Merck
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February 2012

Dear Colleague,

Effective Jan. 1, 2013, Merck is introducing a new U.S. Retirement Benefits Program.

This new program supports Merck's post-merger goal of fully integrating every aspect of our business by providing all eligible employees with the same retirement benefits, regardless of legacy company.

This letter provides a brief overview of the benefits available to you under the new program. For details, please read the enclosed *Introducing Merck's New Retirement Benefits Program* brochure.

About the New Retirement Benefits Program

In designing the new program, an important objective was to address changes in our workforce and the business environment.

The new program includes a pension plan, a savings plan, Merck-sponsored retiree medical coverage and access to voluntary group dental coverage through MetLife.

Our benefits offerings remain competitive with those of our pharmaceutical peers—and are among the best provided by Fortune 100 companies.

Additionally, if you actively participate in a legacy company pension plan, the new program includes generous transition provisions. These provisions offer you the opportunity to continue to earn retirement income benefits that are at least equal to your current pension and savings plan benefits from Jan. 1, 2013, through Dec. 31, 2019, provided you contribute at least 6% to the savings plan.

The level of change you will experience under the new program compared to the current program depends on a number of factors, such as your age, service, total pay, date of termination, legacy company and more.

Key Points

- Under the new program, Merck will provide at least **9% and up to 14.5%** of your total pay each year to the pension and savings plans combined—provided you contribute at least 6% to the savings plan.
- Transition provisions for pension and savings are in place **through Dec. 31, 2019**; you don’t need to retire now to "lock-in" your current benefits.
- Special retiree medical transition provisions are in place for those within five years of retirement.

Pension Plan

Although many employers no longer offer a pension plan, Merck views its pension plan as the foundation for your retirement. Therefore, a conscious decision was made to offer a pension plan that is funded entirely by the company.

Under the new program, your pension will be calculated using a *cash balance* formula. The formula shows your retirement benefit as an account that increases each year with annual pay and interest credits. Under this approach, you earn benefits more evenly over your career, and you can easily see the value or "balance" of your account as it grows.

Savings Plan
The savings plan is one way that you and Merck share the responsibility for your retirement security. Through the savings plan, you have the opportunity to save for retirement on a tax-deferred basis, receive contributions from Merck on your total pay, including cash bonus, and invest in a variety of investment options. In addition, if your pay exceeds the IRS pay limit, Merck will credit a percentage of your total pay in excess of the limit to the Merck Deferral Program.

Retiree Medical
Merck recognizes that you may need access to medical coverage in retirement, especially if you retire before being eligible for Medicare. With this in mind, Merck will offer subsidized coverage (Merck shares in the cost) and unsubsidized coverage (you pay the full cost) to employees who meet certain age and service requirements when they leave Merck. The new plan also includes changes in coverage options and to prescription drug coverage for Medicare-eligible retirees.

Access to Dental Coverage
Merck will no longer offer or share in the cost of retiree dental coverage. However, as a convenience, access to a voluntary, retiree-pay-all group dental plan will be offered through MetLife.

More Information

I encourage you to read the enclosed brochure to better understand the changes. Then, watch for additional information we plan to provide later this year, including webinars and live sessions hosted by Ernst & Young, the provider of Merck's financial planning benefit.

At Merck, we remain committed to providing you with a benefits package that offers financial protection now—and in retirement. Our retirement benefits are extremely valuable—especially in comparison to the benefits offered by other large U.S. companies to their employees—and we are proud to continue to offer them to you.

Sincerely,

Jeffrey Geller
Vice President, Global Compensation and Benefits

Total Rewards
Benefits

Introducing Merck's New Retirement Benefits Program

Helping You Be Well, Financially

Legacy Schering-Plough Active Employees
February 2012

MERCK
Be well

Introducing Merck's New Retirement Benefits Program

Helping You Be Well, Financially

Since the merger of legacy Merck and legacy Schering-Plough began, we've been working to integrate every aspect of our business, including the benefits offered to our existing and future retirees. To date, we've harmonized our employee health, insurance and wellness benefits, as well as many other programs and policies. Now, we are pleased to introduce Merck's new Retirement Benefits Program, to help you be well, financially.

Our Retirement Benefits Program is part of our Total Rewards program and is designed to provide you with a significant level of financial rewards and protection. The combination of our pension, savings and retiree health care plans is there to help you plan for a healthy and financially secure retirement.

Merck's new Retirement Benefits Program begins Jan. 1, 2013 and will provide a single program to all U.S.-based eligible employees[1] — legacy Merck, legacy Schering-Plough, legacy Organon BioSciences and all new hires.

