

UNITED STATES OF AMERICA  
BEFORE THE NATIONAL LABOR RELATIONS BOARD  
REGION 22

MERCK & COMPANY,

Respondent,

and

UNITED STEEL WORKERS OF AMERICA  
LOCAL 4-575, AFL-CIO,

Charging Party.

Cases 22-CA-090990

**CERTIFICATION OF  
LORIN BRADLEY**

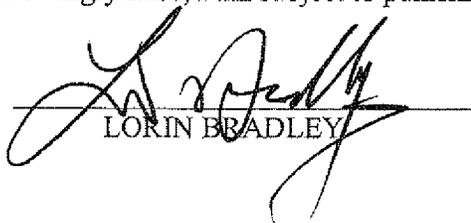
I, LORIN BRADLEY, of full age and duly sworn, certify that:

1. I am employed by respondent Merck & Co., Inc. ("Company") as an Associate Director, Labor Relations. I have personal knowledge of the facts and statements set forth herein and submit this Certification in support of the Company's motion for summary judgment.

2. Attached hereto as Exhibit A are true and correct copies of relevant portions of the 2009-2012 Collective Bargaining Agreement between the Company and the United Steel Workers of America, Local 4-575, AFL-CIO ("Union").

3. Attached hereto as Exhibit B is a true and correct copy of the April 19, 2012 Memorandum of Agreement executed by the Company and the Union.

I hereby certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me is knowingly false, I am subject to punishment.

  
LORIN BRADLEY

DATE: April 12, 2013

## **EXHIBIT A**

## MASTER AGREEMENT

This Master Agreement is made and entered into as of the 1st day of May 2009, by and between MERCK & CO., INC., hereinafter referred to as the "Company," and the United Steelworkers Union and its Locals 4-575, and its collective bargaining unit for which it is certified, hereinafter referred to as the "Union." The specified Local Union, and the employees in its certified and/or recognized bargaining unit, individually and collectively, are parties to and bound by the provisions of this Master Agreement.

### ARTICLE I RECOGNITION

The Company recognizes the Union as hereinabove described as the sole and exclusive bargaining agency for all employees of the Company in the bargaining units as described above, with regard to all matters pertaining to wages, hours of work, working conditions, and other conditions of employment as same are covered by the items included in this Master Agreement.

### ARTICLE II HEALTH AND WELFARE BENEFITS

#### 1. Health and Welfare Benefits

##### (A) Participation in Flexible Benefits Plan:

Employees will be covered by the same health and welfare benefits plans, and on the same terms and conditions, as those provided to salaried employees of Merck & Co., Inc. under the Merck & Co., Inc. Flexible Benefits Program ("Flexible Benefits Plan"), as such plans and programs may be modified from time to time in the sole discretion of the Company. Any changes or modifications to the Flexible Benefits Plan will apply equally to union and salaried participants.

##### (B) Adoption Assistance:

Employees will continue to be covered by an adoption assistance program on the same terms and conditions as those applied to salaried employees of Merck & Co., Inc., as such terms and conditions may be modified from time to time in the sole discretion of the Company.

##### (C) Long Term Disability:

Employees who recover from long term disability but who are unable to return to their former position as a result of the disability as determined by the Company physician and are placed into a lower-rated job classification for medical reasons shall retain the hourly

base rate of the job classification held by the employee when long term disability benefits commenced.

2. Employees are entitled to the following benefits notwithstanding anything to the contrary in paragraph 1 above:

(A) Life Insurance. (I) In the event of an absence due to a labor dispute, the Company will keep in force the employee's life insurance for a period of ninety (90) days. The insurance will thereafter be cancelled unless kept in force by timely contributions by the employee. The employee shall repay the Company for contributions advanced during the ninety-day (90) period through payroll deduction over a like period of time upon the employee's return to active employment. (II) The Company shall continue in force the life insurance of an employee granted a leave of absence for Union business provided that the employee continues to make timely contributions for such insurance.

(B) Health and Dental Insurance. Employees on layoff may continue their health insurance coverage and/or their dental insurance coverage for the duration of the layoff provided they pay the monthly premiums.

### **ARTICLE III RETIREMENT AND PENSION BENEFITS**

1. The Retirement Plan for the Hourly Employees of Merck & Co., Inc. is hereinafter in this Article referred to as the "Plan"; Part I of the Plan (providing for retirement benefits pursuant to a Group Annuity Contract between Merck & Co., Inc. and Prudential Life Insurance Company of America) is hereinafter referred to in this Article as the "Insured Plan"; Part II of the Plan (providing for retirement benefits funded by a trust fund) is hereinafter referred to in this Article as the "Trust Plan".

Although the Plan by its terms is subject to amendment or discontinuance by the Company in whole or in part, the Company agrees that it will not at any time during the term of this Agreement discontinue the Plan as to bargaining unit employees and that it will not amend the Plan in any way which would adversely affect them except as may be required to maintain the Plan's status as a qualified Plan under the provisions of the Internal Revenue Code or as a Plan in compliance with the provisions of the Employee Retirement Income Security Act.

If any amendment required to maintain the Plan status as a qualified Plan under the Internal Revenue Code or a plan in compliance with the Employee Retirement Income Security Act as aforesaid should adversely affect the benefits, contributions from participants, or qualifications for retirement with respect to such employees, the Company will immediately notify the Union in writing to that effect and will, upon the Union's written request, promptly meet with the Union and negotiate in good faith with respect to the problems thereby created. If no agreement is reached within ninety (90) days after the Union has given said notice, the Union may by written notice to the Company terminate this Agreement in its entirety.

A resume of the Plan presently in effect is set forth below:

(A) Eligibility. Employees shall be eligible to participate on the January 1st or July 1st coincident with or next following the date of hire. No particular period of service with the Company is required.

(B) Contributions and Retirement Income. All contributions to the Trust Plan shall be made by the Company.

With respect to participation subsequent to July 1, 1970 the straight life annuity payable upon normal retirement is payable at the rate of one and one-quarter (1.25) percent of the first \$4,800 of the total remuneration paid in each calendar year subsequent to July 1, 1970; and one and one-half (1.50) percent of such remuneration in excess of \$4,800.

Effective July 1, 2000, the Plan shall be amended to provide that the definition of remuneration for every calendar year prior to 2000 shall mean the 18-year average of remuneration as otherwise defined in the Plan for the highest separate 18 years (whether or not consecutive) between calendar years 1980 and 1999, inclusive. The definition of remuneration after 1999 shall not be amended.

(C) Minimum Retirement Allowance. For employees retiring on or after July 1, 2003, in the event of normal retirement at age 65, or early, disability or postponed retirement, the monthly retirement benefit received from all pension plans of the Company prior to any reduction for early retirement and prior to any actuarial reduction shall not be less than \$55 per month multiplied by the participant's credited service provided that the monthly retirement benefit of a participant in the Plan on July 1, 1970 who did not elect a return on contributions shall not be less than \$56 per month multiplied by the participant's credited service. In no event shall a participant who did not receive a return of accumulated contributions receive yearly less than ten percent (10%) of his accumulated contributions.

For this purpose, credited service includes each year of service from the January 1 following the date of hire, but excluding any year during any part of which the employee, although eligible, elected not to participate in a pension plan to which the Company contributed. Commencing January 1, 1976, credited service shall include each full month of service from the earlier of (1) the January 1 following the date of original hire, or (2) the date the employee first became a Plan participant, to retirement or termination date, but excluding any month during any part of which the employee, although eligible, elected not to participate in a pension plan to which the Company contributed. Notwithstanding the foregoing provisions, and except as provided in the parties' Memorandum of Agreement dated April 20, 2006, credited service or participation in the Plan will not include time on layoff past thirty-six (36) months at Cherokee, or thirty-six (36) months at Rahway or Branchburg Farm, unless the employee is recalled from layoff or is transferred to another site covered by Article IX hereof, prior to losing seniority at the site where he was laid off.

