States;
- *Zostavax*, our investigational vaccine to help prevent shingles in patients over 60, received a positive review

Throughout the course of 2005 and early in 2006, we continued to make important advances in improving patient care and preventing disease.

### Earnings per Common Share Assuming Dilution



<sup>(1)</sup> Amount for 2005 includes the impact of the net tax charge associated with AJCA repatriation, restructuring actions and additional Vioxx legal defense costs.

<sup>(2)</sup> Amount for 2004 includes the impact of the withdrawal of Vioxx, which includes Vioxx legal defense costs.

by an FDA Advisory Committee, a critical step toward expected FDA approval in 2006. In February 2006, the FDA extended its review by three months until late May;

- *Januvia*, which is the proposed name for our investigational medicine to treat type 2 diabetes, has been accepted for standard review by the FDA. If approved, *Januvia* will be Merck's first marketed drug for this disease, which afflicts nearly 21 million Americans.

As one of just five major pharmaceutical research companies in the world that is actively pursuing the development of new vaccines, we are making significant inroads in the cause of disease prevention. We expect our vaccine business to continue to provide significant strength to our long-term growth.

In addition, promising drugs in late-stage development for diabetes, insomnia, heart disease, high cholesterol and HIV/AIDS continue to advance through our pipeline and are expected to drive our growth between now and the end of the decade.

Our momentum is further fueled by significant growth in the number of new candidates entering

Merck's pipeline. In 2005, the number of compounds entering our pipeline was nearly four times greater than it was in 2001. Our commitment to the research and development which drives our success is as strong today as it has ever been. And because we are taking full advantage of the exciting advances emerging from the revolution in the biosciences, that

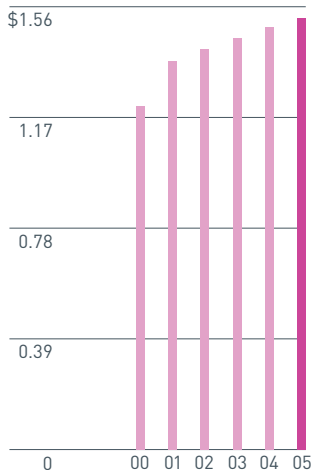
commitment should yield real results faster than ever before for patients and for Merck.

We continue to reinforce the strength of our core pharmaceutical business by entering into partnerships and licensing agreements. In the years ahead, we also will pursue certain alliances or acquisitions in diagnostics and devices – not to build a stand-alone business in that area – but rather to enhance our core business. Furthermore, we will look for opportunities to participate in authorized generics.

Merck's strong financial status provides a sound platform for the future. We continue to be focused on cash flow to enhance total shareholder returns. In 2005, free operating cash flow, after capital expenditures, was

**Merck's strong financial status provides  
a sound platform for the future.**

Cash Dividends Paid per Common Share



more than \$5 billion, and we anticipate it will be approximately \$5 billion in 2006. That strong cash flow reinforces our commitment to maintaining our dividend at the current level and provides opportunity for share repurchases.

We also initiated in 2005 a new series of steps to reduce our cost structure to make Merck better able to respond to the challenges we face, provide value for customers and enhance shareholder value. In November, we announced a global restructuring plan to produce significant cost savings through our manufacturing process redesign. Combined with substantial cost savings we expect to achieve in our marketing and administrative expenses, we anticipate cumulative savings in these areas of \$4.5 to \$5 billion through 2010.

These savings will enable us to fund new product launches, which will contribute to earnings per share (EPS) growth over the next five years. Excluding net tax charges in 2005, charges related to our restructuring plan, any one-time gains associated with the AstraZeneca partnership and the establishment of reserves for any potential liability related to the *Vioxx* litigation, we expect to achieve double-digit

compound annual EPS growth through 2010, relative to our 2005 base, with annual EPS growth resuming in 2007.

As you know, the past year brought some challenges as well as successes. The litigation around *Vioxx*

continues to unfold and will go on for years. This situation has not, however, distracted our attention from our mission of bringing novel and critically needed medicines and vaccines to patients who need them. Neither has it disrupted our business operations nor diverted us from our efforts to restore Merck to a position of industry leadership.

In 2005, Merck continued and expanded its historic commitment to ensuring that the people who need our medicines have access to them. From our progress in addressing HIV/AIDS in Botswana and elsewhere, to our continuing commitment to combating the scourge of river blindness through the Merck Mectizan Donation Program, we are extending a helping hand to those most in need in the developing world.

In the United States, our efforts to provide medicines to those who cannot afford them have continued to expand through our Patient Assistance Program

In 2005, Merck continued and expanded its historic commitment to ensuring that the people who need our medicines have access to them.