This brochure introduces key features of the new program and the special transition provisions that apply through 2019 to ***U.S.-based employees of legacy Schering-Plough*** (excluding employees of legacy Organon BioSciences, who will receive a separate communication).

WHAT'S **INSIDE:**

[1] Excludes legacy Merck hourly employees covered by collective bargaining agreements and employees of Telerx Marketing, Inc. and Comsort, Inc.

WHAT YOU NEED TO KNOW

- **Four benefit components:** The new program includes **pension, savings, retiree medical and access to retiree dental** — and offers tools and resources to help you make the most of them.
- **Pension plan:** For service starting Jan. 1, 2013, your benefit will be calculated under a **new cash balance formula** that shows your benefit as an account that grows with annual pay credits from Merck (from 4.5% to 10.0% of total pay, based on age and service) plus interest (see page 4). Note that there are transition provisions in place so that the level of benefits you earn under the pension plan for service from Jan. 1, 2013 through Dec. 31, 2019 will be at least equal to the level you would earn under the current plan (see page 6).
- **Savings plan:** The amount of Merck's contribution will change to provide $0.75 for each eligible $1.00 of total pay you contribute up to 6% (maximum match: 4.5%). You will no longer receive a non-matching contribution. However, under the transition provisions, Merck will make an additional contribution of 0.5% of total pay until Dec. 31, 2019 (see pages 6 and 10).
- **Pension and savings allocations from Merck:** Under the new program, the company will provide at least **9.0% and up to 14.5%** (9.5% to 15.0% during the transition period) of your total pay each year to the pension and savings plans combined, provided you contribute at least 6% to the savings plan.
- **Retiree medical plan:** Depending on your age and service when you retire or otherwise leave Merck, the company may help pay the cost of your retiree medical coverage or provide access to the Merck plan where you'll pay the full cost (see page 12).
- **Retiree dental offering:** You may be eligible for new voluntary, unsubsidized dental coverage administered by MetLife, based on your age and service when you leave Merck (see page 13).
- **Highly valuable benefits:** Like your current program, the new Retirement Benefits Program is competitive with our pharmaceutical peers and **among the best offered by Fortune 100 companies.**

No action is required on your part at this time, other than to read this brochure.

DID YOU **KNOW?**

You don't need to retire before 2013 to "lock in" your retirement benefits. By law, your accrued benefit under the legacy Schering-Plough pension plan cannot be reduced or taken away. In addition, transition provisions are in place through Dec. 31, 2019, so you will continue to earn pension and savings plan benefits combined for service from 2013 through the end of 2019 that are at least equal to the benefits under the current pension and savings plan.

Terms to Know

As you read about the new program, keep the following in mind:

- ***Pension plan*** or ***retirement plan*** refers to the Schering-Plough Corporation Retirement Plan, which will continue, but with a different benefit formula for your service after 2012.
- ***Cash balance formula*** is the new way your pension plan benefits will be calculated after 2012. This formula shows your retirement benefit as an account that grows with annual pay credits from Merck plus interest, as follows:

Age + Service on 12/31	Percent of Total Pay Credited to Your Pension Account
39 or less	4.5%
40 – 49	5.5%
50 – 59	6.5%
60 – 69	8.0%
70 or more	10.0%

- ***Savings plan (or 401(k) plan)*** refers to the Schering-Plough Employees' Savings Plan.
- ***Transition period*** means the seven-year period from Jan. 1, 2013 through Dec. 31, 2019, during which you will have ***transition provisions*** that provide an opportunity for you to receive the same level of pension and savings plan benefits you have today, provided you remain continuously employed with Merck and an active participant in the plans. If you leave Merck and are rehired after 2012, you will participate in the new program upon your return. In other words, your transition provisions end when your employment or your active participation ends.
- ***Retiree medical plan*** refers to the Merck-sponsored medical coverage available to eligible retirees and their dependents.
- ***Dental coverage*** means the new voluntary, unsubsidized dental coverage administered and offered through MetLife. This new coverage, known as the MetLife Retirement Dental Benefits Program, is available to eligible retirees and their dependents starting Jan. 1, 2013.
- ***Total pay*** equals your total annual cash compensation, which includes base pay, commissions, paid cash bonus, overtime and shift differential, but excludes other compensation, such as long-term incentive awards and severance pay.
- ***Service*** is used to determine eligibility for certain benefits plans, as described in this brochure. Generally, service includes all periods of service as an employee with legacy Schering-Plough pre-merger and as a legacy Schering-Plough employee with Merck post-merger. Any service with Merck pre-merger is not included in the definition of service. Note, however, that service is counted differently among the plans. For more information, refer to the Summary Plan Descriptions (SPDs) in the About Me section of Sync.
- ***Vesting*** refers to your nonforfeitable right to receive your benefit under the pension plan and account under the savings plan.
- ***Subsidized coverage*** means Merck shares the cost of coverage with you.
- ***Unsubsidized coverage*** means you pay the full cost of coverage.