(D) Retirement Date.

(i) Normal Retirement date is the first of the month following the attainment of age 65.

(ii) Provision is made for early retirement at any time after age 55 with the consent of the Hourly Pension Committee, but if the participant has had at least 15 years of continuous participation in the Plan or other Company Pension Plans, the Committee's consent is not required. If the participant has had at least ten years of credited service with the Company, the Committee's consent is not required for early retirement after age 55, and employees with fewer than ten years of credited service will not be eligible for early retirement. Retirement income in the event of early retirement is based on participation to the date of such retirement and if payable, prior to the normal retirement date is reduced at a rate of 3% per annum for each year benefits begin before age 62. However, an employee eligible for early retirement may retire with full, unreduced benefits on or after age 55 if his/her age and years of credited service total at least 85.

(iii) A participant who becomes mentally or physically incapacitated, as established by satisfactory proof, may retire at any time prior to normal retirement date. In the event of such disability the employee shall be entitled to his full accrued benefit without reduction.

(E) Rights on Termination of Employment.

(i) In the event of the termination of a participant's employment, or death prior to retirement, he, or his designated beneficiary, or, if none, his estate, as the case may be, is entitled to a return of his own contributions, if any, held in the trust fund created by the Trust Plan with interest compounded annually. Commencing January 1, 1976, the interest rate shall be 5% per annum.

(ii) A participant who completes or has completed immediately prior to his termination of employment, other than by death, at least five (5) years of service with the Company, with any fraction of a year calculated as a full year, shall be eligible to receive retirement income commencing on his normal retirement date or an actuarially reduced benefit commencing on the first of any month following attainment of age 55 (subject to the provisions of Sections D (i), (ii) and (iii) above).

(F) Retirement Income Options. Unless a participant elects otherwise: (a) the normal retirement income for a participant who is married at the time such participant retires shall be a joint and fifty percent (50%) survivor annuity; and (b) the normal retirement income for a participant who is unmarried at the time such participant retires shall be a straight life annuity. However, a participant may elect, subject to such uniform rules as the Hourly Pension Committee may prescribe, any optional form of retirement income payment provided for by the Plan. Such election should be made at least five (5) days before the participant becomes a retired participant. At least twelve (12) months prior to retirement, the Company shall provide the

participant with a summary of the benefits available under the Plan. The Trust Plan provides the following retirement income options:

(i) Standard Social Security equalization option for employees who retire prior to their being entitled to the immediate payment of benefits under Social Security which so far as possible will provide the same amount each year before and after such Social Security benefit commences;

(ii) A retirement option which provides that a participant who retires on a normal or early retirement benefit may elect to receive a reduced pension payable for life with the provision that if he dies before he has received in payments of the reduced benefit an aggregate amount equal to five (5) times the accrued benefit which would otherwise have been payable at normal retirement age (after adjustment for the minimum benefit of the Plan), the excess of such amount over the payments he has received will be paid in a lump sum to his designated beneficiary or to his estate. The amount of the reduced benefit under such election is determined on the basis of actuarial equivalents;

(iii) A retirement option which provides a retirement income payable to him during his life and after his death an annuity for the life of his spouse which is equal to 100% of the amount payable during their joint lives;

(iv) A contingent annuitant option which provides for a reduced retirement income payable to the participant during his life, and after his death a retirement income payable during the life of a surviving contingent annuitant designated by him;

(v) A single cash payment equal to the entire cash value of a participant's benefit; and

(vi) A retirement option in any other form of retirement income as the Plan may permit.

(G) Funding Medium. The Funding Medium of the Trust Plan is a Trust Fund consisting of all the contributions of the participants and the Company administered by an independent trustee. The administration expenses of the Trust Fund are paid by the Company and are not deducted from such contributions.

(H) Contributions. If a participant has elected to leave his or her contributions in the Plan and, if at retirement, it is determined that the participant's career average benefit exceeds the highest minimum in effect at that time, then at the participant's option, the contributions, plus interest, may be refunded in a lump sum.

(I) Leave of Absence. All participants upon return from approved leave of absence receive credit towards retirement benefits to the same extent as if they had been working for the Company during the period of the approved leave of absence. Participants on an approved leave of absence for union business shall be entitled to receive credit towards retirement benefits in accordance with this provision. Participants on an approved leave of absence for union business

shall not be required to return to work in order to receive retirement benefits where the expiration of their leave of absence coincides with the effective date of their retirement.

(J) Pre-Retirement Spouse's Benefit. In the event of the death of a vested participant prior to actual retirement and while in the employ of the Company, the participant's surviving spouse shall receive an annuity equal to fifty (50) percent of the annuity which would have been received during the joint lives of the participant and spouse had the participant elected a fifty (50) percent joint and survivor annuity and retired the day before the participant died. Effective January 1, 1989, the surviving spouse will be permitted to elect a lump sum in lieu of the foregoing amount. The lump sum will be the actuarial equivalent to the fifty (50) percent surviving spouse benefit.

(K) Unmarried Participant's Death Benefit. In the event an unmarried vested participant dies prior to actual retirement and while in the employ of the Company, a lump sum shall be payable to the participant's estate. This lump sum shall be the actuarial equivalent of the surviving spouse 50% joint and survivor annuity set forth in the Plan, calculated as if the participant had been married at the time of his or her death to a spouse of the same age as the participant, had retired the day before his or her death, and had elected a 50% joint and survivor annuity.

(L) Wearaway Pension Enhancement.

For employees eligible for Early Retirement (i.e., at least age 55 with at least 10 years of credited service) on or before March 31, 2009, the Retirement Plan will provide a 7.5 percent wearaway enhancement on the regular plan formula benefit as of July 31, 2006, effective August 1, 2006. Participants who apply for and receive a disability retirement are not eligible for this enhancement unless they would be eligible for an Early Retirement on or before March 31, 2009. This benefit is frozen as of July 31, 2006 and thereafter will not increase.

(M) Adjustment for Retirees. In no event will a retiree receive less than \$7.50 per month per year of credited service.

(N) Miscellaneous.

(i) A former employee other than a retired participant who re-enters the service of the Company as an employee shall upon again becoming a participant in the Plan, be entitled to the credited service acquired during his former period of employment as well as that acquired during the period after his re-employment.

(ii) All refunds of contributions will be returned with interest in the manner provided in Paragraph E hereof.

During such period of time as a participant may be absent by reason of a labor dispute to which his collective bargaining representative is a party, contributions to the Trust Plan are not payable by or with respect to such participant.

The Company agrees to amend the Trust Plan, effective no later than January 1, 2007 to include the modification described in paragraph I (L). It is understood and agreed that the effecting of the amendments referred to above is subject to obtaining:

(iii) Approval of the necessary amendments of the Plan by the District Director of Internal Revenue under paragraph 401 of the Internal Revenue Code, and

(iv) Approval by the Board of Directors of the Company or its designee.

If both of the above approvals shall not have been obtained by January 1, 2007, either party by written notice to the other may indicate its desire to meet and negotiate with respect to the problems thereby created. Promptly after delivery of such notice, the parties shall meet and negotiate in good faith with respect to such problems. If no agreement is reached within ninety (90) days following delivery of such notice, either party may, by written notice to the other, terminate this Agreement in its entirety. This Agreement shall continue in effect during the negotiation of such problems and until any notice of termination is given pursuant to the preceding sentence.

