

The following table shows the financial results for Merck & Co., Inc. and subsidiaries for the quarter ended December 31, 2006, compared with the corresponding period of the prior year.

Merck & Co., Inc.  
Consolidated Results  
(In Millions Except Earnings per Common Share)  
Quarter Ended December 31  
(Unaudited)

	<u>2006</u>	<u>2005</u>	<u>% Change</u>
Sales	\$6,044.2	\$5,765.9	5%
Costs, Expenses and Other			
Materials and production <sup>(1)</sup>	1,669.1	1,478.8	13
Marketing and administrative <sup>(2)</sup>	2,345.8	2,139.1	10
Research and development <sup>(3)</sup>	1,722.9	1,112.0	55
Restructuring costs <sup>(4)</sup>	55.8	228.9	(76)
Equity income from affiliates	(584.2)	(586.6)	--
Other (income) expense, net	(77.1)	(126.3)	(39)
Income Before Taxes	911.9	1,520.0	(40)
Taxes on Income <sup>(5)</sup>	438.0	400.3	
Net Income	\$473.9	\$1,119.7	(58)
Average Shares Outstanding			
Assuming Dilution	2,184.6	2,188.7	
Earnings per Common Share			
Assuming Dilution	\$0.22	\$0.51	(57)

(1) Includes restructuring costs of \$164.3 million in 2006 and \$177.1 million in 2005 primarily related to accelerated depreciation and asset impairment costs associated with Merck's global restructuring program announced in November 2005, as well as stock option expense of \$4.1 million in 2006.

(2) Includes the impact of reserving an additional \$75 million and \$295 million in the fourth quarter of 2006 and 2005, respectively, solely for future VIOXX legal defense costs. In addition, fourth quarter 2006 includes the impact of reserving \$48 million for FOSAMAX legal defense costs and stock option expense of \$30.5 million.

(3) Includes acquired research expense of \$466.2 million resulting from the acquisition of Sirna Therapeutics, Inc. and stock option expense of \$8.9 million in 2006. Includes restructuring costs of \$1.4 million in 2006 and \$18.7 million in 2005 primarily related to accelerated depreciation costs associated with the global restructuring program announced in November 2005. Also included in 2005 is accelerated depreciation of \$50.9 million associated with the closure of the basic research facility in Terlings Park, United Kingdom.

(4) Restructuring costs in 2006 primarily represent separation costs associated with Merck's global restructuring program announced in November 2005. Restructuring costs in 2005 include \$205.4 million related to the global restructuring program and \$23.5 million associated with other restructuring programs.

(5) The effective tax rate was 48.0% and 26.3% for the fourth quarter of 2006 and 2005, respectively. Included in the effective tax rate was an unfavorable impact related to the acquired research expense for the Sirna Therapeutics acquisition of 16.2 percentage points. A tax charge of \$27 million related to additional repatriation of foreign earnings under the American Jobs Creation Act (AJCA) was recorded in the fourth quarter of 2005.

The following table shows the financial results for Merck & Co., Inc. and subsidiaries for the year ended December 31, 2006, compared with the corresponding period of the prior year.

Merck & Co., Inc.  
Consolidated Results  
(In Millions Except Earnings per Common Share)  
Year Ended December 31  
(Unaudited)

	<u>2006</u>	<u>2005</u>	<u>% Change</u>
Sales	\$22,636.0	\$22,011.9	3%
Costs, Expenses and Other			
Materials and production <sup>(1)</sup>	6,001.1	5,149.6	17
Marketing and administrative <sup>(2)</sup>	8,165.4	7,155.5	14
Research and development <sup>(3)</sup>	4,782.9	3,848.0	24
Restructuring costs <sup>(4)</sup>	142.3	322.2	(56)
Equity income from affiliates <sup>(5)</sup>	(2,294.4)	(1,717.1)	34
Other (income) expense, net	(382.7)	(110.2)	*
Income Before Taxes	6,221.4	7,363.9	(16)
Taxes on Income <sup>(6)</sup>	1,787.6	2,732.6	
Net Income	\$4,433.8	\$4,631.3	(4)
Average Shares Outstanding			
Assuming Dilution	2,187.7	2,200.4	
Earnings per Common Share			
Assuming Dilution	\$2.03	\$2.10	(3)

\* > 100%

(1) Includes restructuring costs of \$736.4 million in 2006 and \$177.1 million in 2005 primarily related to accelerated depreciation and asset impairment costs associated with Merck's global restructuring program announced in November 2005, as well as stock option expense of \$23.8 million in 2006.

(2) Includes the impact of reserving \$673 million and \$295 million in 2006 and 2005, respectively, solely for future VIOXX legal defense costs. Also included in 2006 is the impact of reserving \$48 million for FOSAMAX legal defense costs and stock option expense of \$143.7 million.

(3) Included in 2006 is acquired research expense of \$762.5 million resulting from the acquisitions of Sirna Therapeutics, Inc. and GlycoFi, Inc. and stock option expense of \$55.5 million. Included in 2006 and 2005 are restructuring costs primarily related to accelerated depreciation of \$56.8 million and \$18.7 million, respectively, associated with Merck's global restructuring program announced in November 2005. Also included in 2005 is accelerated depreciation of \$103.1 million associated with the closure of the basic research facility in Terlings Park, United Kingdom.

(4) Restructuring costs in 2006 primarily represent separation costs, as well as gains on the sales of facilities associated with Merck's global restructuring program announced in November 2005. Restructuring costs in 2005 include \$205.4 million related to the global restructuring program and \$116.8 million associated with other restructuring programs.

(5) Includes the equity income from Merck's joint ventures and partnerships, including Merck/Schering-Plough of \$1.2 billion and AstraZeneca LP of \$783.7 million and all other joint ventures of \$292.1 million in 2006. 50% of the sales from the Merck/Schering-Plough, Merial, Sanofi Pasteur MSD and Johnson & Johnson/Merck joint ventures and partnerships totaled \$3.6 billion in 2006 and \$2.8 billion in 2005. These sales are not reflected in Merck's consolidated sales.

(6) The effective tax rate was 28.7% and 37.1% for 2006 and 2005, respectively. Included in 2005 was a net tax charge of \$667 million, primarily related to the repatriation of foreign earnings under the American Jobs Creation Act (AJCA). This net tax charge resulted in an increase of 9.1 percentage points to the effective tax rate for 2005.