



FIVE PATIENTS | FIVE LIVES | FIVE BREAKTHROUGHS
2006 ANNUAL REVIEW

The story of Merck has always been a collection of stories about the millions of people whose health has been improved and whose lives have been saved because of the medicines and vaccines we discover, develop, manufacture and market.

Inside this report are five of those stories. They illustrate why we are committed to changing every aspect of our business – so there can be countless more stories like these in the years ahead.

DEAR SHAREHOLDERS:

It's been a year since I reported to you about Merck's *Plan to Win* – our blueprint for returning Merck to the industry-leading position it once enjoyed and which we are committed to reclaim.

I am pleased to report that the results of the past 12 months confirm that we are off to a strong start in executing our plan. During 2006:

- We successfully launched five new vaccines and medicines – *Gardasil*, *Januvia*, *Zostavax*, *Zolinza* and *RotaTeq* – that are breaking new ground in the fight against diseases such as cancer and diabetes;
- We advanced promising products in our pipeline at every phase of development and across our therapeutic areas, while continuing to fundamentally change the way we discover, develop, manufacture and market our medicines and vaccines; and
- We achieved impressive sales growth in such products as *Singulair*, and joint venture products *Vytorin* and *Zetia*.

As I look back over the past year, I believe we have gathered the momentum needed to meet the performance goal we established in December 2005: delivering double-digit compound annual earnings-per-share growth, excluding charges and one-time items, by 2010.

And as I look at the year ahead, I am confident that we are poised to build on the success of 2006.

In 2007, we expect to file three New Drug Applications with the U.S. Food and Drug Administration (FDA). They include raltegravir (MK-0518), a promising first-in-class treatment for HIV infection; gaboxadol, a novel compound to treat insomnia; and a compound that combines Merck's own extended-release (ER) niacin with laropiprant. This last compound, also known as MK-0524A, is expected to further help patients manage cholesterol by decreasing LDL cholesterol, increasing HDL cholesterol and lowering triglycerides.

These filings are in addition to the three products already under review at the FDA: *Janumet*, a medicine for the treatment of type 2 diabetes; *Emend For Injection* (MK-0517), an intravenous therapy to help reduce

FINANCIAL HIGHLIGHTS

Merck & Co., Inc. and Subsidiaries
Years Ended December 31

(\$ in millions except per share amounts)	2006 ⁽¹⁾	2005 ⁽²⁾	2004 ⁽³⁾	Percentage Change from Preceding Year	
				2006	2005
Sales	\$ 22,636.0	\$ 22,011.9	\$ 22,972.8	+3%	-4%
Net income	4,433.8	4,631.3	5,830.1	-4%	-21%
Earnings per common share assuming dilution	\$ 2.03	\$ 2.10	\$ 2.62	-3%	-20%
Cash dividends paid per common share	\$ 1.52	\$ 1.52	\$ 1.49	-	+2%
Average common shares outstanding assuming dilution (millions)	2,187.7	2,200.4	2,226.4		
Total assets	44,569.8	44,845.8	42,572.8		
Net cash flows provided by operating activities	6,765.2	7,608.5	8,799.1		
Capital expenditures	980.2	1,402.7	1,726.1		
Net income as a % of average total assets	9.9%	10.6%	14.0%		
Number of stockholders of record	184,200	198,200	216,100		
Number of employees	60,000	61,500	62,600		

⁽¹⁾ Amounts for 2006 include the impact of restructuring actions, acquired research expenses associated with acquisitions made during the year, additional *Vioxx* legal defense costs and the incremental impact of expensing stock options.

⁽²⁾ 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.

⁽³⁾ Amounts for 2004 include the impact of the withdrawal of *Vioxx*, *Vioxx* legal defense costs and restructuring actions.

the nausea and vomiting experienced by many cancer patients receiving chemotherapy; and *Arcoxia*, our medicine for reducing the pain caused by osteoarthritis.

These products are just some of the results of our efforts to improve productivity at all stages of our pipeline. We have increased the productivity of our early-stage pipeline, generating a steady progression of promising compounds into our later-stage pipeline, while maintaining our high scientific standards.

And we are significantly reducing the time it takes to move a product through every phase of development. In late development, we have already exceeded our prior cycle-time reduction goal by achieving more than a 10-month reduction by the end of 2006, and are on track to make it a 12-month reduction by the end of 2007.

The strength of our pipeline has been further enhanced by our continued commitment to identify and enter into strategic acquisitions and alliances that complement our internal research and development efforts. In 2006, we signed 53 key agreements, including the acquisitions of three leading biotech companies. And we are leveraging these transactions to further strengthen and speed drug discovery at Merck.

In this report, you will read the real-life stories of patients and our five newest medicines and vaccines – products that will make an immeasurable difference in the lives of millions of people around the world. We also expect that these products will make a substantial contribution to Merck's future success.

The launches of our five new products are evidence of our scientific excellence. But they also clearly indicate that our commitment to create and execute a new commercial model is on target.

We launched these products in the United States without any increase in our sales force, redirecting 1,500 of our sales representatives to our new vaccines. In addition, for more than two years, we've been able to hold the line on the size of our sales force by using many new techniques for reaching our customers in ways that meet their needs and the demands on their time.

CONSOLIDATED SALES

\$ in millions

06	\$22,636.0
05	\$22,011.9
04 ⁽¹⁾	\$22,972.8
03	\$22,567.8
02	\$21,445.8
01	\$21,199.0

⁽¹⁾ Amount for 2004 includes the impact of the withdrawal of *Vioxx*.

