

Consolidated Statement of Income

Merck & Co., Inc. and Subsidiaries

Years Ended December 31

(\$ in millions except per share amounts)

	2004	2003	2002
Sales	\$22,938.6	\$22,485.9	\$21,445.8
Costs, Expenses and Other			
Materials and production	4,959.8	4,436.9	4,004.9
Marketing and administrative	7,346.3	6,394.9	5,652.2
Research and development	4,010.2	3,279.9	2,677.2
Equity income from affiliates	(1,008.2)	(474.2)	(644.7)
Other (income) expense, net	(344.0)	(203.2)	104.5
	14,964.1	13,434.3	11,794.1
Income from Continuing Operations Before Taxes	7,974.5	9,051.6	9,651.7
Taxes on Income	2,161.1	2,462.0	2,856.9
Income from Continuing Operations	5,813.4	6,589.6	6,794.8
Income from Discontinued Operations, Net of Taxes	—	241.3	354.7
Net Income	\$ 5,813.4	\$ 6,830.9	\$ 7,149.5
Basic Earnings per Common Share			
Continuing Operations	\$2.62	\$2.95	\$3.01
Discontinued Operations	—	.11	.16
Net Income	\$2.62	\$3.05*	\$3.17
Earnings per Common Share Assuming Dilution			
Continuing Operations	\$2.61	\$2.92	\$2.98
Discontinued Operations	—	.11	.16
Net Income	\$2.61	\$3.03	\$3.14

* Amount does not add as a result of rounding.

Consolidated Statement of Retained Earnings

Merck & Co., Inc. and Subsidiaries

Years Ended December 31

(\$ in millions)

	2004	2003	2002
Balance, January 1	\$34,142.0	\$35,434.9	\$31,489.6
Net Income	5,813.4	6,830.9	7,149.5
Common Stock Dividends Declared	(3,329.1)	(3,264.7)	(3,204.2)
Spin-off of Medco Health	—	(4,859.1)	—
Balance, December 31	\$36,626.3	\$34,142.0	\$35,434.9

Consolidated Statement of Comprehensive Income

Merck & Co., Inc. and Subsidiaries

Years Ended December 31

(\$ in millions)

	2004	2003	2002
Net Income	\$ 5,813.4	\$ 6,830.9	\$ 7,149.5
Other Comprehensive (Loss) Income			
Net unrealized loss on derivatives, net of tax and net income realization	(31.7)	(21.3)	(20.0)
Net unrealized (loss) gain on investments, net of tax and net income realization	(100.9)	(46.3)	73.1
Minimum pension liability, net of tax	(4.9)	231.9	(162.5)
Cumulative translation adjustment relating to equity investees, net of tax	26.1	—	—
	(111.4)	164.3	(109.4)
Comprehensive Income	\$ 5,702.0	\$ 6,995.2	\$ 7,040.1

The accompanying notes are an integral part of these consolidated financial statements.