Merck recently added two members to its Management Committee:

Willie A. Deese, president, Merck Manufacturing Division; and J. Chris Scalet, senior vice president, Global Process and Services, and chief

information officer. Merck also announced changes in the responsibilities of several other Management Committee members to strengthen the Company's ability to focus on the critical needs of our business. From

left to right: (seated) Per Wold-Olsen, 58, president, Human Health-Intercontinental; Judy C. Lewent, 57, executive vice president and chief financial officer; (seated) Bradley T. Sheares, Ph.D., 49, president, U.S. Human Health; Adel A.F. Mahmoud, M.D., Ph.D., 64, chief medical advisor, Vaccines and Infectious Diseases; Willie A. Deese, 50; (seated) Richard T. Clark, 59, chief executive officer and president; Margaret G. McGlynn, 46, president, Merck Vaccine Division; (seated) Peter S. Kim, Ph.D., 47, president,

and our new Merck Prescription Discount Program. As Rebecca Ray, a 46-year-old woman in Virginia who has been helped through our Patient Assistance Program, said, "It's made a huge difference in my life. It's a great program."

Our help also extended to those whose lives were affected by a series of natural disasters in the United States and elsewhere around the world. Our combined contributions following the 2004 tsunami in Southeast Asia, the recent earthquake in Pakistan and hurricanes Katrina and Rita exceeded \$26 million. These efforts demonstrate that we continue to honor the values that have long distinguished Merck.

As I said on my first day on the job, I am committed to leading the change that is necessary to ensure Merck's success into the future. *Merck's Plan to Win*

is changing the way we approach every aspect of our business. It is positioning us to take full advantage of the opportunities these challenging times present. By executing our plan flawlessly, Merck can again be the Company to which patients, physicians and payers alike look for unmatched excellence and to which shareholders look for value and performance.

We have behind us a proud and distinguished legacy. We have before us an exciting and successful future. We are eager to make it happen.

Sincerely,

Dick Clark  
Chief Executive Officer and President

February 22, 2006

## *Merck's Plan to Win*

The year 2005 brought **significant change** to Merck. Dick Clark, the head of the Merck Manufacturing Division, was named Merck's new chief executive officer and president. **Promising new medicines and vaccines** made important progress through our pipeline. And Merck's management team developed and began **executing a strategy** designed to return Merck to a **leadership position** in the pharmaceutical industry.

The result of this effort, *Merck's Plan to Win*, was unveiled on December 15. Every part of the Company is already **hard at work** executing it.

*Merck's Plan to Win* is centered  
on five strategic actions.

Developed by more than 200 of Merck's senior managers, *Merck's Plan to Win* is centered on five strategic actions. These actions will fundamentally change every aspect of Merck's business by:

1. Focusing the bulk of our research and development efforts on nine priority disease areas, so we are focused on meeting medical needs that make a difference in patients' lives;
2. Completely redefining our product discovery and development model to bring new medicines and vaccines to market faster and more efficiently;
3. Creating a new commercial model to give all of our customers—patients, physicians and payers—the important information they need more quickly and in ways they can use, so that every interaction they have with Merck provides greater value;
4. Achieving leadership in emerging pharmaceutical markets, to bring our medicines and vaccines to underserved patients and to take full advantage of the opportunities such markets provide;
5. Creating a lean and flexible cost structure, so we can invest more heavily in those areas of our business that drive our success.

In short, Merck's new strategy relies on changing every aspect of our business, while remaining constant in our commitment to putting patients first, and to meeting the high standards of ethics and values with which Merck has long been identified.

As 2006 began, all five of these strategic actions were already under way. And our management team is committed to ensuring that the entire organization executes our *Plan to Win* flawlessly. The patients we serve, the physicians who look to us and the shareholders who invest in their futures by investing in ours deserve nothing less.

**1** **Our decision to refocus** Merck's research and development efforts on nine priority disease areas represents a significant change in our approach to discovering and developing new medicines and vaccines. In the past, Merck pursued all areas of unmet medical need. Under our new strategy, we are now prioritizing our areas of research, based on scientific opportunity and value to our customers.

The nine priority disease areas represent many of the world's most critically important health care

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value to our customers.

Of 15 major childhood diseases, Merck makes vaccines to protect against eight of them. With *RotaTeq*, Merck continues our tradition of developing novel vaccines that meet patient needs.



Virtually all children will experience rotavirus. Its symptoms include fever, vomiting and diarrhea, which can lead to life-threatening dehydration. Worldwide, rotavirus takes the lives of nearly 500,000 children annually. In the United States

each year, as many as 250,000 children under five years of age are taken to emergency rooms as a result of rotavirus.

Merck's new vaccine, *RotaTeq*, has the potential to substantially reduce the impact of rotavirus disease. In a clinical study of nearly 70,000 infants, *RotaTeq*

prevented 98 percent of the severe cases of rotavirus gastroenteritis caused by strains targeted by the vaccine.

With FDA approval obtained in February 2006, Merck is committed to bringing the benefits of *RotaTeq* to children worldwide.