CASH DIVIDENDS PAID PER COMMON SHARE

06	\$1.52
05	\$1.52
04	\$1.49
03	\$1.45
02	\$1.41
01	\$1.37

This past year also has seen us lay the groundwork for creating the lean and flexible cost structure we committed to last year. By the end of 2006, we had already achieved \$1 billion of our goal to save \$1.2 billion in procurement Company-wide by 2008.

In addition, we already have eliminated 4,800 of the 7,000 positions we committed to eliminate by the end of 2008 and have closed, sold or ceased operations at three manufacturing facilities. We are in the process of doing the same with two other manufacturing facilities we said we'd close or sell by the end of 2008.

We are also restructuring our manufacturing network to make it more competitive, leaner and flexible enough to meet future market needs as quickly as those needs change. That includes achieving a \$767 million reduction in inventory since year-end 2003, including a \$226 million reduction in 2006, even while launching five new products.

And while achieving operating efficiencies includes direct spending reductions, it also includes executing broader efforts, across the Company, to increase productivity. That is why we are deploying Lean/Six Sigma principles throughout Merck.

Furthermore, as the pace of development in our labs increases, we are making sure that our manufacturing capability is also keeping pace. This way, once a product approval is received, we have the flexibility in our facilities to begin delivering that product to our customers more quickly than ever before.

All of these actions to make Merck leaner and more flexible have put us on track to achieve our \$4.5 to \$5.0 billion long-term savings goal through 2010.

Of course, even as we change, one thing remains the same. We are still a company whose mission is to discover and develop novel medicines and vaccines that address unmet medical needs, with a commitment to get those products to the people who need them.

EARNINGS PER COMMON SHARE ASSUMING DILUTION

06 ⁽¹⁾	\$2.03
05 ⁽²⁾	\$2.10
04 ⁽³⁾	\$2.62
03 ⁽⁴⁾	\$3.05
02	\$3.14
01	\$3.14

⁽¹⁾ Amount for 2006 includes the impact of restructuring actions, acquired research expenses resulting from acquisitions, additional *Vioxx* legal defense costs and the incremental impact of expensing stock options.

⁽²⁾ Amount for 2005 includes the impact of the net tax charge primarily associated with the AJCA repatriation, restructuring actions and additional *Vioxx* legal defense costs.

⁽³⁾ Amount for 2004 includes the impact of the withdrawal of *Vioxx*, *Vioxx* legal defense costs and restructuring actions.

⁽⁴⁾ Amount for 2003 includes the impact of the implementation of a new distribution program for U.S. wholesalers and restructuring actions.

That long-standing commitment was broadened in 2006 with the creation of Merck’s Vaccine Patient Assistance Program. This new program, which complements our 50-year-old Patient Assistance Program, will provide Merck’s adult vaccines (such as *Gardasil* and *Zostavax*) free of charge to uninsured U.S. adults age 19 or over who cannot afford them.

And, as you will read elsewhere in this report, we have entered into a partnership with the Nicaraguan government to provide our new vaccine *RotaTeq* at no charge to every newborn child in that country for the next three years. We are also working with the global health nonprofit PATH and the Bill & Melinda Gates Foundation to develop HPV vaccination programs that will facilitate the introduction of *Gardasil* in some of the most impoverished nations.

The Merck Company Foundation, which marks its 50th anniversary in 2007, has played an important role in the Company’s efforts to enhance the health and well-being of people around the world. Since its inception, the Foundation has contributed more than \$480 million to support important initiatives that, for example, support and enhance Botswana’s national response to HIV/AIDS, address the complex and growing problem of pediatric asthma in the United States, and improve science education for U.S. students.

This year we’re also celebrating another significant milestone in the Company’s history of helping patients gain access to our medicines – 20 years of the Mectizan Donation Program. Over the last two decades, Merck has donated close to 500 million doses of *Mectizan* for the treatment of river blindness, preventing an estimated 40,000 cases of blindness annually in the developing world. It is the largest ongoing medical donation program and longest-standing public-private partnership of its kind – one we’re proud to have helped establish and to continue to support.

The people of Merck have worked hard and worked smart to bring about the successes of 2006 and to set the stage for continued success in 2007 and beyond. Two individuals who have helped provide



enormous leadership and vision as we work to regain our leadership role, Larry Bossidy and Bill Bowen, are retiring this year from our Board of Directors. I want to thank them for their commitment and outstanding leadership on the Board.

Also retiring this year is Judy Lewent, Merck's chief financial officer for the past 17 years. Judy's business and financial acumen, keen strategic thinking and analytical skills have made her an invaluable advisor and colleague. She will be greatly missed. Judy intends to retire in July, and we have begun a search for her replacement to ensure an orderly transition.

The contributions of all three of these leaders have helped to ensure that we are on a sound course to become a market leader once again.

I am convinced, not just by the success of 2006, but also by the energy and enthusiasm I see throughout the Company, that the changes we are implementing will allow Merck to reach its high-performance potential. And once we do, Merck will again occupy the unquestioned position of scientific and market leadership we know it should.

SINCERELY,

DICK CLARK

CHIEF EXECUTIVE OFFICER AND PRESIDENT

FEBRUARY 20, 2007

Until she was diagnosed with cervical cancer, Silvia Ford didn't know that certain types of human papillomavirus (HPV) can lead to the disease, striking half-a-million women every year worldwide.

Today, Merck's new vaccine *Gardasil* offers girls and young women between the ages of 9 and 26 highly effective protection against diseases caused by HPV types responsible for approximately 70 percent of cervical cancer cases.

It's no wonder *Gardasil* – the first-ever cervical cancer vaccine – has been hailed by TIME

magazine as one of the 2006 Inventions of the Year.