(O) Medical Benefits for Retirees. Active employees who retire with 10 or more years of credited service under the Pension Plan at or over age 55, and their eligible dependents, will immediately be eligible to be covered by Retiree Choice or its successor program(s) applicable to salaried retirees, as the terms and conditions of such medical and dental benefits programs may be modified by the Company from time to time at its sole discretion. For purposes of the preceding sentence only, "credited service" for any employee under the age of 50 on January 1, 2003 or who is hired or rehired on or after January 1, 2003 will not include any service earned before the employee attains age 40. Notwithstanding the foregoing, employees who qualify for disability retirements during the term of this contract may be younger than 55 so long as they have at least 10 years of credited service (including credited service while the employee was under 40 years of age) under the Pension Plan at the time of their disability retirements; provided, however, that such coverage may be provided under plans different from Retiree Choice but on the same terms and conditions applicable to salaried retirees who qualify for disability retirements, as the terms and conditions of such medical and dental benefits programs may be modified by the Company from time to time at its sole discretion.

#### ARTICLE IV SEPARATION BENEFIT ALLOWANCE PLAN

1. The Company will grant Separation Benefit Allowance to employees (excluding temporary employees) who are laid off from the Company for a period in excess of thirty (30) consecutive calendar days due to lack of work. Such employees shall have their Net Separation Benefit Allowance advanced to them at the time of layoff. The employee's Separation Benefit Allowance shall be computed in accordance with the following schedule:

<u>Length of Continuous Service as of Date of Layoff</u>	<u>Amount of Separation Benefit Allowance</u>
6 mos. & less than 1 yr.	1 week - 40 hrs.
1 yr. & less than 3 yrs.	2 weeks - 80 hrs.

progression level no lower than the level at which the new employee was hired. The Company shall notify the applicable local union(s) of any such hiring rate adjustments in the month preceding the adjustment. Any such notification in place during the 2006-2009 Agreement term will remain in effect except as modified by local agreement.

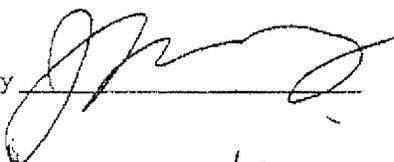
ARTICLE XVI TERM OF AGREEMENT

1. This Master Agreement shall become effective May 1, 2009 and shall continue in effect until 11:59 p.m., April 30, 2012, except that prior to April 30, 2012 (a) where a site is closed by the Company or (b) where the Company sells substantial assets on a site to a third party and the Company ceases operations on that site, this Master Agreement will expire relative to the bargaining unit(s) at such site on the date of such closure or such cessation of operations. For sites where this Master Agreement does not expire prior to April 30, 2012 due to closure or sale and cessation of operations as provided above, this Master Agreement shall be continued in full force and effect for successive terms of one (1) year following April 30, 2012 unless either party shall notify the other party in writing sixty (60) days before April 30, 2012 or sixty (60) days before the expiration of any one (1) year term subsequent to April 30, 2012 that it wishes to terminate or modify this Agreement.

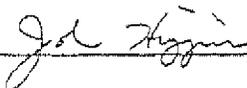
2. In the event either party to a Local Supplemental Agreement serves timely notice of its intention to terminate or modify that Agreement and the parties thereto are unable to reach a new agreement by the expiration date provided for in that Local Supplemental Agreement, then the provisions of Article XII of this Master Agreement shall cease to be binding on both parties so long as a new agreement is not concluded with respect to the subject matter of those Articles which are a part of the Local Supplemental Agreement. Article XII shall continue to remain in full force and effect with respect to the subject matter of all Articles contained in this Master Agreement except as otherwise provided herein.

IN WITNESS WHEREOF the parties hereto have executed this Agreement this  
28<sup>th</sup> day of MAY 2009.

MERCK & CO., INC.

By 

By Daniel T. Dell

By 

By Ed R. Stauder

UNITED STEELWORKERS

By Laurence W. Graham

By \_\_\_\_\_

By \_\_\_\_\_

By \_\_\_\_\_

UNITED STEELWORKERS, LOCAL 4-575:

By Stanley Dambush

J.R. Dambush

By Deborah Sannucci

By James Conway  
President, Merck Inter Union Council

UNITED STEELWORKERS  
AFL-CIO-CLC

Leo W. Gerard

Leo W. Gerard, International President

Stan Johnson

Stan Johnson, International Secretary-Treasurer

Thomas Conway

Thomas Conway, Vice-President, Administration

Fred Redmond

Fred Redmond, Vice-President, Human Affairs

(not signed)

William J. Pienta, Director, District #4

## **EXHIBIT B**

## MEMORANDUM OF AGREEMENT

This MEMORANDUM OF AGREEMENT is made and entered into this 19th day of April 2012 between Merck Sharp & Dohme Corp., a wholly owned subsidiary of Merck & Co., Inc., ("Merck" or the "Company") and the United Steelworkers and its Local 4-575 ("USW, Local 4-575) and Mid Atlantic Regional Joint Board, Workers United and its Local 1398 ("Workers United"). The parties agree that they have bargained in good faith and met all collective bargaining obligations and have agreed that the "Master" section of the collective bargaining agreement between Merck and USW, Local 4-575 and the "Master" section of the of the collective bargaining agreement between Merck and Workers United, each such section expiring on April 30, 2012 and each such section referred to collectively as the "Master Agreement," will be amended as follows:

### Master Agreement

The terms of the Master Agreement for the period May 1, 2009 through April 30, 2012 are incorporated herein except as expiring by their terms, or as modified, superseded, deleted or amended by this Memorandum of Agreement or other agreement of the parties.

### Modifications to Master Agreement

The terms of the Master Agreement will be modified, amended, superseded or deleted consistent with the terms of those proposals signed by the parties during bargaining, which proposals are attached hereto.

### Monetary Payments

The general wage increases as set forth in the attached signed proposal and as effective in May 2013 and May 2014 will apply to increase the base wage rate of employees in the bargaining unit represented by USW, Local 4-575 and the employees in the bargaining unit represented by Workers United and will be rounded to the nearest \$.01.

The lump sum amounts as set forth in the attached signed proposal will be payable (less applicable withholdings and deductions) to active employees in the bargaining unit represented by USW, Local 4-575 and the employees in the bargaining unit represented by Workers United provided that this Master Memorandum of Agreement has been ratified by the applicable union membership on or before April 26, 2012. These lump sum amounts will not be included in base pay for purposes of computing overtime or other premium pay or for purposes of making any other calculation or computation under the applicable Master or any local agreement.

The term "active employees" includes employees on military leave, maternity leave, within the first 18 months of a worker's compensation leave or on an approved leave for

short-term disability, but excludes employees on long-term disability and all other forms of leave.

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum of Agreement to be duly executed as of April 19, 2012.