Merck has filed for licenses for *RotaTeq* in more than 50 countries and plans to initiate clinical studies this year to evaluate the use of *RotaTeq* in Africa and Asia.

Type 2 diabetes affects millions of people around the world. Now, with *Januvia*, there may soon be a new way to treat this disease.



*Januvia* is the proposed name for our investigational medicine for type 2 diabetes, a serious and debilitating disease that becomes progressively more common with age and obesity. This disease affects at least 175 million people worldwide.

If approved, *Januvia* would be the first in a new class of oral medications that enhance the body's own ability to lower blood sugar when it is elevated. *Januvia* was not associated in Merck's clinical studies with the

common side effects, like weight gain and increased incidence of hypoglycemia (excessively low blood sugar), which can occur with some current treatments.

In February 2006, *Januvia* was accepted for standard review by the FDA. Merck expects FDA

action on our New Drug Application by mid-October. If approved, it has the potential to offer patients exactly what people have always expected from Merck—breakthrough medicines that make a real difference.

We recognize that in today's environment, we must be able to move faster and smarter than ever before to produce results.

challenges: Alzheimer's disease, atherosclerosis, cardiovascular disease, diabetes, novel vaccines, obesity, cancer, pain and sleep disorders.

In each area, our goal is to make Merck the acknowledged leader in treating or preventing disease. To do so, we will build scientific leadership in these areas and commit the resources needed. And we will pursue acquisitions and licensing opportunities that will complement the work we do in our labs. Although these nine areas are our top priority, Merck's scientists will still work in other areas, but against specific targets, rather than across the broader category.

**2** We are committed to completely redefining our discovery and development process to yield new high-value products more efficiently. We recognize that in today's environment, we must be able to move faster and smarter than ever before to produce results that have the potential to make a meaningful difference in people's lives.

To achieve this, we are redefining our research and development model from start to finish. We are

increasing the productivity of our pipeline, both through work in our own labs and through licensing. We also will use the most advanced scientific techniques and technologies to improve our rates of success throughout the R&D process.

**3** Our decision to create a new commercial model recognizes the enormous demands on the time and attention of patients, physicians and payers alike. It is based on efficiently providing value to all our customers by getting them the right information, at the right time, in the right way.

We will devote more resources to bringing relevant information to payers and consumers, all of whom are becoming more and more involved in the choice of medicines. We will provide more information resources through easily accessible channels – for example, on the Internet and through health professionals.

This new approach will ensure that patients, physicians and payers will all be able to learn how our products can benefit them more quickly than ever before through sources they can trust. Through these

Our decision to create a new commercial model is based on efficiently providing value to all our customers by getting them the right information, at the right time, in the right way.

Allergies and asthma shouldn't interfere  
with the everyday fun of being a kid.  
*Singulair* now provides a different way to  
treat both indoor and outdoor allergies.



In 2005, the FDA approved *Singulair* for the relief of symptoms of perennial allergic rhinitis, or indoor allergies, in adults and children six months of age and older. Available as a convenient once-a-day tablet, *Singulair* has been proven to help relieve a

broad range of indoor and outdoor allergy symptoms for up to 24 hours.

*Singulair* regularly leads its class in sales in the United States and internationally. *Singulair* continues to show healthy growth as more and more physicians and patients

turn to *Singulair* to help treat asthma and symptoms of allergic rhinitis. A recent clinical study found that children using *Singulair* maintained similar growth rates compared with children taking placebo.

To support the ongoing strong performance of Merck products,

Merck scientists continue to seek new indications that will help bring relief to additional patients. Research on additional indications for *Singulair* is in late-stage development.

Merck recently announced two fixed-dose combination medicines in late-stage development that hold great promise for managing cholesterol and preventing heart attacks in high-risk patients.



Known as MK-0524A and MK-0524B, these two potential treatments were developed by Merck scientists working in Merck labs to address the continued significant unmet medical need for reducing the incidence of heart attack and stroke in patients at high risk.

An estimated 20 million Americans have low levels of HDL-C, or “good cholesterol.” MK-0524A represents a novel approach to treating HDL-C and triglycerides, combining Merck’s own extended release niacin with MK-0524. MK-0524A

is being developed for use alone or with any of the cholesterol-lowering drugs called statins.

MK-0524A is also being studied in a combination tablet medicine with simvastatin. This product, known as MK-0524B, will combine the effects that have long been associated with

Merck’s own statin, Zocor, with the HDL-C-raising effects expected from MK-0524A. These two medicines are expected to help Merck remain a leader in cholesterol management through novel medicines that offer unique benefits to the patients we serve.

## We have set a challenging course for Merck's future.

**5** Fundamental to our plan to deliver greater value is our initiative to create a lean and flexible cost structure. The successful execution of the complete process redesign called for in our *Plan to Win* will increase our effectiveness and lower the cost of doing business in every area of the Company.