And while Silvia's daughter, Cecilia, is not yet old enough to receive *Gardasil*, when she is, Silvia intends to help protect her.

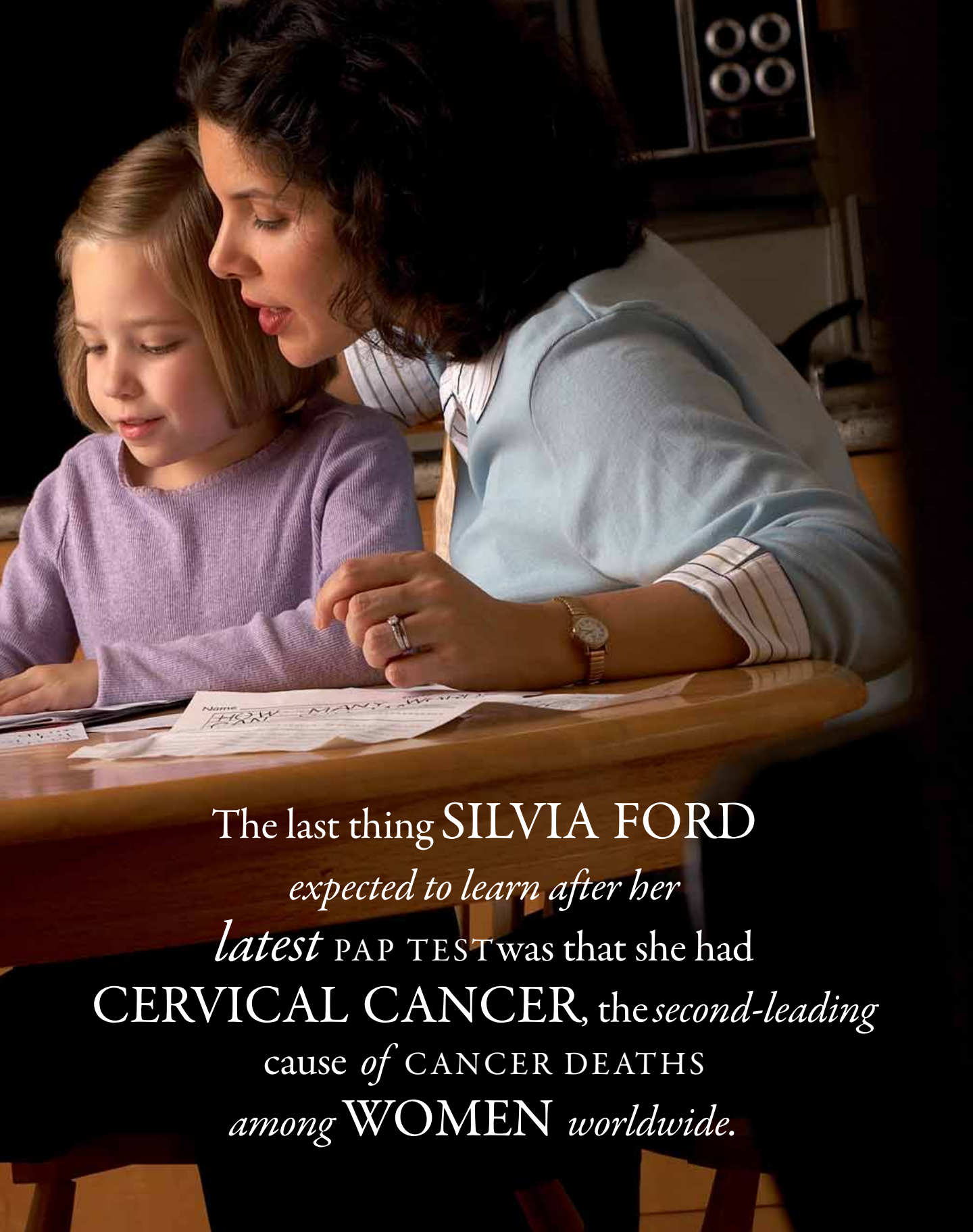
"Women really need to take care of their health – and the health of their daughters," Silvia believes. "When you can help protect yourself from diseases like cervical cancer, you need to do it."

Now, with *Gardasil*, women can.

630^M Worldwide, approximately 630 million people are infected with HPV and it is estimated that more than 50 percent of women will become infected with HPV during their lifetime.*

240^K Cervical cancer results in an estimated 240,000 deaths each year worldwide.

* Numbers represent more than 30 HPV types, not just the four HPV types in *Gardasil*.



The last thing **SILVIA FORD**
expected to learn after her
latest **PAP TEST** was that she had
CERVICAL CANCER, the *second-leading*
cause of **CANCER DEATHS**
among **WOMEN** *worldwide.*

When Jeanna Donahue found out she had type 2 diabetes, she wasn't surprised. Both her mother and her husband have the disease, and she knew she also was at risk.

Jeanna initially succeeded in controlling her blood sugar levels with changes in diet and exercise. Recently, however, her long-time physician, Dr. Donald Brideau, recommended drug therapy.