**UNITED STEELWORKERS,  
AFL-CIO-CLC**

*Sam Thomas*  
Sam Thomas  
Collective Bargaining Coordinator  
*Lawrence W. Graham*  
Lawrence Graham  
Staff Representative

**UNITED STEELWORKERS  
LOCAL 4-575**

*James Conway*  
James Conway  
President  
*Stanley Dombrowski*  
Stanley Dombrowski  
Vice President  
*Deborah Eannucci*  
Deborah Eannucci  
Chief Steward  
*John Dombrowski*  
John Dombrowski  
Assistant Chief Steward

**WORKERS UNITED  
LOCAL 1398**

*Bernard C. Fauntleroy*  
Bernard Fauntleroy  
President  
*Harold Bennett*  
Harold Bennett  
Vice-President

**MERCK SHARP & DOHME  
CORP.**

*Craig Kennedy*  
Craig Kennedy  
Vice President, NA Operations  
*Dan Driscoll*  
Dan Driscoll  
Senior Director, Labor Relations  
*Don Watson*  
Don Watson  
Senior Director, Railway Facilities  
*Raul Diaz*  
Raul Diaz  
Plant Manager, Elkton  
*Lorin Bradley*  
Lorin Bradley  
Director, Labor Relations, COE  
*Frank Burks*  
Frank Burks  
HR Leader  
*Kirt Walker*  
Kirt Walker  
HR Leader

## ATTACHMENTS

1. Vacations – signed April 17, 2012
2. Holidays –signed April 18, 2012
3. Smoke/Tobacco Free Work Policy – signed April 18, 2012
4. Non-Discrimination – signed April 17, 2012
5. Separation Benefits – signed April 18, 2012
6. Duration – Signed April 18, 2012
7. Retirement Allowance – signed April 18, 2012
8. Wage Payments – signed April 18, 2012

**MERCK SHARP & DOHME CORP. PROPOSAL<sup>1</sup>**  
**MASTER COLLECTIVE BARGAINING NEGOTIATIONS 2012**  
**PROPOSAL NO.: CP1**  
**SUBJ: Vacations**  
**Revised April 17<sup>th</sup>, 2012**

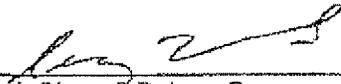
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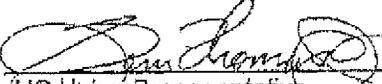
The Company proposes amending Article VII, Section 5 (USW Local 4-575), Article VI, Section 5 (WORKER UNITED Local 1398):

5. Vacations

(A) Vacation leave, in units of not less than five (5) days, will be scheduled by the Company during the vacation year, at times desired by the employee whenever feasible, but the final scheduling of vacation is reserved to the Company in order to insure the orderly and efficient operation of all departments. Insofar as practicable, seniority shall govern in the choice of vacations where two or more employees are applying for the same vacation time. The Company shall, except in emergencies, give a minimum of four (4) weeks' notice to any employee whose scheduled vacation time is changed for the convenience of the Company. All employees who are scheduled for vacation are required to take time off as scheduled. In those departments where a plant shutdown is scheduled, the vacation schedule will be posted at least ninety (90) days prior to the shutdown; however, such schedule may be changed at any time up to sixty (60) days prior to the shutdown and thereafter changed only in the event of an emergency. In the event of such an emergency, the Union will be notified as far in advance as possible. In the event that a plant shutdown for vacation purposes is scheduled, it shall be scheduled between June 15 and Labor Day and/or for no more than five (5) vacation days between Christmas Day and New Year's Day. Additional plant shutdowns for vacation may be scheduled at other times during the year at any site with the concurrence of the local union at the affected site.

Tentative Agreement<sup>2</sup>:

  
\_\_\_\_\_  
Merck Sharp & Dohme Corp.

  
\_\_\_\_\_  
IUC Union Representative

17-APRIL-2012  
Date

April 17, 2012  
Date

<sup>1</sup> The Company reserves the right to delete, amend, or modify this proposal at its discretion.

<sup>2</sup> The Union's acceptance of this proposal does not bind the Company to the terms set forth herein, until the parties have reached agreement on all issues.

**MERCK SHARP & DOHME CORP. PROPOSAL<sup>1</sup>**  
**MASTER COLLECTIVE BARGAINING NEGOTIATIONS 2012**  
**PROPOSAL NO.: CP2**  
**SUBJ: Holidays**  
**Revised April 18<sup>th</sup> 2012**

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The Company proposes amending Article VI, Sections 1 and 7 (USW Local 4-575) and Article V, Section 1 and 7 (WORKERS UNITED Local 1398):

**ARTICLE VI HOLIDAYS**

1. (a) At the Stonewall site, the Company will observe the following paid holidays:

New Year's Day  
Martin Luther King, Jr. Day  
Presidents' Day  
Good Friday  
Memorial Day  
Independence Day  
Labor Day  
Thanksgiving Day  
Friday after Thanksgiving  
Day before Christmas  
Christmas Day

The Company will also observe two (2) floating holidays each year at the Stonewall site. A determination as to when the two floating holidays in each year will be observed will be made during the fourth quarter and before December 1 of the prior calendar year by mutual agreement between the Company and the Union. They will be observed on a Monday or a Friday either preceding or following one of the other paid holidays.

- (b) At the Rahway site, the Company will observe the following paid holidays:

New Year's Day  
Martin Luther King, Jr. Day  
Memorial Day  
Independence Day  
Labor Day  
Thanksgiving Day  
Friday after Thanksgiving  
Day before Christmas  
Christmas Day

In addition, each employee at Rahway will have four (4) floating holidays to be scheduled by the employee subject to Company approval. An employee may request to take a floating holiday on any scheduled work day during the year, including during the shutdown period between Christmas and New Year's Day.

2. In the event any of the above holidays falls on Sunday, the following Monday shall be observed as such holiday and if the holiday falls on Saturday, it will be celebrated either on the preceding Friday or

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<sup>1</sup> The Company reserves the right to delete, amend, or modify this proposal at its discretion.

following Monday in accordance with local area practice so long as production requirements permit. The Company will give the Union two (2) weeks' notice of the day to be observed.

3. All employees, except those on leave of absence or on non-temporary layoff, shall receive eight (8) hours' pay for each of the holidays not worked on the following basis:

(A) Non-incentive employees - 8 times their hourly base rate including shift differential, if applicable.

(B) Incentive employees - 8 times their average straight time hourly earnings including shift differential, if applicable.

4. In order to qualify for such holiday pay, the employee must work his scheduled day before and after the holiday, unless such absence occurred because of a bona fide illness or injury, or with the knowledge and consent of supervision, or unless such day or days shall have been his regular day or days off.

5. If a holiday occurs during a waiting period prior to qualifying for disability under the Disability Benefits Plan (sick pay plan), he shall receive his holiday pay, but the holiday shall be excluded in computing the waiting period. If a holiday occurs on a day for which an employee is eligible for sick pay under the Disability Benefits Plan, the employee will receive holiday pay and the number of days for which he is eligible for disability will be extended by one day for each such holiday. No employee shall be eligible for holiday pay and sick pay for the same day. The Company will pay for holidays which occur during the six (6) month period following the onset of disability providing the employee remains on the payroll during that time.

6. Any employee when required to work on a paid holiday, shall be paid two times (2x) his hourly rate for work performed during the first eight (8) hours and three times (3x) for the hours worked in excess of eight (8) hours (plus shift differential, if applicable), in addition to his pay for the holiday, as described in Paragraph 3 above.

7. If any of the paid holidays falls within an employee's vacation, such employee shall arrange with the Company in advance of his vacation whether he shall:

(A) add another to such vacation;

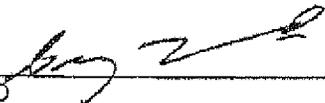
(B) take a day off with pay at a time to be designated by the Company; or

(C) receive two times his hourly rate (plus shift differential, if applicable) for one day's work in lieu of a day off.