This redesign includes all general and administrative processes, our global commercial processes, and our product development and lifecycle management process. It also includes developing partners to which we can outsource non-core activities. In addition, we are committed to leading the industry in supply strategy. These actions to dramatically alter our cost structure will make a significant contribution toward our goal of double-digit earnings growth.

This is an ambitious strategy. We recognize that our *Plan to Win* must be executed flawlessly for Merck to achieve the results we seek and we are putting in place

the tools needed to ensure that we execute our plan successfully.

This includes establishing specific measures by which we will be able to continually evaluate our progress and by which our shareholders will be able to hold us accountable. Measuring our progress against clearly defined goals will enable us to determine whether we are succeeding or whether we are falling short. As Dick Clark, Merck's CEO and president, has said repeatedly, "Effort counts, but results count more, and I am counting on results."

We have set a challenging course for Merck's future. If you were to walk the halls at any Merck facility, you would feel the excitement our strategy is generating and the eagerness with which our employees are ready to work to return Merck to where it once was—and can be again. We hope you share that excitement and will be eager to be a part of it, as well.

"Effort counts, but results count  
more, and I am counting on results."  
—Dick Clark, CEO and President

We expect our revenue growth  
in key emerging pharmaceutical  
markets to double by the year 2010  
to more than \$2 billion.

channels we will continue to demonstrate—with good, hard data—why Merck’s products offer unique benefits that no other medicine can fully match.

We also will redeploy our sales representatives and use new tools to help them do their jobs more effectively. In the United States, we have already cut in half the number of representatives promoting the same product and have reduced the number of products our representatives carry to just two. As a result, the physicians they serve will get greater value from the time they spend with our representatives. In addition, we are committing the full resources of our sales team behind our new vaccine launches, so that patients who will benefit can receive them as quickly as possible.

Through all these efforts, along with a more targeted approach to consumer education, we expect to reduce our U.S. spending per brand by 15 to 20 percent within the next five years. Taken together, our commercial model will be leaner, more nimble, more information- and value-driven, and much more cost-effective.

**4** Emerging pharmaceutical markets worldwide provide enormous opportunity because the need for our medicines and vaccines is so great and our ability to meet those needs so clear. Our new strategy will enable Merck to build a long-term leadership position in those markets and will ensure that we can make the profitable investments needed to win that status. We expect our revenue growth in key emerging pharmaceutical markets to double by the year 2010 to more than \$2 billion. We are already on track to achieve that.

It’s worth noting that Merck already has a strong presence in these markets. Notably, Merck’s top four products are first in their class in China, the world’s most populous country. In Russia, Turkey and Hungary—other countries with enormous potential—we’ve produced an 11 percent increase in revenue compound annual growth rate over the past five years.

Sourcing capabilities in many of the world’s emerging markets also offer significant cost savings potential. In both China and India, we are already finding that sourcing manufacturing and conducting clinical trials can yield savings without any loss in quality.

Fundamental to our plan  
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# Merck's research pipeline<sup>(1)</sup>

We are focused on **building, growing and investing** in our nine priority research areas as part of *Merck's Plan to Win*. We continue to invest in other areas, but in a more focused, targeted manner. And we are **working to increase** both our internal research productivity and our external licensing efforts.

## Phase I<sup>(2)</sup>

Alzheimer's disease, MK-0752  
 Arthritis, MK-0822  
 Cancer, MK-0752  
 Cancer, VX-680<sup>Ⓛ</sup>  
 Endocrine, MK-0974  
 Glaucoma, MK-0994  
 Obesity, Nastech PYY3-36<sup>\*\*Ⓛ</sup>  
 Parkinson's disease, MK-0657

## Phase II<sup>(2)</sup>

Cancer (CTCL), Vorinostat<sup>Ⓛ</sup>  
 HIV vaccine  
 Obesity, MK-0364  
 Obesity, MK-0493  
 Pediatric vaccine<sup>Ⓛ</sup>  
 Psychiatric disease, MK-0364  
 Stroke, ONO 2506<sup>\*\*Ⓛ</sup>

## Phase III<sup>(3)</sup>

Insomnia, Gaboxadol<sup>Ⓛ</sup>

Alzheimer's disease, MK-0952  
 Atherosclerosis, MK-0354<sup>Ⓛ</sup>  
 Atherosclerosis, MK-0633  
 Atherosclerosis, MK-0859  
 Cancer, MK-0429  
 Cancer, Agensys<sup>Ⓛ</sup>  
 Cancer, MK-0731  
 Cancer, MK-0646<sup>Ⓛ</sup>  
 Cancer vaccine  
 Cardiovascular, MK-0448  
 Diabetes, MK-0941  
 Diabetes, MK-0893  
 Diabetes, MK-0533  
 Flu vaccine  
 Insomnia, MK-0454  
 Osteoporosis, MK-0773  
 Pain, Neurogen<sup>Ⓛ</sup>  
 Psychiatric disease, MK-0249  
 Respiratory disease, MK-0633  
*S. aureus* vaccine