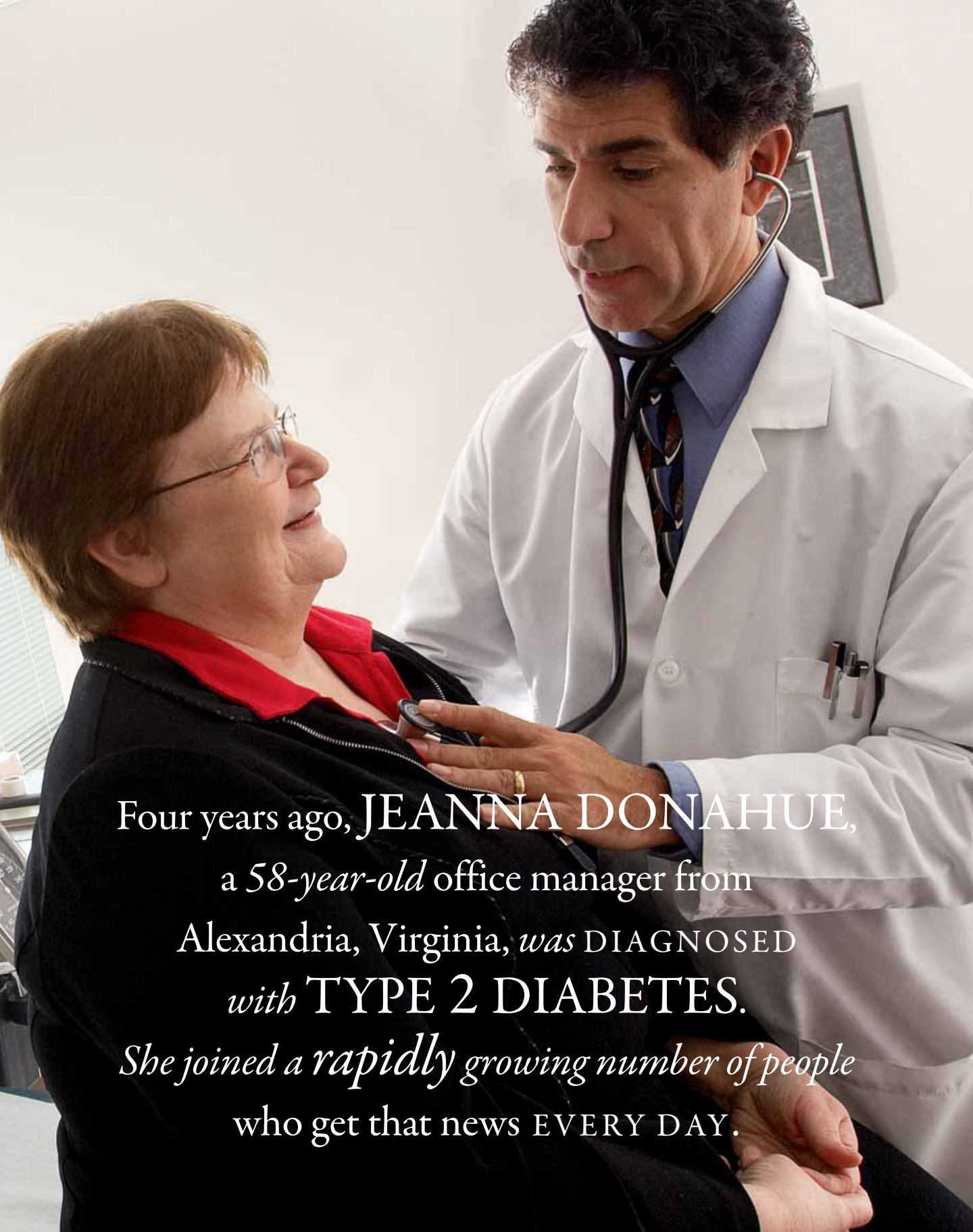
Dr. Brideau asked Jeanna if she would be interested in trying a new type of diabetes

medicine as part of a clinical trial. As a primary care physician, Dr. Brideau says he likes to give his patients exposure to the latest treatments. And research had shown that this medicine used a novel mechanism of action to control blood sugar levels, with a low rate of certain common side effects. The medicine was *Januvia*.

Jeanna was very pleased with her response during the clinical trial. "I'm glad Dr. Brideau brought *Januvia* to my attention," she says.

246^M Diabetes currently affects 246 million people worldwide and is expected to affect 380 million by 2025.

1 in 3 It is estimated that one in three Americans born in 2000 will develop diabetes some time during their lifetime.



Four years ago, **JEANNA DONAHUE**,
a *58-year-old* office manager from
Alexandria, Virginia, *was* **DIAGNOSED**
with **TYPE 2 DIABETES.**
She joined a rapidly growing number of people
who get that news **EVERY DAY.**

A photograph of an elderly man with white hair, Bob Hanley, sitting in a wooden chair. He is wearing a dark, ribbed corduroy jacket over a light blue button-down shirt. His hands are clasped together on the chair's backrest. The background is a wall of vertical wood paneling. The lighting is warm and directional, coming from the side.

When BOB HANLEY'S BACK
started to itch nearly FIVE YEARS AGO,
he didn't think much of it.

Nearly FIVE YEARS LATER,
he's still REMINDED of
his bout with *shingles* EVERY DAY.

Bob Hanley was one of the millions of adults worldwide who contract shingles every year. He doesn't remember having chickenpox as a child, but he still lives with the pain that resulted when the virus reactivated in his body as shingles.

Merck's new vaccine, *Zostavax*, helps protect against shingles. It is the first vaccine of its type, and can help prevent shingles for millions of people age 60 and older. And by helping to prevent shingles, *Zostavax* can reduce the rash, discomfort, and long-term pain that shingles can produce.

"I had a pretty serious case of shingles, and it made me miss out on so many things." A history buff, outdoorsman and retired civil engineer, Bob has only recently been able to again enjoy visiting museums and spending time outdoors.

"If I could have avoided having shingles, I certainly would have," Bob says. "This new vaccine is very important – people my age absolutely should talk to their doctor about the opportunity to protect themselves."

