



## News Release

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### **Merck Provides 2009 Financial Guidance; Reaffirms Guidance for 2008 and 2010**

- **2008 Anticipated non-GAAP EPS Range of \$3.28 to \$3.32, Excluding Certain Items; 2008 GAAP EPS Range of \$3.45 to \$3.55**
- **2009 Anticipated non-GAAP EPS Range of \$3.15 to \$3.30, Excluding Certain Items; 2009 GAAP EPS Range of \$2.95 to \$3.17**
- **2009 Guidance Includes an Expected Foreign Exchange Impact of Negative 3 Percent on Revenue and a Negative 6 Percent Impact on EPS**
- **Merck Anticipates Compound Annual Non-GAAP Revenue Growth (Including 50 Percent of Joint Venture Revenue) of 2 to 4 Percent from 2005 to 2010; GAAP Compound Annual Revenue Growth of 1 to 3 Percent Expected**
- **Company Expects 2005 to 2010 Compound Annual Non-GAAP EPS Growth in Mid-to-High Single-Digits, Excluding Certain Items; GAAP EPS Compound Annual Growth Rate Expected to Increase by Double-Digits**

Whitehouse Station, N.J., Dec. 4, 2008 – Merck & Co., Inc. today reaffirmed its financial guidance for 2008 and 2010, and provided guidance for 2009. Merck's senior management will host a conference call to discuss the details of the Company's financial guidance today at 8:00 a.m. EST.

"In 2009, we expect strong product volume growth from key products such as JANUVIA/JANUMET, ISENTRESS and ZOSTAVAX," said Richard T. Clark, chairman, president and chief executive officer. "However, we anticipate that top-line growth will be offset by the effects of a volatile global economy, fluctuations in the foreign exchange markets, as well as continued challenges for certain key products.

"This will be an important execution year for Merck as we continue the transformation of our company into a more lean and flexible business, and further reduce our cost structure, while strongly supporting our key products and growth opportunities," said Clark.

"During 2009, we expect to file NDAs for two promising candidates in Phase III that address patient needs in the treatment of migraines and acute heart failure, and will continue to

fully fund our R&D opportunities including outcomes studies for key products such as JANUVIA and VYTORIN as well as promising candidates including MK-0524A and MK-0822.

"The investments we're making to promote our products, develop our best-in-class R&D capabilities and bring more efficiency to our business operations will position Merck for future growth," he said.

## 2008 Guidance

Merck today reaffirmed its full-year 2008 non-GAAP (generally accepted accounting principles) earnings per share (EPS) guidance range of \$3.28 to \$3.32 that adjusts for certain items and a 2008 GAAP EPS range of \$3.45 to \$3.55. The Company has included in its full-year 2008 GAAP guidance:

- A pretax charge of approximately \$1.3 billion to \$1.5 billion associated with the Company's global restructuring programs.
- The \$2.2 billion pretax gain from a distribution from the AstraZeneca limited partnership.

A reconciliation of anticipated 2008 EPS as reported in accordance with GAAP to non-GAAP EPS that adjusts for certain items is provided in the table that follows:

	Full-Year 2008
<b>GAAP EPS</b>	<b>\$3.45 to \$3.55</b>
EPS impact of items*	\$(0.17) to \$(0.23)
<b>Non-GAAP EPS, which adjusts for items listed below <sup>1</sup></b>	<b>\$3.28 to \$3.32</b>

<i>* Amount calculated as follows (In millions except per share amount):</i>	Full-Year 2008
Costs related to the global restructuring programs	\$1,500 to \$1,300
Gain on distribution from AstraZeneca	(2,223)
Net (increase) decrease before income taxes	(723) to (923)
Income tax expense (benefit) on above items	367 to 427
(Increase) decrease in net income	\$(356) to \$(496)
<b>EPS impact of items</b>	<b>\$(0.17) to \$(0.23)</b>

Details on Merck's full-year 2008 financial guidance can be found on page 5 of this news release.

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<sup>1</sup> Merck is providing information on earnings per share in 2008 and 2009, adjusted for certain items, because of the nature of these items and the impact they have on the analysis of underlying business performance and trends. Management believes that providing this information enhances investors' understanding of the Company's performance. This information should be considered in addition to, but not in lieu of, earnings per share prepared in accordance with GAAP.

## 2009 Guidance

For the full-year 2009, the Company expects a non-GAAP EPS range of \$3.15 to \$3.30, excluding certain items and a 2009 GAAP EPS range of \$2.95 to \$3.17. The 2009 GAAP guidance includes a pretax charge of approximately \$400 million to \$600 million associated with the Company's global restructuring programs.

A reconciliation of 2009 EPS as reported in accordance with GAAP to non-GAAP EPS, which adjusts for certain items, is provided in the table that follows.