Arthritis, MK-0686  
 Endocrine, MK-0677  
 HPV vaccine\*  
 Hypertension, MK-0736  
 Osteoporosis, MK-0822  
 Pain, MK-0686  
 Pain, MK-0759  
 Pain, MK-0974  
 Psychiatric disease, Lurasidone<sup>Ⓛ</sup>  
 Urinary incontinence, MK-0634  
 Urinary incontinence, MK-0594

AIDS, MK-0518  
 Atherosclerosis, MK-0524A  
 Atherosclerosis, MK-0524B  
 CINV, MK-0517  
 Diabetes, MK-0431A

**Advanced since  
 February 15, 2005**

<sup>Ⓛ</sup> Licensed, alliance or acquisition (pipeline)

\* Multiple licenses, including CSL, Ltd.

\*\* Merck is in discussions with its licensing partner regarding further plans for this compound.

This investment is paying off – not only in terms of new products currently in late-stage development, but also in the number of additional new mechanisms that are entering our clinical pipeline. And we will continue to build on this momentum. These pages chart much of our recent progress.

## Selected licensing partners

Merck continues to pursue targeted, strategic collaborations with companies, institutions, academics and others as part of *Merck's Plan to Win*. Following are some examples of disclosed arrangements completed in 2003–2005.

Partner/Licensor	Target/Description
Acumen	Alzheimer's disease
Actelion	Hypertension
AgResearch	Animal health
Agensys	Cancer
Alnylam	RNAi – ophthalmic
Alnylam	RNAi technology
AVEO	Cancer
Benitec	RNAi technology
BioXell	Sepsis
Celera	Alzheimer's disease
CSL	Vaccine adjuvant
deCODE	Pharmacogenomics
Diversa	Antibodies
DOV	Depression
FoxHollow	Atherosclerosis
Geron	Oncology vaccine
GlycoFi	Antibody platform
Inovio	DNA vaccine technology
Kinexis	Sleep disorders
Kyorin	Infection
Lundbeck	Sleep disorders
MerLion	Natural products
Metabasis	Diabetes
Metabasis	Hepatitis C
MethylGene	Antibacterials
MorphoSys	Antibodies
Nastech	Obesity
Neurogen	Pain
NicOx SA	NO compounds
Ono	Stroke
ParAllele	Cancer
Perlegen	Genomics
Pierre Fabre	Cancer
PPD Development	Biomarkers
Prosidion	Diabetes
Rigel	Cancer
Robarts	Imaging technology
Sumitomo	Schizophrenia
Sunesis	Alzheimer's disease
Sunesis	Antivirals
University of Dundee	Kinase consortium
Vertex	Cancer
XOMA	Antibodies
Zenyth	Respiratory
Znomics	Metabolic

### Under Review by FDA

HPV and related cervical cancer and genital warts, *Gardasil\**  
Shingles, *Zostavax*  
Diabetes, *Januvia*

### Approvable

Arthritis/Pain, *Arcoxia*

### 2005 U.S. Approvals

Osteoporosis, *Fosamax Plus D*  
Pediatric vaccine, *ProQuad*

### 2006 U.S. Approvals

Rotavirus Gastroenteritis, *RotaTeq*

<sup>(1)</sup> The pipeline chart reflects the Company's research pipeline as of February 15, 2006.

<sup>(2)</sup> Candidates shown in Phase I and II include the most advanced compound with a specific mechanism in a given therapeutic area. Back-up compounds, regardless of their phase of development, additional indications in the same therapeutic areas and additional line extensions or formulations for in-line products are not shown.

<sup>(3)</sup> Candidates shown in Phase III include specific products.

## Medicines and vaccines from Merck

Merck's focus on discovering and developing medicines and vaccines has resulted in **products that have helped millions of patients** around the world.