8. A holiday for which an employee is entitled to receive holiday pay shall be considered as eight (8) hours worked for the purpose of computing weekly overtime even though no work or less than eight (8) hours work was performed on the holiday. If such holiday shall fall on a scheduled day off, it shall not be counted in computing overtime except as may be provided for in the Local Supplemental Agreements.

9. In the event an employee is paid a temporarily higher rate of pay for all hours on the last working day preceding or the first working day following a holiday, his holiday rate of pay for the purpose of this Article shall be the higher rate of pay.

Tentative Agreement<sup>2</sup>:

  
\_\_\_\_\_  
MSD

  
\_\_\_\_\_  
IDC Union Representative

18-APRIL-2012  
\_\_\_\_\_  
Date

April 18, 2012  
\_\_\_\_\_  
Date

<sup>2</sup> The Union's acceptance of this proposal does not bind the Company to the terms set forth herein, until the parties have reached agreement on all issues.

**MERCK SHARP & DOHME CORP. PROPOSAL<sup>1</sup>**  
**MASTER COLLECTIVE BARGAINING NEGOTIATIONS 2012**  
**PROPOSAL NO.: CP3**  
**SUBJ: Smoke/Tobacco Free Work Policy**  
**Revised April 18<sup>th</sup>, 2012**

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New Policy "Smoke/Tobacco Free Work Policy" to be included in the Master MOA:

At any time on or after July 1, 2012, the Company may elect to implement a new Smoke/Tobacco Free Work Policy, which will prohibit smoking and the use of all tobacco products in or on all U.S. facilities, grounds (including entryways and parking lots) and equipment (including Company cars and other vehicles), owned, leased or operated by the Company. There will be no designated smoking or tobacco use areas on Company property. For clarity, the policy does not extend to non-Company owned or leased premises and/or grounds that are adjacent to Company property.

The Company will continue to offer cessation programs and methods through its flexible benefits program and will extend to the bargaining unit other such programs made available to Company employees.

Violations of this policy will result in progressive disciplinary action up to and including termination, *provided however*, an employee's first violation during the term of the 2012 Agreement (May 1, 2012 through April 30, 2015) will be handled through a written counseling that will be outside the applicable disciplinary ladder.

The Company will provide the Union with a 30 day notice prior to implementing this policy.

Tentative Agreement<sup>2</sup>:

  
\_\_\_\_\_  
MSD

  
\_\_\_\_\_  
IUC Union Representative

18-APRIL-2012  
\_\_\_\_\_  
Date

April 18, 2012  
\_\_\_\_\_  
Date

<sup>1</sup> The Company reserves the right to delete, amend, or modify this proposal at its discretion.

<sup>2</sup> The Union's acceptance of this proposal does not bind the Company to the terms set forth herein, until the parties have reached agreement on all issues.

**MERCK SHARP & DOHME CORP. PROPOSAL<sup>1</sup>**  
**MASTER COLLECTIVE BARGAINING NEGOTIATIONS 2012**  
**PROPOSAL NO.: CP4**  
**SUBJ: Non-Discrimination**  
**April 17<sup>th</sup>, 2012 First Revision**

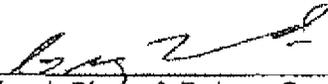
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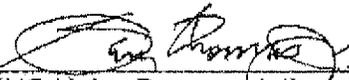
The Company proposes amending Article XIII (USW Local 4-575) and Article X (WORKER UNITED Local 1398):

Non-Discrimination

The Company and the Union agree that no discrimination shall be practiced against any employee because of race, creed, religion, color, national origin, ancestry, genetics, sex, marital status, veteran status, age, sexual orientation, gender identity, and gender expression or the presence of a handicap, except in those instances where age, sex, the exercise of Family Medical Leave Act rights or the absence of a handicap may constitute a bona fide occupational qualification or except as age is a factor in the Merck Pension Plan and/or in an Apprenticeship Training Program, if applicable.

Tentative Agreement<sup>2</sup>:

  
\_\_\_\_\_  
Merck Sharp & Dohme Corp.

  
\_\_\_\_\_  
IUC Union Representative

17-APRIL-2012  
Date

April 17, 2012  
Date

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<sup>1</sup> The Company reserves the right to delete, amend, or modify this proposal at its discretion.

<sup>2</sup> The Union's acceptance of this proposal does not bind the Company to the terms set forth herein, until the parties have reached agreement on all issues.

MERCK SHARP & DOHME CORP. PROPOSAL <sup>1</sup>  
MASTER COLLECTIVE BARGAINING NEGOTIATIONS 2012  
PROPOSAL NO.: CP5  
SUBJ: Separation Benefits  
March 20<sup>th</sup>, 2012

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The Company proposes adding the following to the Master Memorandum of Agreement:

Separation Benefits

The parties have agreed upon a separation benefits alternatives as follows:

1. Program Description. The Enhanced Separation Benefits Program described herein ("Program") will go into effect on May 1, 2012 and will expire on April 30, 2015. The following general terms will govern the Program.
  - a. Purpose. The Program was negotiated by the parties to deal with the effects of layoffs that occur by virtue of the Company's decision to subcontract work in accordance with the Subcontracting and Siting article of the Agreement and/or in such other cases as determined by the Company in the sole discretion of the Plant Manager.
  - b. Eligibility. Employees who are impacted either directly (i.e., employees working in a department, area, classification or other work unit impacted by the decision) or indirectly (i.e., as the result of being displaced by a more senior employee directly so affected) by a decision to reduce the number of employees at a site are eligible for this program, *provided that* (i) the impact was the result of a Company decision made in accordance with the Subcontracting and Siting article of the Agreement; or (ii) (a) the impact was the result of a decision other than as described in (i); and (b) the Plant Manager has made the Program applicable to the impacted employees.
  - c. Process. In all cases, the Plant Manager at each site will determine the number of surplus employees and the timing of layoffs. All other non-economic processes and procedures relating to layoffs will be determined by Local Agreement.
  - d. Volunteers. In accordance with the principles set forth in this subsection d, whenever a reduction in force results in eligibility for this Program (under either subsection b(i) or b(ii) above), the Plant Manager will solicit volunteers for layoff either from within the affected classification (in the case of a layoff that is less than classification wide) and from classification not directly affected by the layoff decision in an effort to reduce the impact of involuntary layoffs *provided that* there will remain sufficient skilled workers to perform the required work.
    - i. In considering whether to solicit volunteers for layoff, the Plant Manager or his/her designee will consider the skills and qualifications of those employees in the classifications subject to layoff and whether such employees possess the requisite skills and qualifications to perform the work done by employees in classifications not subject to the layoff.

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<sup>1</sup> The Company reserves the right to delete, amend, or modify this proposal at its discretion.