Understanding Your Retirement Benefits

Although the new program takes effect on Jan. 1, 2013, we are introducing it now to allow ample time for you to learn about the new plans and for our benefits partners and service providers to prepare for implementation.

As you read about each new retirement benefits plan on the following pages — and see how key features compare with your current plans — it may be helpful to keep in mind:

- **Pension and savings plan transition provisions apply to all U.S.-based legacy Schering-Plough[1] employees hired before Jan. 1, 2013 regardless of age or service.** You will not lose your transition provisions for your continuous service during the 2013 through 2019 transition period, regardless of when you retire or otherwise leave Merck — even if you leave after 2020. If your employment ends anytime during 2013 through 2019, you'll be entitled to the transition benefits you earn before you leave.
- **The new program includes some features of the legacy plans, but all employees will see changes under the new program.** Today, legacy Schering-Plough, legacy Merck and legacy Organon BioSciences have different pension, savings and retiree health care benefits. In designing a harmonized program and transition benefits, Merck's objectives included:
  - Treating employees equitably across all legacy companies
  - Meeting the needs of an increasingly mobile workforce and the changing business environment
  - Maintaining a level of benefits that is competitive with those offered by peer pharmaceutical companies and among the best provided by Fortune 100 employers
  - Encouraging shared responsibility between Merck and employees for retirement finances
  - Ensuring Merck's benefits remain cost-effective and tax-efficient
  - Providing benefits that are visible to employees and easy to understand
- **Whether you do better, the same or not as well under the new program versus the current program depends on several variables.** Those variables include your age, service, total pay, how much and how long you contribute to the savings plan, the performance of savings plan investments and when you retire. Keep in mind that through the transition provisions Merck is providing, you will earn pension benefits for service from Jan. 1, 2013 through Dec. 31, 2019 that are *at least equal to* the benefits under the current plan. And, you will be able to receive the same level of company contributions under the savings plan, so long as you contribute at least 6% of pay to the plan.
- **Eligibility for Merck's retiree medical plan, and the subsidy from Merck to help pay for this coverage, are changing.** Starting Jan. 1, 2013, you'll be eligible for access to Merck's retiree medical plan if you leave after age 50 with five or more years of service. The service requirement for receiving Merck's subsidy to help you pay for this coverage is changing. Transition provisions apply (see page 6).

[1] Excludes employees of legacy Organon BioSciences

TRANSITION PROVISIONS

An important objective of the new program is to minimize the impact of any potential changes for employees in the near term, especially for those close to retirement. As a result, the program includes transition provisions:

- Under the pension and savings plans until Dec. 31, 2019 (which is 10 years after the merger).
- For retiree medical coverage for employees who are at least age 50 with five or more years of service as of Dec. 31, 2012. In other words, those who, as of the end of 2012, are within five years of being eligible for subsidized retiree medical coverage.

Pension and Savings Plan Protections

During the transition period from Jan. 1, 2013 through Dec. 31, 2019, you will earn retirement income benefits that are at least equal to the benefits available under your current pension and savings plans. The transition provisions provide a "safety net" so that you will receive:

The greater of your pension benefit under:

The current retirement plan benefit formula **or** The new cash balance benefit formula

PLUS

Company matching contributions in the savings plan equal to $0.75 for every $1.00 you contribute up to 6% of your total pay

PLUS

Additional 0.5% company contribution in the savings plan from Jan. 1, 2013 through Dec. 31, 2019

If you contribute 6% or more of your total pay to the savings plan, Merck's combined new matching and additional contributions will equal 5% — the same amount you receive today in matching contributions and company contributions under the savings plan.

Retiree Medical Contribution Support

Under the new program, eligibility for the level of Merck subsidy you can receive will change. To help transition to the new program:

- You will continue to be eligible for subsidized retiree medical coverage under the current subsidy arrangement for legacy Schering-Plough employees in effect as of Dec. 31, 2012, if you:
  - Are age 50 or older with five or more years of service as of Dec. 31, 2012, and
  - Retire at or after age 55 with 10 or more years of service, provided you remain continuously employed with Merck from Dec. 31, 2012, until you retire.
- If you do not meet those requirements, starting Jan. 1, 2013, you will be eligible for Merck's contribution subsidy if you retire at age 55 or older with at least 10 years of service *earned after age 40*. For pre-Medicare coverage, Merck's subsidy will vary based on your age at retirement. For post-Medicare coverage, Merck's subsidy will be fixed for the year, regardless of your age.
- If you don't meet either of the two requirements above, then you may elect unsubsidized retiree medical coverage (you'll pay the full cost) if you leave Merck at or after age 50 with at least five years of service.