<b>Arcoxia</b> <sup>®</sup> (etoricoxib)	<ul style="list-style-type: none"> <li>• Osteoarthritis</li> <li>• Rheumatoid arthritis (adult)</li> <li>• Acute pain</li> </ul>	<ul style="list-style-type: none"> <li>• Chronic low back pain</li> <li>• Dysmenorrhea (menstrual pain)</li> <li>• Acute gouty arthritis</li> </ul>
<b>Cancidas</b> <sup>®</sup> (caspofungin acetate)	<ul style="list-style-type: none"> <li>• Empiric therapy for presumed fungal infections for febrile, neutropenic patients</li> <li>• Treatment of invasive aspergillosis in patients who did not respond to or were intolerant of other antifungal therapies</li> <li>• Candida infections: intra-abdominal abscesses, peritonitis (infections within the lining of the abdominal cavity), pleural space infections (infections within the lining of the lung)</li> <li>• Candidemia (bloodstream infection)</li> <li>• Esophageal candidiasis</li> </ul>	
<b>Comvax</b> <sup>®</sup> [Haemophilus b conjugate (meningococcal protein conjugate) and hepatitis B (recombinant) vaccine]	<ul style="list-style-type: none"> <li>• Simultaneous vaccination against <i>Haemophilus influenzae</i> type b disease and hepatitis B disease</li> </ul>	
<b>Cosopt</b> <sup>®</sup> (dorzolamide hydrochloride and timolol maleate)	<ul style="list-style-type: none"> <li>• Lower intraocular pressure</li> </ul>	
<b>Cozaar</b> <sup>®</sup> (losartan potassium)	<ul style="list-style-type: none"> <li>• High blood pressure</li> <li>• Reduction in progression of renal disease in patients with type 2 diabetes, hypertension and nephropathy</li> <li>• Reduction of stroke risk in patients with hypertension and left ventricular hypertrophy<sup>11</sup></li> </ul>	
<b>Crixivan</b> <sup>®</sup> (indinavir sulfate)	<ul style="list-style-type: none"> <li>• Treatment of HIV infection in combination with antiretroviral agents</li> </ul>	
<b>Emend</b> <sup>®</sup> (aprepitant)	<ul style="list-style-type: none"> <li>• Prevention of nausea and vomiting induced by highly emetogenic chemotherapy</li> <li>• Prevention of nausea and vomiting induced by moderately emetogenic chemotherapy</li> </ul>	
<b>Fosamax</b> <sup>®</sup> (alendronate sodium)	<ul style="list-style-type: none"> <li>• Treatment and prevention of postmenopausal osteoporosis</li> <li>• Reduction of osteoporotic fracture risk in postmenopausal women</li> <li>• Treatment of male osteoporosis to increase bone mass</li> <li>• Treatment of glucocorticoid-induced osteoporosis</li> <li>• Paget's disease of the bone</li> </ul>	
<b>Fosamax Plus D</b> <sup>™</sup> (alendronate sodium/cholecalciferol)	<ul style="list-style-type: none"> <li>• Treatment of osteoporosis in postmenopausal women</li> <li>• Treatment to increase bone mass in men with osteoporosis</li> </ul>	
<b>Hyzaar</b> <sup>®</sup> (losartan potassium and hydrochlorothiazide)	<ul style="list-style-type: none"> <li>• High blood pressure</li> <li>• Reduction of stroke risk in patients with hypertension and left ventricular hypertrophy<sup>11</sup></li> </ul>	
<b>Invanz</b> <sup>®</sup> (ertapenem sodium)	<ul style="list-style-type: none"> <li>• Treatment of moderate to severe infections caused by susceptible strains of aerobic and anaerobic bacteria, such as complicated intra-abdominal and complicated skin and skin structure infections</li> <li>• Treatment of moderate to severe complicated foot infection due to indicated pathogens in diabetic patients without osteomyelitis</li> </ul>	
<b>Maxalt</b> <sup>®</sup> (rizatriptan benzoate)	<ul style="list-style-type: none"> <li>• Acute migraine</li> </ul>	

We plan to drive the continued success of our franchises through **new products**, **new indications and formulations** for existing products, and clinical trials that demonstrate their **safety and efficacy**.

Following is a list of selected Merck medicines and vaccines.

<b>M-M-R® II</b> [measles, mumps and rubella virus vaccine live]	• Simultaneous vaccination against measles, mumps, rubella
<b>Pneumovax® 23</b> [pneumococcal vaccine polyvalent]	• Vaccination against pneumococcal disease
<b>Primaxin®</b> (imipenem and cilastatin)	• Antibiotic
<b>Propecia®</b> (finasteride)	• Treatment of male pattern hair loss
<b>ProQuad®</b> [measles, mumps, rubella and varicella (Oka/Merck) virus vaccine live]	• Simultaneous vaccination against measles, mumps, rubella (German measles) and varicella (chickenpox) in children 12 months to 12 years of age
<b>Proscar®</b> (finasteride)	• Treatment of symptomatic benign prostate enlargement
<b>Recombivax HB®</b> [hepatitis B vaccine (recombinant)]	• Vaccination against hepatitis B
<b>RotaTeq®</b> [rotavirus vaccine, live, oral pentavalent]	• Vaccination against rotavirus gastroenteritis in infants
<b>Singulair®</b> (montelukast sodium)	• Chronic asthma—adults and children as young as 12 months old • Seasonal allergic rhinitis—adults and children as young as age 2 • Perennial allergic rhinitis (indoor/year-round allergies)—in adults and children 6 months of age and older
<b>Stocrin®</b> (efavirenz) <sup>[2]</sup>	• HIV infection
<b>Timoptic-XE®</b> (timolol maleate ophthalmic gel forming solution)	• Lower intraocular pressure
<b>Trusopt®</b> (dorzolamide hydrochloride)	• Lower intraocular pressure
<b>Vaqta®</b> [hepatitis A vaccine inactivated]	• Vaccination against hepatitis A
<b>Varivax®</b> [varicella virus vaccine live (Oka/Merck)]	• Vaccination against chickenpox
<b>Vytorin®</b> (ezetimibe simvastatin) <sup>[3]</sup>	• Elevated total cholesterol levels • Lower LDL cholesterol • Raise HDL cholesterol • Reduce triglycerides
<b>Zetia®</b> (ezetimibe) <sup>[3]</sup>	• Elevated cholesterol levels
<b>Zocor®</b> (simvastatin)	• Elevated total cholesterol levels • Associated total/coronary mortality <sup>[4]</sup> • Lower LDL cholesterol • Raise HDL cholesterol • Reduce triglycerides • Reduce stroke risk <sup>[4]</sup>