- ii. The Plant Manager or his/her designee will notify the Union of the impending layoff and afford it the opportunity to express its views on the appropriateness of soliciting volunteers from other classifications.
  - iii. The Plant Manager or his/her designee will have the discretion to determine whether soliciting volunteers will be consistent with maintaining a sufficient number of skilled workers necessary to perform the required work.
  - iv. In the case where the Plant Manager determines that volunteers may be solicited, he/she will determine the number of volunteers that will be accepted in the aggregate as well as the number of volunteers that will be accepted from otherwise unaffected classifications and will accept volunteers by seniority up to the lesser of the applicable number.
  - v. Volunteers will be solicited in writing and will be required to sign an acknowledgment indicating that they are volunteering for layoff, that they will be selected for layoff by seniority up to the number established by the Company, that if selected, absent a material change in personal circumstances, they can not change their mind, that they will be offered an enhanced separation agreement upon their selection and that if selected they will be forfeiting all seniority rights, including recall rights, under the collective-bargaining agreement.
  - vi. In no case will the Company be compelled to accept more volunteers than is required to meet its business need or more volunteers from any given classification than it determined eligible.
- e. **Benefits.** This Program supplements (and does not replace) the Master Agreement article entitled Separation Benefit Allowance Plan (the "SBAP"). In addition to the SBAP, in accordance with the terms of this program, employees may be eligible for the Enhanced Separation Benefit Allowance (described as "Benefit A") and/or may be eligible for the separation pay and benefits under the Separation Benefits Plan for IUC Union Employees (described as "Benefit B"). The eligibility and terms of Benefit A and benefit B are described below.
- f. **Benefits Not Cumulative.** Employees who are eligible for Benefit A and/or Benefit B under this program must choose between the SBAP and Benefit A and/or Benefit B, as applicable. In no case is an employee eligible to select more than one of the various benefits; that is, the SBAP, Benefit A and Benefit B.
- g. **Conditions of Eligibility for Benefits.**
- i. Employees who are eligible for benefits under this Program or under the SBAP by virtue of layoff (whether involuntary or voluntary) must work until the identified layoff date as a condition of eligibility. Employees whose employment terminates for any reason before the identified date are not eligible for any separation pay or benefits, whether under the SBAP, Benefit A or Benefit B.
  - ii. Eligibility for the enhanced benefits described in Benefit A and Benefit B below is contingent on the recommendation by the bargaining committees of all Locals and Master by April 30, 2012 to ratify the proposed Master and Local Agreements; and the ratification of the Master by April 30, 2012. If the Master is timely ratified, eligibility for the

enhanced benefits described in Benefit A and Benefit B apply to each Local that ratifies its Local Agreement by April 30, 2012; enhanced benefits do not apply to any Local that does not ratify its Local Agreement by April 30, 2012.

- h. Unemployment Compensation Insurance. Nothing in this program is intended to disqualify an employee from eligibility for unemployment compensation insurance. Employees eligible for separation benefits in accordance with this program shall also be eligible for unemployment insurance to the extent permitted by applicable state law.
- i. Hourly Retirement Plan. Except as otherwise provided herein, credited service under the Hourly Retirement Plan continues to accrue during layoff period subject to the limitations set forth in Hourly Retirement Plan for 36 months. This right is not extinguished by the termination of the 2012 Master Agreement or the applicable Local Agreement.

2. Enhanced Separation Benefit Allowance ("Benefit A") Described.

- a. Eligibility: Employees who meet the eligibility as described in paragraph 1(b) above and who also meet the following requirements:
  - i. Who timely and irrevocably elect benefits under this Benefit A in lieu of the benefit under the SBAP and the benefit under Benefit B, if eligible; and
  - ii. Sign a general release of all claims against their local and national unions and Merck, in the time and manner and in a form satisfactory to Merck (except that, unlike the release required under Benefit B described below, the release will not include an acknowledgement that their employment with Merck, accrual of credited service under the Hourly Retirement Plan and all recall rights end as of their layoff date). A form of release is attached hereto as Attachment A.
- b. Benefits—
  - i. Separation Pay—Separation Benefit Allowance as described in paragraphs 1, 2 and 3 of the SBAP (the "SBA"). When calculating the SBA,
    1. Service:
      - a. Partial years are excluded
      - b. For employees with a break in service, service before the employee's most recent rehire date is excluded
    2. Weeks Pay:
      - a. Based on 40 hours per week
      - b. Hourly rate—the rate of pay in effect on the layoff date (excluding shift premium, and incentive pay). Where an employee has worked for at least 26 weeks in the 12-month period immediately preceding the date of his layoff in a job classification at a higher rate than the job classification he held at the time of separation, his separation pay will be computed on the basis of the higher hourly rate.

3. Offsets: SBA is reduced by the following:
  - a. the total amount of any previous separation pay (including Separation Benefit Allowance under the prior contract) paid by and not repaid to the Company as of the employee's layoff date
  - b. the amount the Company reasonably concludes the employee owes the Company (e.g., unpaid benefit premiums, wage overpayments, etc.)
- ii. Pension—credited service under the Hourly Retirement Plan continues to accrue during the layoff period for a maximum of 42 months. This right is extinguished by the termination of the 2012 Master Agreement or the applicable Local Agreement other than for employees laid off between May 1, 2012 and April 30, 2015 during the term of the 2012 Master Agreement.
- iii. Retiree Healthcare—employees on layoff are eligible to terminate employment with the Company, and commence retiree healthcare benefits on the same terms and conditions that apply to those who are not on layoff and whose active employment continues. The layoff period prior to the employee's termination of employment counts toward eligibility and retiree contribution calculations for retiree healthcare, except that where service under the plan that provides those benefits is tied to credited service under the Hourly Retirement Plan, service on layoff is limited as described under the Hourly Retirement Plan. If an employee elects to terminate employment with the Company during the Benefits Continuation period described below, then he or she will be eligible to continue active medical and dental benefits during the Benefits Continuation Period as described below; and, following the completion of the Benefits Continuation Period, will be eligible for either (x) continuation of medical and/or dental coverage for the remainder of the COBRA period by paying the full COBRA contribution or (y), if he or she satisfies the age and service requirements to be eligible for retiree healthcare benefits on the date his or her employment with the Company ends, he or she will be eligible for retiree medical and/or retiree dental benefits under the terms of retiree medical and/or retiree dental plan applicable to him or her, as they may be amended from time to time. It is understood that effective January 1, 2013, Company sponsored and subsidized retiree dental will no longer be offered.
- iv. Benefits Continuation: medical, dental, employee assistance program (EAP) and basic life insurance continuation as described below; no benefits continuation is available to employees who are hired by a purchaser of a Merck facility upon layoff from Merck if the purchaser offers medical coverage to the employees. To be eligible for medical, dental and EAP continuation, the employee must elect to continue his/her medical and dental coverage in accordance with COBRA; if the employee fails to timely elect such continuation coverage under COBRA, he or she will not be eligible for benefits continuation described in this section.
  1. Benefits Continuation Period:
    - a. Number of weeks of the SBA
    - b. Minimum—6 months

2. COBRA/Basic Life Continuation: Employees may continue medical and/or dental benefits after the end of the Benefits Continuation Period for the remainder of the COBRA period, provided the employee timely pays the full COBRA contribution. Basic Life may continue after the end of the Benefits Continuation Period until the earlier of (x) the end of the layoff period or (y) the date the employee's employment with the Company terminates for any reason, provided, in either case, the employee pays the full premium for coverage..
3. Employee Contribution during the Benefits Continuation Period:
  - a. Same as active employees
  - b. Deducted from SBA or billed directly to the employee by Fidelity
4. Other:
  - a. Death: covered dependents may continue medical and dental at active employee rates for the remainder of the Benefits Continuation Period and thereafter may continue under COBRA by paying the full COBRA rates for the remainder of the COBRA period.
  - b. Dual Coverage: A former employee is not eligible for coverage under the Company's retiree healthcare plans until the expiration of his or her Benefits Continuation Period. A former employee cannot be covered under the Company's health and insurance benefits as an active employee and a retired employee during the same period.
  - v. Optional Life: employees may elect to continue optional employee group term life insurance (but not AD&D coverage) until the earlier of (x) the end of the layoff period or (y) the date the employee's employment with the Company is terminated for any reason, provided, in either case, the employee timely pays the applicable premiums; optional life continuation is not available to employees who are hired by a purchaser of a Merck facility upon layoff from Merck if the purchaser offers medical coverage to the employees.
  - vi. Training Assistance—applicable only to employees who are not hired by a purchaser of a Merck facility upon layoff from Merck.
    1. Tuition assistance for courses related to obtaining employment
    2. Program/course must be pre-approved by plant manager or designee and must be completed within 4 years from layoff date
    3. \$5,000 maximum per employee
    4. Payable directly to school/institution providing the training.
3. Separation Benefits Plan for IUC Union Employees ("Benefit B") Described.:
  - a. Eligibility: Employees who meet the eligibility of paragraph 1(b) above, who are not offered a position with a purchaser of a Merck facility, plant, factory,

department and/or operation upon layoff from Merck (whether or not they accept purchaser's offer) and who also meet the following requirements:

- i. Timely and irrevocably elect benefits under this Benefit B in lieu of the benefit under the SBAP and the benefit under Benefit A.
- ii. Sign a general release of all claims against their local and national unions and Merck, in the time and manner and in a form satisfactory to Merck that includes an acknowledgement that their layoff terminates their Merck employment, including seniority and that accrual of credited service under the Hourly Retirement Plan and all recall and transfer rights terminate as of their layoff date. A form of release is attached hereto as Attachment B.
- iii. Employees who are on Long Term Disability ("LTD") may participate in this Benefit B option by submitting a written request to be selected for layoff to the designated Company representative. As a condition precedent to selection for layoff and in consideration for the enhanced separation benefits offered under this Benefit B, an employee on LTD, as part of their general release (paragraph 3a(ii) above), must agree to relinquish any and all future right to LTD benefits and waive participation in the Company's LTD plan(s).

b. Benefits:

i. Separation Pay

1. Amount:
  - a. 2 weeks pay per complete year of continuous service
  - b. minimum 2 weeks pay
  - c. maximum 78 weeks pay
2. Payable: in a lump sum as soon as administratively feasible following the date layoff begins.
3. Service:
  - a. Partial years are excluded
  - b. For employees with a break in service, service before the employee's most recent rehire date is excluded.
4. Weeks Pay:
  - a. Based on 40 hours per week
  - b. Hourly rate—the rate of pay in effect on the layoff date (excluding shift premium, and incentive pay). Where an employee has worked for at least 26 weeks in the 12-month period immediately preceding the date of his layoff in a job classification at a higher rate than the job classification he held at the time of layoff, his separation pay will be computed on the basis of the higher hourly rate.
5. Offsets: Separation pay is reduced by the following:
  - a. the total amount of any previous separation pay (including Separation Benefit Allowance under the prior contract) paid by and not repaid to the Company as of the employee's layoff date; and

- b. the amount the Company reasonably concludes the employee owes the Company (e.g., unpaid benefit premiums, wage overpayments, etc.).
- ii. **Benefits Continuation:** medical, dental, employee assistance program (EAP) and basic life insurance. To be eligible for medical, dental and EAP continuation, the employee must elect to continue his/her medical and dental coverage in accordance with COBRA; if the employee fails to timely elect such continuation coverage under COBRA, he or she will not be eligible for benefits continuation described in this section.
  - 1. **Benefits Continuation Period:**
    - a. Number of weeks upon which separation pay is calculated
    - b. Minimum—6 months
  - 2. **COBRA:** Unless otherwise eligible for retiree healthcare coverage described below, former employees may continue medical and/or dental benefits after the end of the Benefits Continuation Period for the remainder of the COBRA period, if any, provided the former employee timely pays the full COBRA contribution..
  - 3. **Employee Contribution during the Benefit Continuation Period:**
    - a. Same as active employees
    - b. Billed directly to the former employee by Fidelity
  - 4. **Other:**
    - a. **Death:** covered dependents may continue medical, dental at the active employee rates for the remainder of the Benefits Continuation Period and thereafter (x) if the deceased satisfied the age and service requirements to be eligible for retiree healthcare on his Separation Date, his or her covered dependents will be eligible for retiree medical and/or retiree dental benefits under the terms of retiree medical and/or retiree dental plan applicable to surviving dependents, as they may be amended from time to time; it being understood that effective January 1, 2013, Company sponsored and subsidized retiree dental will no longer be offered or (y) if the deceased did not satisfy the age and service requirements to be eligible for retiree healthcare on his Separation Date, his or her covered dependents will be eligible to continue medical and/or dental coverage under COBRA for the remainder of the COBRA period by paying the full COBRA rates.
    - b. **Retirees:** Following the completion of the Benefits Continuation Period, the former employee will be eligible for either (x) continuation of medical and/or dental coverage for the remainder of the COBRA period by paying the full COBRA contribution or (y), if he or she satisfies the age and service requirements to be eligible for retiree healthcare

benefits on the date his or her employment with the Company ends, he or she will be eligible for retiree medical and/or retiree dental benefits under the terms of retiree medical and/or retiree dental plan applicable to him or her, as they may be amended from time to time. It is understood that effective January 1, 2013, Company sponsored and subsidized retiree dental will no longer be offered.

- c. **Dual Coverage:** A former employee is not eligible for coverage under the Company's retiree healthcare plans until the expiration of his or her Benefits Continuation Period. A former employee cannot be covered under the Company's health and insurance benefits as an active employee and a retired employee during the same period.

iii. **Training Assistance:**

- 1. Tuition assistance for courses related to obtaining employment
- 2. Program/course must be pre-approved by plant manager or designee and must be completed within 4 years from layoff date
- 3. \$5,000 maximum per employee
- 4. payable directly to school/institution providing the training.

iv. **Administration:** Administered by Merck as an ERISA plan, subject to ERISA's claims and appeals provisions.

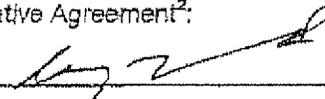
4. **Employees Who are Eligible for Benefit A and Benefit B.**

- a. **Purchase of Merck Facility.** An employee laid off as the result of the purchase of a Merck facility, plant, factory, department and/or operation who is offered a position with the purchaser of such Merck facility, plant, factory, department and/or operation (whether or not such employee accepts the offer) shall not be eligible for Benefit B, but will remain eligible for Benefit A or the SBAP.
- b. **Choice of Benefits:** Employees who are eligible for Benefit A and Benefit B must irrevocably choose either Benefit A or Benefit B and in no event may choose both Benefit A and Benefit B.
- c. **Timing of Election:** Employees must choose Benefit A or Benefit B within 45 days from the employee's layoff date and will be afforded 7 days to revoke such decision. An employee may not sign their release prior to his/her layoff date.
- d. **Indicating Choice:** Employees who timely sign (and do not timely revoke) the release of claims applicable to Benefit A will be deemed to have irrevocably chosen Benefit A. Employees who timely sign (and do not timely revoke) the release of claims applicable to Benefit B will be deemed to have irrevocably chosen Benefit B. Employees who do not timely sign the release of claims applicable to Benefit A or Benefit B, will be deemed to have irrevocably waived benefits under Benefit A and Benefit B but will be eligible for the SBAP. Employees who timely sign the release of claims applicable to Benefit A or Benefit B but who timely revoke such release will be deemed to have irrevocably

walved benefits under Benefit A and Benefit B, unless there is time remaining to choose the other benefit and they select the other benefit by timely signing and not revoking the applicably release.

5. Special Provision for Employees who are otherwise Eligible for Retiree Healthcare: If an employee's termination date or site closing date does not occur on the last day of the month and the employee is otherwise eligible for retiree healthcare, the employee can terminate employment as a retiree and be eligible for retiree healthcare; all accrual of credited service under the Retirement Plan and recall rights end on separation/retirement date.