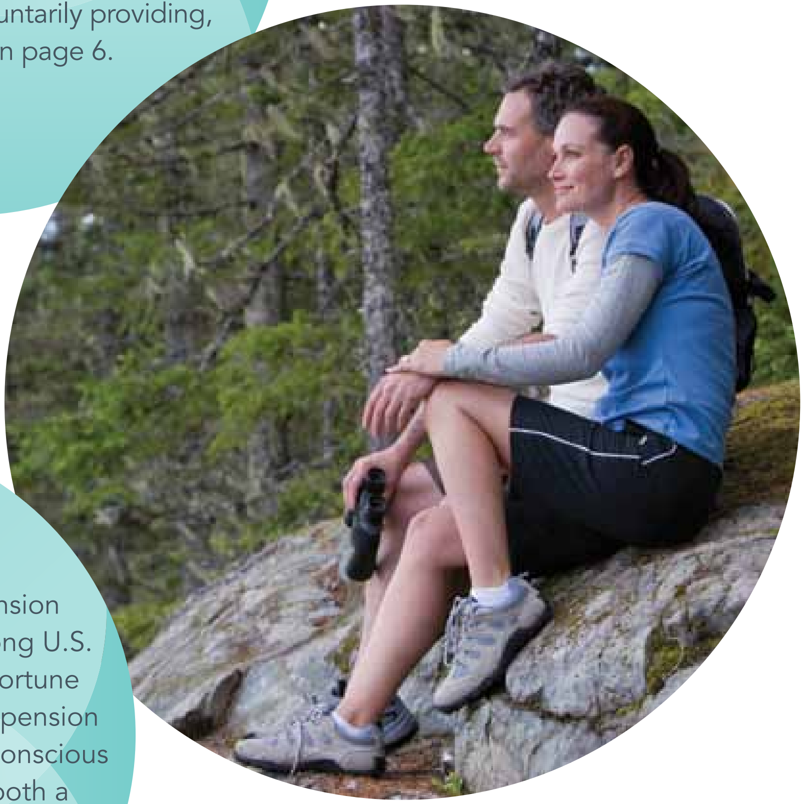
Note: The cost of retiree medical coverage, as well as Merck's subsidy and your contribution amount may change from year to year due to medical cost inflation and other factors at Merck's discretion.

Retirement Benefits Plan Summaries

Together, the plans and coverages that make up Merck's Retirement Benefits Program are designed to help you achieve a financially secure retirement. The new pension, savings, retiree medical and retiree dental plans are summarized on the following pages, along with charts that show what's changing, what's the same and the potential impact to you. More information will be available later this year. See page 15.

DID YOU **KNOW?**

Federal law protects the amount of pension benefits you earn. For example, the benefit you accrue under the current Retirement Plan as of Dec. 31, 2012 can never be reduced. This legal protection continues under the new program and is *in addition* to the transition provisions Merck is voluntarily providing, as described on page 6.



DID YOU **KNOW?**

Providing employees with a pension plan has become uncommon among U.S. employers. In fact, only 30% of Fortune 100 companies continued to offer pension plans in 2011.* Merck has made a conscious decision to continue providing both a pension plan *and* a savings plan to help you prepare for retirement.

** 2011 survey conducted by consulting firm Towers Watson*

Pension Plan

The pension plan, which creates a foundation of income for retirement, is funded solely by Merck's contributions.