	Full-Year 2009
<b>GAAP EPS</b>	<b>\$2.95 to \$3.17</b>
EPS impact of items*	\$(0.20) to \$(0.13)
<b>Non-GAAP EPS, which adjusts for items listed below</b>	<b>\$3.15 to \$3.30</b>

<i>* Amount calculated as follows (In millions except per share amount):</i>	Full-Year 2009
Costs related to the global restructuring program	\$600 to \$400
Income tax expense (benefit) on above items	(180) to (120)
(Increase) decrease in net earnings	420 to 280
<b>EPS impact of items</b>	<b>\$(0.20) to \$(0.13)</b>

In 2009, the Company expects both GAAP and non-GAAP EPS in the first quarter to be less than one-fourth of the full-year EPS. In addition, the Company anticipates marketing and administrative spend and R&D expenses to be more equally distributed across the four quarters than in previous years.

Details on the 2009 guidance can be found on page 6 of this release.

Peter N. Kellogg, executive vice president and chief financial officer, said "Merck's anticipated 2009 performance and the resulting cash flow, coupled with our strong balance sheet, will enable the Company to maintain our dividend at current levels, pursue share repurchases and take advantage of strategic opportunities."

## Elements of Long-Term Guidance

The Company had previously provided guidance on the 2005 to 2010 time period. Merck anticipates non-GAAP revenues, including 50 percent of the revenues from our joint ventures, will have a compound annual growth rate of 2 to 4 percent from 2005 to 2010. Merck's GAAP reported sales, excluding 50 percent of the revenues from our joint ventures, are expected to have a compound annual growth rate of 1 to 3 percent from 2005 to 2010.

Non-GAAP EPS compound annual growth rate from 2005 to 2010 is expected to be in the mid-to-high single-digits, excluding certain items. Merck anticipates EPS compound annual growth rate on a GAAP basis to increase by double-digits over the same period. The non-GAAP EPS guidance excludes restructuring charges and net tax charges of \$0.43 per share in 2005 and anticipated charges related to the 2008 restructuring program of \$100 million to \$400 million in 2010. For the purpose of the 2010 guidance, the Company is excluding any one-time gains that may result from AstraZeneca exercising its option with respect to AstraZeneca LP.

Merck anticipates capital expenditures of approximately \$1.4 billion in 2008. Capital expenditures for 2009 are expected to be approximately \$1.6 billion.

### **Conference Call**

The Company will host a conference call to discuss the Company's financial guidance. Investors are invited to a live webcast of Merck's conference call today at 8:00 a.m. EST by visiting the *Newsroom* section of the Merck Web site ([www.merck.com/newsroom/webcast/](http://www.merck.com/newsroom/webcast/)). Institutional investors and analysts can participate in the call by dialing (706) 758-9927. Journalists are invited to listen by calling (706) 758-9928. A replay of the conference call will be available starting at 11 a.m. EST today through 5 p.m. EST on Dec. 11. To listen to the replay, dial (706) 645-9291 or (800) 642-1687 and enter ID # 73736995.

## Merck Financial Guidance for 2008

Sales forecasts for Merck & Co., Inc. and major products for 2008 are as follows:

### Worldwide 2008 Sales

Total Sales\* (as recorded by Merck & Co., Inc.) \$23.7 to \$24.0 billion

#### Product

SINGULAIR (Respiratory)	\$4.3 to \$4.5 billion
COZAAR/HYZAAR (Hypertension)	\$3.5 to \$3.7 billion
FOSAMAX (Osteoporosis)	\$1.4 to \$1.7 billion
GARDASIL (as recorded by Merck & Co., Inc.)	\$1.4 to \$1.6 billion
Other Vaccines (as recorded by Merck & Co., Inc.)	\$2.6 to \$2.8 billion
Other reported products**	\$7.8 to \$8.2 billion

\* Total sales equals sales from products listed above plus supply sales to our partners (primarily AstraZeneca) and other non-promoted products.

\*\* Other reported products comprise: ARCOXIA, CANCIDAS, COSOPT, CRIXIVAN, EMEND, INVANZ, ISENTRESS, JANUVIA, JANUMET, MAXALT, PRIMAXIN, PROPECIA, PROSCAR, STOCRIN, TIMOPTIC/TIMOPTIC XE, TRUSOPT, VASOTEC/VASERETIC, ZOCOR and ZOLINZA.

- Under an agreement with AstraZeneca (AZN), Merck receives revenue at predetermined percentages of the U.S. sales of certain products by AZN, most notably NEXIUM. In 2008, Merck anticipates that these revenues will be approximately \$1.5 billion to \$1.7 billion.
- Equity income from affiliates includes the results of the Merck and Schering-Plough collaboration and Sanofi-Pasteur MSD combined with the results of Merck's other joint venture relationships. Equity income from affiliates is expected to be approximately \$2.3 billion to \$2.5 billion for 2008.
- Product gross margin (PGM) percentage is estimated to be approximately 77 percent to 78 percent for the full-year 2008. This guidance excludes the portion of the restructuring costs that will be included in product costs and will affect reported PGM in 2008.
- Marketing and administrative expense is anticipated to be approximately \$7.4 billion to \$7.6 billion.
- Research and development expense (which excludes joint ventures) is anticipated to be approximately \$4.7 billion to \$4.9 billion. This guidance excludes the portion of the restructuring costs that will be included in research and development expense in 2008.
- As part of the Company's restructuring of its operations, additional costs related to site closings, position eliminations and related costs will be incurred in 2008. The aggregate 2008 pretax expense related to these activities is estimated to be in the range of \$1.3 billion to \$1.5 billion.
- The consolidated 2008 tax rate is estimated to be approximately 18 percent to 21 percent. This guidance does not reflect the tax rate impact of the gain on distribution from AstraZeneca or restructuring costs. The effective tax rate to be applied to the AstraZeneca gain and the Company's restructuring costs is at a higher level than the underlying effective tax rate guidance.
- Merck plans to continue its stock buyback program in 2008. As of November 30, 2008, \$2.4 billion remains under the current buyback authorizations approved by Merck's Board of Directors.