90%

Anyone who has had chickenpox (and more than 90 percent of adults in America have) is at risk for shingles. The risk increases as you get older.

60+

Up to half of the nearly one million cases of shingles that occur each year in the U.S. occur in people age 60 and older.

For *much* of her *adult life*,
JAMILLA COLBERT
suffered from the *disfiguring effects* of
CUTANEOUS
T-CELL LYMPHOMA ...

Most people have never heard of cutaneous T-cell lymphoma (CTCL). But for those who have this form of cancer, which affects the skin, every day is a challenge: pain and discomfort, stares from unthinking strangers, frustration that nothing provides real relief.

It's been 25 years since Jamilla Colbert noticed the first signs of CTCL – itchy skin, followed by growths on every part of her body that wouldn't go away.

Over the years, Jamilla's search for relief led to one disappointment after another. From topical ointments and chemotherapy to full-body radiation and surgical removal of tumors, nothing proved completely satisfactory.

Although she got relief from some of these treatments, over time she still experienced symptoms of her CTCL.

"I felt so alone," Jamilla recalls. "The doctors had no idea what more they could do for me."

Then, two years ago, her doctor learned about a Merck clinical trial for the treatment of CTCL, and immediately thought of Jamilla. She enrolled and had very positive results from treatment with the drug, called *Zolinza*.

And while not all patients respond as favorably as Jamilla has, *Zolinza* has definitely improved her life. As Jamilla will tell you, "I have been blessed. There is hope out there."

1,500 New cases of cutaneous T-cell lymphoma in the U.S. each year.

50⁺ Patients usually develop CTCL after age 50.





In the *next* 15 MINUTES,
15 CHILDREN *around the world*
will *lose their lives to the effects of*
ROTAVIRUS-INDUCED
GASTROENTERITIS.

Most children will be infected by rotavirus before they turn 5. In the United States, each year rotavirus sends an estimated one in every 17 children under 5 to the emergency room, while worldwide it takes the lives of nearly 600,000.

Merck's new oral vaccine, *RotaTeq*, is the only vaccine in the United States to help protect infants and children from rotavirus. The federal government has unanimously recommended routine vaccination for all eligible infants in the United States, starting at 6 to 12 weeks of age.

Because Merck believes that it's not enough to make medicines and vaccines – we also need to help get them to the people who need

them – Merck has partnered with the Nicaraguan Ministry of Health to provide *RotaTeq* to every infant born in Nicaragua over the next three years. As recently as 2005, a rotavirus epidemic resulted in a national health state of emergency in Nicaragua.

As Nicaragua's former health minister, Margarita Gurdíán, put it recently, "Merck's rotavirus vaccine is the result of comprehensive efforts by dedicated professionals to make sure this new vaccine is safe and effective. Working through new alliances and in partnership with the Nicaraguan Ministry of Health, Merck has also shown they can quickly get the vaccine to the children who need it most."

600^K Each year, rotavirus takes the lives of nearly 600,000 children worldwide.

1 in 17 In the U.S., each year rotavirus sends one in every 17 children under 5 to the emergency room.

ALLIANCES AND ACQUISITIONS

Merck's unwavering commitment to scientific excellence has long attracted the most talented scientists and researchers to our labs. Merck has a remarkable array of scientific talent engaged in the discovery and development of novel, differentiated drugs and vaccines that meet unmet medical needs.

In 2006, Merck continued to build on its research and development abilities by entering into strategic, targeted alliances and acquisitions with numerous partners in the larger scientific community, ranging from small biotechs to world-class academic research institutions.

These activities are designed to give Merck access to the cutting-edge scientific and technological knowledge that resides beyond our labs and that is also driving a true revolution in our understanding of disease and how to combat it.

An example of this strategy at work is Merck's 2006 acquisition of Sirna Therapeutics, Inc., a San Francisco-based biotech company that has been at the forefront of efforts to create chemically modified RNAi-based therapeutics. RNAi technology can be used to develop medicines that can literally turn off a targeted gene in a human cell, potentially rendering inoperative a gene responsible for triggering a specific disease. Such medicines could significantly change how disease is treated.

Our acquisition of Sirna, along with our acquisition of two other leading biotech companies, Abmaxis, Inc., and GlycoFi, Inc., should complement our efforts to find new treatments in many of our therapeutic areas.

Each of Merck's acquisitions and alliances will help us write new chapters in the Company's long story of scientific achievement. By partnering our in-house abilities with the best talent outside Merck, we will be able to discover the next generation of novel, differentiated medicines faster and with a greater probability of success than ever before.

As part of its pursuit of scientific excellence, Merck continues to sign targeted, strategic collaborations with companies, institutions, academics and other organizations from around the world. Below are some examples of disclosed arrangements completed in 2004-2006.