RETIREMENT / PENSION PLAN

	Plan Feature	Under the Current Program (Legacy Schering-Plough Plans)	Under the New Program (Starting Jan. 1, 2013)	Potential Impact
What's Changing	**Eligibility to participate**	Age 21 with one year of service or age 40, if earlier	1/1/13 or date of hire, if later	None for current employees
What's Changing	**Vesting**	After five years of vesting service	After three years of service	Less service needed to earn a right to benefits
What's Changing	**Benefit formula**	**Final average pay formula:** Payable as a life annuity at or after age 65: • 1.5% x final average pay x service (up to 40 years) *minus* 1.43% x estimated Social Security benefit x service (up to 35 years) • Minimum benefit: 1% x final average pay x service • Benefits are reduced if paid before age 65	**Cash balance account-based benefit formula:** • Annual credits from Merck based on your age and service on 12/31: Age + Service / Percent of Total Pay Credited to Your Pension Account **39 or less** / **4.5%** **40 – 49** / **5.5%** **50 – 59** / **6.5%** **60 – 69** / **8.0%** **70 or more** / **10.0%** *plus* Annual interest credits set at CPI[1] + 3%	• **For service before 1/1/13,** benefits are calculated under the final average pay formula • **For service from 1/1/13 through 12/31/19,** your benefit will be the greater of your amount calculated under the current final average pay formula and the new cash balance formula • **For service beginning 1/1/20,** your benefit will be calculated under the new cash balance formula only • The actual impact to you will vary based on your total pay, age, service, date of termination or retirement, CPI[1] and lump sum/actuarial factors at time of termination
What's Changing	**How and when benefits are paid after employment ends**	• Variety of annuity options • Benefits are generally payable after you reach age 55 with five or more years of service	• Same variety of annuity options plus lump sum option available on benefits earned after 12/31/12 • Benefits are generally payable after you reach age 55 with three or more years of service • New lump sum option payable after termination, regardless of age, if the total value of your benefit is less than $50,000	• Benefit may be payable before age 55 under limited circumstances • May have additional choice of lump sum payment for benefit earned after 12/31/12
What's the Same	**How benefits are funded**	Paid for in full by Merck	No change	None
What's the Same	**Who bears the investment risk**	Merck	No change	None
What's the Same	**Pay considered in calculating benefits**	• Total pay • Benefits based on pay exceeding IRS limits ($250,000 for 2012) are payable from the Benefits Equalization Plan (BEP), a non-qualified defined benefit plan	No change	None

[1] The Consumer Price Index (CPI) measures the change in prices paid by U.S. consumers for representative goods and services. Aligning the interest credits with the CPI provides inflation protection for your account balance.

WHAT'S THE DIFFERENCE?

Calculating pension benefits under a final average pay formula versus a cash balance formula

Both the final average pay formula and the new cash balance formula are features of a defined benefit pension plan. Defined benefit pension plans are typically paid for in full by employers, who bear the full investment risk to pay pensions to participants. There are important differences, however, as described below.

The current Schering-Plough Corporation Retirement Plan calculates benefits under a ***final average pay formula*** that provides greater benefits for older, longer service employees than for other employees. The plan's final average pay formula determines your pension as a monthly annuity beginning at age 65 using:

- Your benefit service
- The average of your 60 highest paid consecutive months during your last 120 consecutive months of benefit service (i.e., your "final average pay"), and
- Your estimated Social Security benefit

In general, you can elect to receive your benefit as early as age 55, but reductions will apply, because your benefit is expected to be paid for a longer period.

Beginning Jan. 1, 2013, the retirement plan will calculate benefits under a ***cash balance formula*** under which you earn benefits more evenly throughout your career. (Long service with Merck is still rewarded because the higher your age plus service, the greater the percentage of pay Merck credits to your account.) Your pension is determined as an account-based benefit that grows with:

- Company-provided pay credits, and
- Annual interest, which varies each year

Although your cash balance pension is shown as a single lump sum amount — the value of credits from Merck plus interest credited to your account — when your benefit is paid, you can choose to receive it as a single lump sum or as an annuity. Generally, your benefit is payable after you reach age 55.

The new cash balance formula provides a visible, understandable view to the value of your pension benefit and recognizes that today's workforce is unlikely to spend a full career with just one company. It rewards service more evenly during your career and helps Merck meet the needs of our more mobile workforce.

DID YOU **KNOW?**

Pension Benefits Modeling Tool available Later this Year

The modeling tool available on the Retirement Center Website is expected to be updated later this year to reflect the new cash balance formula (with the applicable transition provisions). You will be notified in advance of the change. Once the updated tool is available, you will no longer be able to model your pension benefits under your current final average pay formula beyond the transition period.

The Retirement Center Website is available at **https://www.benefitsweb.com/retirementcenterweb.html**

LEARN MORE ABOUT CASH BALANCE PENSION PLAN FORMULAS

To find easy-to-read FAQs and other general information about cash balance plans, as well as other retirement-related FAQs, visit the U.S. Department of Labor website: **www.dol.gov/ebsa/FAQs/faq_consumer_cashbalanceplans.html**

Savings Plan

The savings plan provides you with the opportunity to save for retirement on a tax-deferred basis, receive contributions from Merck and invest in a variety of investment options.