<sup>[1]</sup> There is evidence that this benefit does not apply to black patients.

<sup>[2]</sup> Efavirenz is marketed by Bristol-Myers Squibb as Sustiva in the U.S., Canada and certain European countries, and by Merck in the rest of the world as Stocrin.

<sup>[3]</sup> Vytorin (marketed as Inegy outside the U.S.) and Zetia (marketed as Ezetrol outside the U.S.) are marketed through a partnership with Schering-Plough Corporation.

<sup>[4]</sup> In patients with coronary heart disease or diabetes.

# Board of Directors

On May 4, 2005, the Merck Board of Directors elected Richard T. Clark as the Company's chief executive officer and president and a member of the Merck Board. The Board also announced that Lawrence A. Bossidy, former chairman and CEO of Honeywell International Inc., would serve as chairperson of a three-member Executive Committee, which has worked closely with Mr. Clark to provide support and continuity as he assumed his new duties.

Merck's Board of Directors has seven standing committees: Audit, Corporate Governance, Compensation and Benefits, Executive, Finance, Public Policy and Social Responsibility, and Research. Board members and their committee assignments are listed below.

## **Lawrence A. Bossidy**

Retired Chairman and Chief Executive Officer, Honeywell International Inc. Director, J.P. Morgan Chase & Co. and Berkshire Hills Bancorp, Inc. Merck Director since 1992. Age: 70

*Committees: Committee on Corporate Governance, Compensation and Benefits Committee,\* Executive Committee\**

## **William G. Bowen, Ph.D.**

President, The Andrew W. Mellon Foundation. Director, American Express Company. Merck Director since 1986. Age: 72

*Committees: Committee on Corporate Governance,\* Compensation and Benefits Committee, Executive Committee, Committee on Public Policy and Social Responsibility*

## **Richard T. Clark**

Director, Chief Executive Officer and President, Merck & Co., Inc. Age: 59

## **Johnnetta B. Cole, Ph.D.**

President, Bennett College for Women. Director, America's Promise. Merck Director since 1994. Age: 69

*Committees: Compensation and Benefits Committee, Finance Committee, Committee on Public Policy and Social Responsibility*

## **William B. Harrison, Jr.**

Chairman of the Board, J.P. Morgan Chase & Co. Merck Director since 1999. Age: 62

*Committees: Committee on Public Policy and Social Responsibility*

## **William N. Kelley, M.D.**

Professor of Medicine, Biochemistry and Biophysics, University of Pennsylvania School of Medicine. Director, Advanced Bio-Surfaces, Inc., Beckman Coulter, Inc., GenVec, Inc. and Polymedix, Inc. Merck Director since 1992. Age: 66

*Committees: Committee on Corporate Governance, Compensation and Benefits Committee, Research Committee\**

## **Rochelle B. Lazarus**

Chairman and Chief Executive Officer, Ogilvy & Mather Worldwide. Director, General Electric and New York Presbyterian Hospital. Merck Director since 2004. Age: 58

*Committees: Audit Committee*

## **Thomas E. Shenk, Ph.D.**

Elkins Professor, Princeton University. Director, Azidex, Inc., Cell Genesys, Inc., and CV Therapeutics, Inc. Merck Director since 2001. Age: 59

*Committees: Audit Committee, Committee on Public Policy and Social Responsibility, Research Committee*

## **Anne M. Tatlock**

Chairman and Chief Executive Officer, Fiduciary Trust Company International. Director, Fortune Brands, Inc. and Franklin Resources, Inc. Merck Director since 2000. Age: 66

*Committees: Committee on Corporate Governance, Finance Committee\**

## **Samuel O. Thier, M.D.**

Professor of Medicine and Professor of Health Care Policy, Harvard Medical School. Director, Charles River Laboratories, Inc. and Federal Reserve Bank of Boston. Merck Director since 1994. Age: 68