PARTNER/LICENSOR

Location

TARGET/DESCRIPTION

ACUMEN United States ALZHEIMER'S DISEASE	ADVINUS India METABOLIC DISORDERS	AGRESEARCH New Zealand ANIMAL HEALTH	AGENSYS United States CANCER	ALNYLAM United States RNAi TECHNOLOGY
AMBRILIA Canada ANTIVIRALS	ARTEMIS Germany RNAi TECHNOLOGY	AVEO United States CANCER	BENITEC Australia RNAi TECHNOLOGY	BIOIMAGE Denmark SCREENING TECHNOLOGY
BIOXELL Italy SEPSIS	CELERA United States ALZHEIMER'S DISEASE	CRUCELL Netherlands VACCINES	CSL Australia VACCINES	FOXHOLLOW United States CARDIOVASCULAR
GERON United States ONCOLOGY VACCINE	HARVARD UNIVERSITY United States OPHTHALMOLOGY	IDERA United States VACCINES	INGENIUM Germany ANIMAL MODELS	INOVIO United States GENE DELIVERY
INTERCELL Austria VACCINES	J. DAVID GLADSTONE INSTITUTES United States ALZHEIMER'S DISEASE	KINEMED United States METABOLIC DISORDERS	KYORIN Japan ANTIBIOTICS	LUNDBECK Denmark SLEEP DISORDERS
MELIOR DISCOVERY United States CNS	METABASIS United States ANTIVIRALS	METABASIS United States DIABETES	MOFFITT CANCER CENTER United States CANCER	MOUSE CLINICAL INSTITUTE France ANIMAL MODELS
MORPHOSYS Germany ANTIBODIES	NEUROMED Canada PAIN	NEUROPTIX United States ALZHEIMER'S DIAGNOSTICS	NICOX France CARDIOVASCULAR	ONO Japan STROKE
PARALLELE United States CANCER	PARATEK United States ANTIBIOTICS	PERLEGEN United States GENOMICS	PIERRE FABRE France CANCER	PPD DEVELOPMENT United States BIOMARKERS
PROSIDION United Kingdom DIABETES	PDL United States ANTIBODIES	RIGEL United States CANCER	ROBARTS Canada IMAGING	SENTION United States MENTAL RETARDATION
SHANGHAI BIOCHIP China CANCER	SIGMA-ALDRICH United States siRNA	STRATAGENE United States GENE EXPRESSION	SUMITOMO Japan SCHIZOPHRENIA	SUNESIS United States ANTIVIRALS
VERTEX United States CANCER	XSIRA United States SCREENING TECHNOLOGY	ZNOMICS United States METABOLIC		

MERCK PIPELINE

as of February 15, 2007

Phase 1⁽¹⁾

Alzheimer's Disease, MK-0952	Atherosclerosis, MK-6213	Cancer, MK-0429
<input type="checkbox"/> Cancer, MK-4721	Cancer, V930	Cardiovascular, MK-0448
Diabetes, MK-1642	Diabetes, MK-3887	<input type="checkbox"/> Endocrine, MK-0867
Infectious Disease, MK-7009	<input type="checkbox"/> Infectious Disease, MK-8122	Infectious Disease (Flu), V512
Osteoporosis, MK-0773	Parkinson's Disease, MK-0657	Psychiatric Disease, MK-0249

Phase 2⁽¹⁾

Alzheimer's Disease, MK-0249	Arthritis, MK-0822	Atherosclerosis, MK-0633
Diabetes, MK-0533	Endocrine, MK-0677	HIV, V526
Osteoporosis, MK-0822	Overactive Bladder, MK-0594	Overactive Bladder, MK-0634
Respiratory Disease, MK-0633	<input type="checkbox"/> Stroke, MK-0724	

Phase 3⁽²⁾

Atherosclerosis, MK-0524A (ER niacin/laropiprant)	Atherosclerosis, MK-0524B	HIV, MK-0518 (raltegravir)
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Under Review by FDA

CINV, <i>Emend</i> For Injection (MK-0517)	Diabetes, <i>Janumet</i>	Osteoarthritis, <i>Arcoxia</i>
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U.S. Approvals '06

<input type="checkbox"/> Cancer (CTCL), <i>Zolinza</i>	<input type="checkbox"/> Cervical Cancer and Genital Warts, <i>Gardasil</i>	Diabetes, <i>Januvia</i>
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- Progressed from previous stage since Feb. 15, 2006
- Licensed, alliance, or acquisition
- Multiple Licenses, including CSL, Ltd.

(1) Candidates shown in Phase 1 and 2 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 claims, line extensions or formulations for in-line products are not shown.

(2) Candidates shown in Phase 3 include specific compounds.

<input type="checkbox"/>	Cancer, MK-0646	Cancer, MK-0731	Cancer, MK-0752
<input type="checkbox"/>	Cardiovascular, MK-8141	Diabetes, MK-0893	Diabetes, MK-0941
	Endocrine, MK-0974	Glaucoma, MK-0994	Infectious Disease, MK-0608
	Infectious Disease (<i>S. aureus</i>), V710	Insomnia, MK-0454	Insomnia, MK-8998
	Psychiatric Disease, MK-2637	Psychiatric Disease, MK-5757	

Atherosclerosis, MK-0859	<input type="checkbox"/>	Cancer, MK-0457	Cancer, MK-0822
<input type="checkbox"/>	HPV, V502	<input type="checkbox"/>	Infectious Disease (Pediatric), V419
	Migraine, MK-0974		
	Pain, MK-0759	<input type="checkbox"/> <input checked="" type="checkbox"/>	Pain, MK-2295
		<input type="checkbox"/>	Pain, MK-6721

<input type="checkbox"/>	Insomnia, gaboxadol	Obesity, MK-0364 (taranabant)
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Rotavirus Gastroenteritis, <i>RotaTeq</i>	Shingles, <i>Zostavax</i>
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Proof-of-Concept Molecule

MEDICINES AND VACCINES

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

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.