	Plan Feature	Under the Current Program (Legacy Schering-Plough Plans)	Under the New Program (Starting Jan. 1, 2013)	Potential Impact
What's Changing	**How much the company contributes**	• Merck contributes $1.00 for every $1.00 you contribute[1] up to 2% of total pay (maximum match is 2% of total pay) • Merck contributes 3% of total pay each year as "automatic" non-matching contributions • Total potential contributions from Merck equal 5% of total pay (if you contribute at least 2% of total pay)	• Merck contributes $0.75 for every $1.00 you contribute[1] up to 6% of total pay (maximum match is 4.5% of total pay) • Merck contributes 0.5% of total pay as "automatic" non-matching contributions during the transition period • Total potential contributions from Merck equal 5% of total pay during the transition period and 4.5% after the transition period (if you contribute at least 6% of total pay)	• None from 1/1/13 through 12/31/19 if you contribute at least 6% of your total pay • Starting 1/1/20: Receive 4.5% in matching contributions if you contribute at least 6% of total pay
What's the Same	**Eligibility to participate**	Date of hire	No change	None
	Pay used to determine contribution amounts	• Total pay • Merck's credit on total pay over the IRS limit is made to the Merck Deferral Program, an unfunded, non-qualified plan, for eligible employees	No Change	None
	Vesting	Immediate	No change	None
	Investment funds	Choice of 20+ funds	No change	None
	How your account is paid	Choice of lump sum and installments; shares or cash for Merck stock	No change	None

DON'T MISS OUT ON THE MATCH

Beginning Jan. 1, 2013, you must contribute at least 6% of your total pay to the savings plan to receive the maximum company match. If you are not already doing so, now may be a good time to start. You can benefit from saving more, and you will be ready to get the maximum match from Merck under the new Retirement Benefits Program starting in 2013. Log on to **http://netbenefits.fidelity.com** to make your new election.

[1] Excludes after-tax contributions

SHARED RESPONSIBILITY FOR YOUR RETIREMENT SECURITY

To help you be well financially, Merck will continue to:

- Pay the full cost of the pension plan
- Bear the full investment risk to provide your pension benefit when you retire
- Contribute $0.75 for every eligible $1.00 you contribute to the savings plan up to 6% of total pay, for a total maximum contribution of 4.5% of total pay
- Contribute an additional 0.5% of total pay to the savings plan from Jan. 1, 2013 through Dec. 31, 2019
- Help pay the cost of retiree medical coverage or offer access to retiree medical coverage — if you meet certain age and service requirements

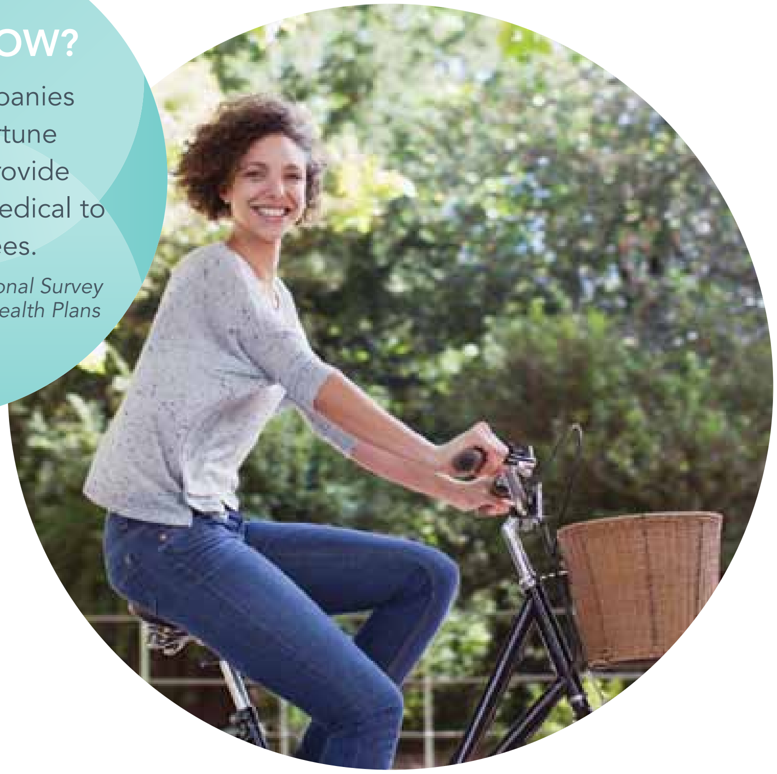
You have the responsibility to:

- Save a portion of your pay in the savings plan (you must contribute 6% of pay to get the full Merck match)
- Direct and monitor the investment of your savings plan money and bear the investment risk
- Share in the cost of retiree medical coverage, if eligible, or pay the full cost for retiree medical coverage
- Pay the full cost of voluntary retiree dental coverage
- Use the tools and resources Merck makes available to learn about and make the most of your retirement benefits

DID YOU **KNOW?**

Only 51% of companies representing Fortune 100 employers provide subsidized retiree medical to their new retirees.