Given these guidance elements, Merck anticipates full-year 2008 non-GAAP EPS of \$3.28 to \$3.32, excluding certain items, and 2008 GAAP EPS in the range of \$3.45 to \$3.55.

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## Merck Financial Guidance for 2009

This guidance is based on recent exchange rates. Sales forecasts for Merck & Co., Inc. and major products for 2009 are as follows:

	<u>Worldwide 2009 Sales</u>
Total Sales* (as recorded by Merck & Co., Inc.)	\$23.7 to \$24.2 billion
<u>Product</u>	
SINGULAIR (Respiratory)	\$4.4 to \$4.7 billion
COZAAR/HYZAAR (Hypertension)	\$3.4 to \$3.7 billion
JANUVIA/JANUMET (Diabetes)	\$2.4 to \$2.7 billion
GARDASIL (as recorded by Merck & Co., Inc.)	\$1.4 to \$1.6 billion
Other Vaccines (as recorded by Merck & Co., Inc.)	\$2.8 to \$3.1 billion
Other reported products**	\$6.6 to \$7.0 billion

\* Total sales equals sales from products listed above plus supply sales to our partners (primarily AstraZeneca) and other non-promoted products.

\*\* Other reported products comprise: ARCOXIA, CANCIDAS, COSOPT, CRIXIVAN, EMEND, FOSAMAX, INVANZ, ISENTRESS, MAXALT, PRIMAXIN, PROPECIA, PROSCAR, STOCRIN, TIMOPTIC/TIMOPTIC XE, TRUSOPT, VASOTEC/VASERETIC, ZOCOR and ZOLINZA.

- Under an agreement with AstraZeneca (AZN), Merck receives revenue at predetermined percentages of the U.S. sales of certain products by AZN, most notably NEXIUM. In 2009, Merck anticipates that these revenues will be approximately \$1.2 billion to \$1.4 billion.
- Equity income from affiliates includes the results of the Merck and Schering-Plough collaboration and Sanofi-Pasteur MSD combined with the results of Merck's other joint venture relationships. Equity income from affiliates is expected to be approximately \$2.2 billion to \$2.5 billion for 2009.
- Product gross margin (PGM) percentage is estimated to be approximately 77 percent to 78 percent for the full-year 2009. This guidance excludes the portion of the restructuring costs that will be included in product costs and will affect reported PGM in 2009.
- Marketing and administrative expense is anticipated to be approximately \$7.0 billion to \$7.3 billion.
- Research and development expense (which excludes joint ventures) is anticipated to be approximately \$4.8 billion to \$5.1 billion. This guidance excludes the portion of the restructuring costs that will be included in research and development expense in 2009.
- As part of the Company's restructuring of its operations, additional costs related to site closings, position eliminations and related costs will be incurred in 2009. The aggregate 2009 pretax expense related to these activities is estimated to be in the range of \$0.4 billion to \$0.6 billion.
- The consolidated 2009 tax rate is estimated to be approximately 22 percent to 25 percent.
- Merck plans to continue its stock buyback program in 2009. As of November 30, 2008, \$2.4 billion remains under the current buyback authorizations approved by Merck's Board of Directors.

Given these guidance elements, Merck anticipates full-year 2009 non-GAAP EPS of \$3.15 to \$3.30, excluding certain items, and 2009 GAAP EPS in the range of \$2.95 to \$3.17.

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**About Merck**

Merck & Co., Inc. is a global research-driven pharmaceutical company dedicated to putting patients first. Established in 1891, Merck discovers, develops, manufactures and markets vaccines and medicines to address unmet medical needs. The Company devotes extensive efforts to increase access to medicines through far-reaching programs that not only donate Merck medicines but help deliver them to the people who need them. Merck also publishes unbiased health information as a not-for-profit service. For more information, visit [www.merck.com](http://www.merck.com).

**Forward-Looking Statement**

This press release 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 press release should be evaluated together with the many uncertainties that affect Merck's business, particularly those mentioned in the risk factors and cautionary statements set forth in Item 1A of Merck's Form 10-K for the year ended Dec. 31, 2007, and in its periodic reports on Form 10-Q and Form 8-K, which the Company incorporates by reference.

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