Arcoxia® (etoricoxib)	<ul style="list-style-type: none"> • Osteoarthritis • Rheumatoid arthritis (adult) • Acute pain • Ankylosing spondylitis 	<ul style="list-style-type: none"> • Chronic low back pain • Dysmenorrhea (menstrual pain) • Acute gouty arthritis
Cancidas® (caspofungin acetate)	<ul style="list-style-type: none"> • Empiric therapy for presumed fungal infections for febrile, neutropenic patients • Treatment of invasive aspergillosis in patients who did not respond to or were intolerant of other antifungal therapies • Candida infections: intra-abdominal abscesses, peritonitis (infections within the lining of the abdominal cavity), pleural space infections (infections within the lining of the lung) • Candidemia (bloodstream infection) • Esophageal candidiasis 	
Comvax® [Haemophilus b conjugate (meningococcalprotein conjugate) and hepatitis B (recombinant) vaccine]	<ul style="list-style-type: none"> • Simultaneous vaccination against <i>Haemophilus influenzae</i> type b disease and hepatitis B disease in infants 6 weeks to 15 months of age 	
Cosopt® (dorzolamide hydrochloride and timolol maleate)	<ul style="list-style-type: none"> • Lower intraocular pressure 	
Cozaar® (losartan potassium)	<ul style="list-style-type: none"> • High blood pressure • Reduction in progression of renal disease in patients with type 2 diabetes, hypertension and nephropathy • Reduction of stroke risk in patients with hypertension and left ventricular hypertrophy⁽¹⁾ 	
Crixivan® (indinavir sulfate)	<ul style="list-style-type: none"> • Treatment of HIV infection in combination with antiretroviral agents 	
Emend® (aprepitant)	<ul style="list-style-type: none"> • Prevention of nausea and vomiting induced by highly emetogenic chemotherapy • Prevention of nausea and vomiting induced by moderately emetogenic chemotherapy • Prevention of postoperative nausea and vomiting 	
Fosamax® (alendronate sodium)	<ul style="list-style-type: none"> • Treatment and prevention of postmenopausal osteoporosis • Reduction of osteoporotic fracture risk in postmenopausal women • Treatment to increase bone mass in men with osteoporosis • Treatment of glucocorticoid-induced osteoporosis • Paget's disease of the bone 	
Fosamax Plus D™ (alendronate sodium/cholecalciferol)	<ul style="list-style-type: none"> • Treatment of osteoporosis in postmenopausal women • Treatment to increase bone mass in men with osteoporosis 	
Gardasil® [quadrivalent human papillomavirus (Types 6, 11, 16, 18) recombinant vaccine]	<ul style="list-style-type: none"> • Vaccination against cervical cancer, cervical lesions, vulvar lesions, vaginal lesions and genital warts caused by HPV types 6, 11, 16, and 18 in girls and young women ages 9 to 26 	
Hyzaar® (losartan potassium and hydrochlorothiazide)	<ul style="list-style-type: none"> • High blood pressure • Reduction of stroke risk in patients with hypertension and left ventricular hypertrophy⁽¹⁾ 	

Invanz [®] (ertapenem sodium)	<ul style="list-style-type: none"> • 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 • Treatment of moderate to severe complicated foot infection due to indicated pathogens in diabetic patients without osteomyelitis
Januvia [™] (sitagliptin phosphate)	• Type 2 diabetes
Maxalt [®] (rizatriptan benzoate)	• Acute migraine
M-M-R [®] II (measles, mumps and rubella virus vaccine live)	• Simultaneous vaccination against measles, mumps, rubella (German measles) in individuals 12 months of age and older
Pneumovax [®] 23 (pneumococcal vaccine polyvalent)	• Vaccination against pneumococcal disease
Primaxin [®] (imipenem and cilastatin)	• Antibiotic
Propecia [®] (finasteride)	• Treatment of male pattern hair loss
ProQuad [®] [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
Proscar [®] (finasteride)	• Treatment of symptomatic benign prostate enlargement
Recombivax HB [®] [hepatitis B vaccine (recombinant)]	• Vaccination against hepatitis B
RotaTeq [®] (rotavirus vaccine, live, oral pentavalent)	• Vaccination against rotavirus gastroenteritis in infants
Singulair [®] (montelukast sodium)	<ul style="list-style-type: none"> • 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
Stocrin [®] (efavirenz) ⁽²⁾	• HIV infection
Timoptic-XE [®] (timolol maleate ophthalmic gel forming solution)	• Lower intraocular pressure
Trusopt [®] (dorzolamide hydrochloride)	• Lower intraocular pressure
Vaqta [®] (hepatitis A vaccine inactivated)	• Vaccination against hepatitis A in individuals 12 months of age and older
Varivax [®] [varicella virus vaccine live (Oka/Merck)]	• Vaccination against chickenpox in individuals 12 months of age and older
Vytorin [®] (ezetimibe simvastatin) ⁽³⁾	<ul style="list-style-type: none"> • Elevated total cholesterol levels • Lower LDL cholesterol • Raise HDL cholesterol • Reduce triglycerides
Zetia [®] (ezetimibe) ⁽³⁾	• Elevated cholesterol levels
Zolinza [™] (vorinostat)	• Treatment of cutaneous T-cell lymphoma (CTCL)
Zostavax [®] [zoster vaccine live (Oka/Merck)]	• Vaccination against shingles in adults 60 and older

(1) There is evidence that this benefit does not apply to black patients. (2) 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*. (3) *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.

BOARD OF DIRECTORS

as of February 27, 2007

On April 24, 2007, Richard T. Clark will become chairman of Merck's Board of Directors. Mr. Clark has served as the Company's president and CEO since May 2005. Also on April 24, two long-time Board members, Lawrence A. Bossidy and William G. Bowen, will retire. Dr. Samuel O. Thier has been named the new lead director.