Source: 2011 Mercer National Survey of Employer-Sponsored Health Plans



Retiree Medical Plan

Planning for your health care is an important step in preparing for retirement. Under the new program, retiree medical coverage may be available to you with or without a company-provided subsidy.

What's Changing

RETIREE MEDICAL PLAN			
Plan Feature	**Under the Current Program** (Legacy Schering-Plough Plans)	**Under the New Program** (Starting Jan. 1, 2013)	**Potential Impact**
Eligibility to enroll for coverage	• Leave Merck at or after **age 55** with at least five years of vesting service • May opt out of coverage at any time after electing it, and opt in during annual enrollment or within 30 days after a qualified status change	• Leave Merck at or after **age 50** with at least five years of service • Same opt-out and opt-in privileges for subsidized coverage • One-time election at termination or when COBRA ends for unsubsidized coverage	Earlier access to Merck-sponsored retiree medical coverage
Eligibility to receive company subsidy (i.e., Merck helps pay the cost of your coverage)	Leave Merck at or after age 55 with at least 10 years of service	Leave Merck at or after age 55 or later with at least 10 or more years of service **earned after age 40**	• None if you leave Merck at or after age 55 and have at least 10 years of service earned after reaching age 40 • None if you are at least age 50 with at least five years of service on 12/31/12 and: – Remain continuously employed until your employment ends and – Are at least age 55 with at least 10 years of service when your employment ends • You pay the full cost of coverage if you don't meet either of the above requirements, but leave Merck at or after age 50 with at least five years of service
Amount of company subsidy toward the cost of coverage	• Fixed percentage of total cost of coverage • Current subsidy is approximately 70%[1] of the total cost of coverage	Company subsidy is targeted at the median of pharmaceutical peers: • For pre-Medicare coverage, subsidy varies based on your age when employment ends • For post-Medicare coverage, subsidy is a fixed amount regardless of age	• None, if age 50 with five or more years of service on 12/31/12 and you: – Remain continuously employed by Merck until your employment ends, and – Are at least age 55 with at least 10 years of service when your employment ends • Otherwise, will vary
Medical benefits *before* becoming eligible for Medicare	• PPO option with 80% in-network, 70% out-of-network benefits • Administered by Aetna	• Choice of two PPO options: – Core plan with 80% in-network, 70% out-of-network benefits – Buy-up plan with 90% in-network, 70% out-of-network benefits • Administered by Aetna or Horizon BCBS (your choice)	More choices for coverage options and medical plan administrators
Medical benefits *after* you become eligible for Medicare	• 80% indemnity option • Plan benefits are coordinated with Medicare benefits, with Medicare paying primary and the Merck medical plan paying secondary • Administered by Aetna	• 80% indemnity option • Same Medicare coordination provisions • Administered by Aetna or Horizon BCBS (your choice)	Additional choice of administrator

[1] Excluding external financing from government agencies

RETIREE MEDICAL PLAN				
	Plan Feature	Under the Current Program (Legacy Schering-Plough Plans)	Under the New Program (Starting Jan. 1, 2013)	Potential Impact
What's Changing	Prescription drug benefits *after* you become eligible for Medicare	• Coverage provided through Merck Managed Prescription Drug Program, administered by Medco Health Solutions • Coverage is automatic when you enroll in Merck's retiree medical plan • Benefits vary depending on if drug is generic, brand name or Merck manufactured, as well as if purchased at a retail pharmacy or by mail through the Medco Pharmacy • Benefits are the same as those provided to pre-Medicare participants	• Provided under a new plan, which is a combination of a group Medicare Part D plan called an Employer Group Waiver Plan (EGWP) and a supplemental plan sponsored by Merck, administered by Medco • Prescription coverage under the EGWP and the supplemental plan are designed to be generally comparable to the benefits provided to pre-Medicare participants	• Generally comparable to the level of prescription drug coverage provided to pre-Medicare participants • You may be required to pay a Medicare premium surcharge if your annual income in retirement is over $85,000 (single) or $170,000 (married)
What's the Same	Prescription drug benefits *before* you become eligible for Medicare	• Coverage provided through Merck Managed Prescription Drug Program, administered by Medco Health Solutions • Coverage is automatic when you enroll in Merck's retiree medical plan • Benefits vary depending on if drug is generic, brand name or Merck manufactured, as well as if purchased at a retail pharmacy or by mail through the Medco Pharmacy	No change	None

Retiree Dental Coverage

The new program offers access to retiree dental coverage, a new benefit for legacy Schering-Plough employees.