Tentative Agreement<sup>2</sup>:

  
\_\_\_\_\_  
MSD

  
\_\_\_\_\_  
TUC Union Representative

18-APRIL-2012  
\_\_\_\_\_  
Date

April 18, 2012  
\_\_\_\_\_  
Date

<sup>2</sup> The Union's acceptance of this proposal does not bind the Company to the terms set forth herein, until the parties have reached agreement on all issues.

**MERCK SHARP & DOHME CORP. PROPOSAL<sup>1</sup>**  
**IUC COLLECTIVE BARGAINING NEGOTIATIONS 2012**  
**PROPOSAL NO.: CP6**  
**SUBJ: Duration**  
**Revised April 18<sup>th</sup>, 2012**

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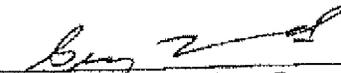
The Company proposes amending Article XVI (USW, LOCAL 4-575), Article XII (WORKERS UNITED Local 1398) as follows:

1. This Master Agreement shall become effective May 1, 2012 and shall continue in effect until 11:59 p.m., April 30, 2015, except that prior to April 30, 2015 (a) where a site is closed by the Company or (b) where the Company sells substantial assets on a site to a third party and the Company ceases operations on that site, this Master Agreement will expire relative to the bargaining unit(s) at such site on the date of such closure or such cessation of operations. For sites where this Master Agreement does not expire prior to April 30, 2015 due to closure or sale and cessation of operations as provided above, this Master Agreement shall be continued in full force and effect for successive terms of one (1) year following April 30, 2015 unless either party shall notify the other party in writing sixty (60) days before April 30, 2015 or sixty (60) days before the expiration of any one (1) year term subsequent to April 30, 2012 that it wishes to terminate or modify this Agreement.

2. In the event either party to a Local Supplemental Agreement serves timely notice of its intention to terminate or modify that Agreement and the parties thereto are unable to reach a new agreement by the expiration date provided for in that Local Supplemental Agreement, then the provisions of Article XII of this Master Agreement shall cease to be binding on both parties so long as a new agreement is not concluded with respect to the subject matter of those Articles which are a part of the Local Supplemental Agreement. Article XII shall continue to remain in full force and effect with respect to the subject matter of all Articles contained in this Master Agreement except as otherwise provided herein.

IN WITNESS WHEREOF the parties hereto have executed this Agreement this 18<sup>th</sup> day of April  
2012.

Tentative Agreement<sup>2</sup>:

  
Merck Sharp & Dohme Corp.

  
IUC Union Representative

18-APRIL-2012  
Date

April 18, 2012  
Date

<sup>1</sup> The Company reserves the right to delete, amend, or modify this proposal at its discretion.

<sup>2</sup> The Union's acceptance of this proposal does not bind the Company to the terms set forth herein, until the parties have reached agreement on all issues.

**MERCK SHARP & DOHME CORP. PROPOSAL<sup>1</sup>**  
**MASTER COLLECTIVE BARGAINING NEGOTIATIONS 2012**  
**PROPOSAL NO.: CP7**  
**SUBJ: Minimum Retirement Allowance**  
**Revised April 18<sup>th</sup>, 2012**

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The Company proposes amending Article III, Paragraph 1 (C) (USW Local 4-575), Article II, Paragraph 1 (C) (WORKERS UNITED Local 1398):

(C) Minimum Retirement Allowance

For employees retiring on or after July 1, 2003, in the event of normal retirement at age 65, or early, disability or postponed retirement, the monthly retirement benefit received from all pension plans of the Company prior to any reduction for early retirement and prior to any actuarial reduction shall not be less than \$55 per month multiplied by the participant's credited service provided that the monthly retirement benefit of a participant in the Plan on July 1, 1970 who did not elect a return on contributions shall not be less than \$56 per month multiplied by the participant's credited service. In no event shall a participant who did not receive a return of accumulated contributions receive yearly less than ten percent (10%) of his accumulated contributions.

For employees retiring on or after , in the event of normal retirement at age 65, or early, disability or postponed retirement, the monthly retirement benefit received from all pension plans of the Company prior to any reduction for early retirement and prior to any actuarial reduction shall not be less than \$60 per month multiplied by the participant's credited service provided that the monthly retirement benefit of a participant in the Plan on July 1, 1970 who did not elect a return on contributions shall not be less than \$61 per month multiplied by the participant's credited service. In no event shall a participant who did not receive a return of accumulated contributions receive yearly less than ten percent (10%) of his accumulated contributions.

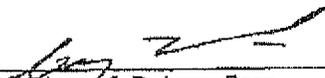
For this purpose, credited service includes each year of service from the January 1 following the date of hire, but excluding any year during any part of which the employee, although eligible, elected not to participate in a pension plan to which the Company contributed. Commencing January 1, 1976, credited service shall include each full month of service from the earlier of (1) the January 1 following the date of original hire, or (2) the date the employee first became a Plan participant, to retirement or termination date, but excluding any month during any part of which the employee, although eligible, elected not to participate in a pension plan to which the Company contributed. Notwithstanding the foregoing provisions, and except as provided in the parties' Memorandum of Agreement dated April 20, 2006, credited service or participation in the Plan will not include time on layoff past thirty (30) months at Cherokee, or thirty-six (36) months at

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<sup>1</sup> The Company reserves the right to delete, amend, or modify this proposal at its discretion.

Rahway or Branchburg Farm, unless the employee is recalled from layoff or is transferred to another site covered by Article IX hereof, prior to losing seniority at the site where he was laid off.

Tentative Agreement<sup>2</sup>

  
\_\_\_\_\_  
Merck Sharp & Dohme Corp.

  
\_\_\_\_\_  
IUC Union Representative

18-APRIL-2012  
Date

April 18, 2012  
Date

<sup>2</sup> The Union's acceptance of this proposal does not bind the Company to the terms set forth herein, until the parties have reached agreement on all issues.

**MERCK SHARP & DOHME CORP. PROPOSAL  
MASTER COLLECTIVE BARGAINING NEGOTIATIONS 2012  
PROPOSAL NO.: CP008  
Date: April 18, 2012  
SUBJ: Wage Payments**

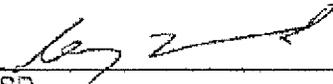
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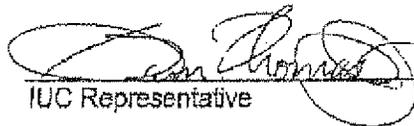
The Company proposes to provide the following Wage Payments each year of the contract, effective on the following dates:

<u>Year</u>	<u>Amount</u>	<u>Effective Date</u>
Year 1:	\$1500	As soon as practical following ratification
Year 2:	2%	May 6, 2013
Year 3:	2%	May 5, 2014

As soon as practical following ratification the Company will make the above Lump Sum Payment, less applicable taxes, to each active employee. Additionally, provided this Agreement is ratified by the Union Membership no later than April 26, 2012, the Company will pay a Signing Bonus of \$1,500.00, less applicable taxes, to each active employee, again as soon as practical following ratification.

Tentative Agreement:

  
\_\_\_\_\_  
MSD

  
\_\_\_\_\_  
IUC Representative

18-APRIL-2012  
Date

April 18, 2012  
Date

The Company reserves the right to delete, amend, or modify this proposal at its discretion.

This Union's acceptance of this proposal does not bind the Company to the terms set forth herein, until the parties have reached agreement on all issues.