Merck's Board of Directors has seven standing committees: Audit, Compensation and Benefits, Corporate Governance, 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: 71. Committees: Compensation and Benefits*, Corporate Governance, Executive*

William G. Bowen, Ph.D. Senior Research Associate, President Emeritus, The Andrew W. Mellon Foundation. Director, American Express Company. Merck Director since 1986. Age: 73.

Richard T. Clark Director, Chief Executive Officer and President, Merck & Co., Inc. Age: 60.

Johnnetta B. Cole, Ph.D. President, Bennett College for Women. Merck Director since 1994. Age: 70. Committees: Compensation and Benefits, Finance, Public Policy and Social Responsibility*

William B. Harrison, Jr. Retired Chairman of the Board, J.P. Morgan Chase & Co. Merck Director since 1999. Age: 63. Committees: Compensation and Benefits, 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: 67. Committees: Compensation and Benefits, Corporate Governance, Research*

Rochelle B. Lazarus Chairman and Chief Executive Officer, Ogilvy & Mather Worldwide. Director, General Electric and New York Presbyterian Hospital. Merck Director since 2004. Age: 59. Committees: Audit

Thomas E. Shenk, Ph.D. Elkins Professor, Princeton University. Director, Cell Genesys, Inc., and CV Therapeutics, Inc. Merck Director since 2001. Age: 60. Committees: Audit, Public Policy and Social Responsibility, Research

Anne M. Tatlock Retired Chairman and Chief Executive Officer, Fiduciary Trust Company International. Director, Fortune Brands, Inc., and Franklin Resources, Inc. Merck Director since 2000. Age: 67. Committees: Compensation and Benefits, Corporate Governance, Finance*

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: 69. Committees: Corporate Governance*, Executive, Public Policy and Social Responsibility, Research

Wendell P. Weeks President and Chief Executive Officer, Corning Incorporated. Director, Corning Incorporated. Merck Director since 2004. Age: 47. Committees: Audit, Finance

Peter C. Wendell Managing Director, Sierra Ventures. Chairman, Princeton University Investment Co. Merck Director since 2003. Age: 56. Committees: Audit*, Compensation and Benefits, Research

*Indicates Committee Chairperson

SENIOR LEADERSHIP

as of February 15, 2007

David W. Anstice Executive Vice President, Strategy Initiatives. Age: 58.

Richard T. Clark Chief Executive Officer and President. Age: 60.

Willie A. Deese President, Merck Manufacturing Division. Age: 51.

Kenneth C. Frazier Executive Vice President and General Counsel. Age: 52.

Mirian M. Graddick-Weir, Ph.D. Senior Vice President, Human Resources. Age: 52.

Peter S. Kim, Ph.D. President, Merck Research Laboratories. Age: 48.

Judy C. Lewent Executive Vice President and Chief Financial Officer. Age: 58.

Peter H. Loescher President, Global Human Health. Age: 49.

Margaret G. McGlynn President, Merck Vaccines. Age: 47.

Stefan Oschmann President, Europe, Middle East, Africa & Canada. Age: 49.

J. Chris Scalet Senior Vice President, Global Services, and Chief Information Officer. Age: 48.

Adam H. Schechter President, U.S. Human Health. Age: 42.

Wendy L. Yarno Chief Marketing Officer. Age: 52.

CORPORATE INFORMATION

ANNUAL MEETING

The Annual Meeting of Stockholders will be held at 2 p.m., ET, on Tuesday, April 24, 2007, 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

- News on Call
Access Merck news 24 hours a day, seven days a week by calling 800-CALL-MRK (800-225-5675).
- Investor Relations
Securities analysts and investment professionals with business-related questions should call Investor Relations at 908-423-5881.
- Media Relations
Professional journalists should visit www.merck.com/newsroom for contacts.
- Corporate Documents
Visit 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
for copies of:
 - Merck's 2006 Form 10-K, as filed with the Securities and Exchange Commission.
 - Report on Diversity at Merck.
 - Policies of the Board (Merck governance principles).
 - Merck Board Committee Charters – Audit, Compensation and Benefits, Corporate Governance, Executive, Finance, Public Policy and Social Responsibility, and Research.
 - Merck's Code of Conduct – Our Values and Standards.

FORWARD-LOOKING STATEMENTS

This report contains "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and involve risks and uncertainties, which may cause results to differ materially from those set forth in the statements. The forward-looking statements may include statements regarding product development, product potential or financial performance. No forward-looking statement can be guaranteed, and actual results may differ materially from those projected. Merck undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events, or otherwise. Forward-looking statements in this report should be evaluated together with the many uncertainties that affect Merck's business, particularly those mentioned in the cautionary statements in Item 1 of Merck's Form 10-K for the year ended Dec. 31, 2006, and in its periodic reports on Form 10-Q and Form 8-K, which the Company incorporates by reference.

TRADEMARKS

All product or service marks appearing in type form different from that of the surrounding text are trademarks or service marks owned by or licensed to Merck & Co., Inc., its subsidiaries or affiliates. *Cozaar* and *Hyzaar* are registered trademarks of E.I. du Pont de Nemours and Company, Wilmington, Delaware, USA. *Zetia* and *Vytorin* are trademarks owned by an entity of the Merck/Schering-Plough Pharmaceuticals partnership.

PATIENT ASSISTANCE PROGRAMS

Merck offers several programs to give individuals greater access to the medicines and vaccines they need. For more information, visit www.merckhelps.com.

CORPORATE RESPONSIBILITY AT MERCK

Merck's 2004-05 Corporate Responsibility Report is available online. More information about corporate responsibility at Merck is available at www.merck.com/cr.



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Product group from well-managed
forests, controlled sources and
recycled wood or fiber
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