RETIREE DENTAL COVERAGE				
	Plan Feature	Under the Current Program (Legacy Schering-Plough Plans)	Under the New Program (Starting Jan. 1, 2013)	Potential Impact
What's Changing	Eligibility for coverage	Not available	Leave Merck at or after age 50 with at least five years of service and reside in the U.S.	Ability to elect voluntary retiree dental coverage offered through MetLife
	Coverage option	Not available	• Access to voluntary, unsubsidized dental coverage through MetLife • Two plan options will be available • The plan is not sponsored by Merck	• Coverage and costs are determined by MetLife • Coverage level is different from active employee dental plan, as determined by MetLife • You pay the full cost. Costs vary by state and zip code

Moving to Merck's New Retirement Benefits Program

The following illustration shows the timing for the implementation of Merck's new Retirement Benefits Program, including the 2013-2019 transition period.

FOR SERVICE THROUGH 2012	FOR SERVICE BETWEEN 2013-2019	FOR SERVICE 2020 AND LATER
Current Program through 12/31/12	**New Program + Transition Provisions 1/1/13 through 12/31/19**	**New Program starting 1/1/20**
Legacy Retirement Plan + Legacy Savings Plan + Legacy Retiree Medical Plan	Greater of current final average pay formula or cash balance formula pension benefit + Savings plan with up to 4.5% of total pay in matching contributions + Additional company contribution of 0.5% of total pay + Merck-subsidized retiree medical coverage if you leave Merck at or after age 55 with 10 or more years of service earned after age 40 at termination *or* Merck-subsidized retiree medical coverage if you are at least age 55 with 10 years of service at termination, were at least age 50 with five years of service at 12/31/12 and you remain continuously employed at Merck until you retire *or* Access to unsubsidized Merck-sponsored retiree medical coverage (you pay the full cost) if you leave Merck after age 50 with five or more years of service + Access to voluntary, unsubsidized dental coverage (provided through MetLife) if you leave Merck after age 50 with five or more years of service	Pension plan with cash balance formula + Savings plan with up to 4.5% of total pay in matching contributions + Merck-subsidized retiree medical coverage if you leave Merck and are at least age 55 with 10 or more years of service earned after age 40 *or* Access to unsubsidized Merck-sponsored retiree medical coverage if you leave Merck after age 50 with five or more years of service + Access to voluntary, unsubsidized dental coverage (provided through MetLife) if you leave Merck after age 50 with five or more years of service

FOR MORE INFORMATION

Although there's no action required by you at this time, it's important to understand the new program as well as the partnership you and Merck have in contributing to your future financial security. Information and resources that are or will become available this year include the following:

Available Now:

- Access to the **Summary Plan Descriptions (SPDs)** for the current plans, available through the About Me section of Sync (note that the current SPDs do not reflect the 2013 changes).
- **Access to Merck's Financial Planning Benefit** through Ernst & Young, LLC (EY), which is available at no cost to you. The benefit offers the EY Financial Planner Line®, where you can speak to an EY Financial Planner Line® representative. You also have access to the Ernst & Young Financial Planning Center Website that provides a wealth of information on a variety of financial topics, financial calculators, FAQs, and videos: Go to **http://merck.eyfpc.com** (*Company Code:* Merck; *Company Program:* MRK), or call the EY Financial Planner Line® at **888-566-8630.**
- **The Retirement Center website** at **https://www.benefitsweb.com/retirementcenterweb.html** where you can use the modeling tool to run projections of your pension benefits under the current legacy Schering-Plough Corporation Retirement Plan. *Note: The modeling tool will change later this year to reflect the new program. You will be notified in advance of the change. Once the updated tool is available, you will no longer be able to model benefits under the final average pay benefit formula of the pension plan beyond the transition period.*

Available Later This Year:

- **Information sessions** will be offered through EY. These sessions will be designed to help you better understand the features of the new pension and savings plans. Registration instructions will be provided when the sessions become available.
- **A summary of the changes and additional information.**

If You Have Questions:

- **For questions about what's described in this brochure:** call the EY Financial Planner Line® at **888-566-8630.**
- **For questions about your current pension plan:** go online to the Retirement Center at https://www.benefitsweb.com/retirementcenterweb.html or call **866-201-2825.**
- **For questions about your current savings plan account:** go online to Fidelity NetBenefits® at http://netbenefits.fidelity.com or call **800-66MERCK (800-666-3725).**

February 2012

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