*Committees: Committee on Corporate Governance, Executive Committee, Committee on Public Policy and Social Responsibility,\* Research Committee*

## **Wendell P. Weeks**

President and Chief Executive Officer, Corning Incorporated. Director, Corning Incorporated. Merck Director since 2004. Age: 46

*Committees: Audit Committee, Finance Committee*

## **Peter C. Wendell**

Managing Director, Sierra Ventures. Chairman, Princeton University Investment Company. Merck Director since 2003. Age: 55

*Committees: Audit Committee,\* Research Committee*

*\* Indicates Committee Chairperson*

*Board of Directors as of February 15, 2006.*

# Corporate Information

## Annual Meeting

The Annual Meeting of Stockholders will be held at 2 p.m., ET, on Tuesday, April 25, 2006, at the Edward Nash Theatre at Raritan Valley Community College, Route 28 and Lamington Road, North Branch, NJ.

## Stock Trading Information

Merck stock is listed on the New York Stock Exchange (ticker symbol: MRK), the Philadelphia Stock Exchange and the Paris Stock Exchange.

## Direct Purchase of Merck Stock and Dividend Reinvestment Plan

You can purchase shares directly from the Company through the Merck Stock Investment Plan. Shares also may be purchased by automatic investment each month. Merck's Dividend Reinvestment Plan allows dividends (all or part) to be automatically reinvested to purchase additional Merck shares. Call 800-522-9114, or write to: Merck Stockholder Services, WS3AB-40 Merck & Co., Inc. One Merck Drive, P.O. Box 100 Whitehouse Station, NJ 08889-0100

## Stockholder Services

Call Monday through Friday, 8 a.m. to 8 p.m., ET, with questions on stock-related matters, including verification of your holdings, to change your address or to report lost or missing dividends. Call 800-522-9114, or write to Merck Stockholder Services at the address listed above.

## For Changes or Lost Stock Certificates

If you want to transfer your stock, change ownership or if you have lost your stock certificates, call 800-522-9114, or write to: Merck Shareowner Services Wells Fargo Bank, N.A. 161 N. Concord Exchange South St. Paul, MN 55075-1139

## Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP  
400 Campus Drive  
Florham Park, NJ 07932  
973-236-4000

## News and Information

Merck offers the following services for individuals seeking business information about Merck:

### • News on Call

Anyone can access Merck news 24 hours a day, seven days a week. Included are the latest news releases on sales and earnings, dividends, new products and other Merck-related information. Call 800-CALL-MRK (800-225-5675).

### • Investor Relations

Securities analysts and investment professionals with business-related questions should call the Investor Relations department at 908-423-5881.

### • Media Relations

Professional journalists should visit [www.merck.com/newsroom/](http://www.merck.com/newsroom/) for information and a list of contacts.

### • Copies of Corporate Documents

For a copy of one of the following, visit [www.merck.com](http://www.merck.com) or write to:

Merck Public Affairs, WS1A-40  
Merck & Co., Inc.

One Merck Drive, P. O. Box 100

Whitehouse Station, NJ 08889-0100

### • Merck's 2005 Form 10-K Annual Report, as filed with the Securities and Exchange Commission;

- Report on Diversity at Merck;
- Policies of the Board – a statement of Merck governance principles;
- Merck Board Committee Charters – Audit, Compensation and Benefits, and Committee on Corporate Governance;
- Merck Code of Conduct – Our Values and Standards.

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## Merck is a global, research-driven pharmaceutical company dedicated to putting patients first.

Merck offers several programs to give individuals greater access to the medicines they need:

- Information on the Merck Patient Assistance Program can be found at [www.merckhelps.com](http://www.merckhelps.com) or by calling 800-727-5400.
- The Merck Prescription Discount Program offers patients savings on many Merck medicines, regardless of age or income. More information is available at [www.merckhelps.com](http://www.merckhelps.com) or by calling 800-50-MERCK.
- **NEW** Merck's *Guide to Affordable Medicine* provides information for consumers on how to navigate the various government and private programs that offer medicines at a discount or for free. To receive a free copy, call 888-MERCK-38 or visit [www.merckhelps.com](http://www.merckhelps.com).

Merck provides accurate, unbiased, convenient health care information free online, including:

- *The Merck Manual – Second Home Edition*, an easy-to-understand reference on general health issues, is available at [www.merck.com](http://www.merck.com).
- *MerckSource.com* is a broad-based medical Web site that provides patients with information to help them partner with their doctors.
- **NEW** *Your Health Now* is a health magazine powered by information and insights from *The Merck Manuals*, the world's most widely used medical reference books. *Your Health Now* is available free online at [www.YourHealthNow.com](http://www.YourHealthNow.com).

Merck's 2004-05 Corporate Responsibility Report is now available online. More information about corporate responsibility at Merck is available at [www.merck.com/cr](http://www.merck.com/cr).

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