UNITED STATES OF AMERICA

BEFORE THE NATIONAL LABOR RELATIONS BOARD

MERCK & COMPANY,

Respondent,

and

Case 22-CA-090990

UNITED STEELWORKERS OF AMERICA
LOCAL 4-575, AFL-CIO

Charging Party

ACTING GENERAL COUNSEL'S MEMORANDUM IN OPPOSITION TO MOTION FOR SUMMARY JUDGMENT

INTRODUCTION

Counsel for the General Counsel submits this Opposition to the Motion for Summary Judgment filed by Respondent Merck & Co. ("Merck" or "the Employer" or "the Respondent"). There are no material facts in dispute. However, as demonstrated in this opposition, the Employer has failed to sustain its burden to show that it is entitled to judgment as a matter of law. This Opposition is supported by the Complaint in this case and the Affidavit of Jimmy Conway filed herewith.

STATEMENT OF FACTS[1]

Since at least 1988, the parties, Merck and Local 4-575, United Steelworkers of America International Union, AFL-CIO, CLC[2] ("the Union"), in successive contracts covering the employees represented by the Union at the Rahway, New Jersey facility, have provided for retiree health benefits.[3] In negotiations for these contracts, the parties have bargained concerning the method of computing retiree health benefits.[4] Until the facts giving rise to this case, the Employer has never taken unilateral action concerning the method of calculating retiree health benefits. Negotiated language pertaining to the method of calculating retiree health benefits appears in the 1988 collective agreement and was modified through bargaining in 1991, 1997, 2000 and 2003.[5] Notwithstanding the negotiated changes, retiree health benefits since at least 1988 have been computed based on the retiree's age plus service at the time of retirement. Since at least 2003, a retiree's age plus service at the time of retirement have been added together to compute the "total points" which then determines the amount of subsidy that the Employer contributes to the retiree for health benefits.

The parties have negotiated the method of computing retiree health benefits, even where the language has been in place that the Employer asserts in its motion for summary

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[1] All facts stated here are based on the Affidavit of James Conway and exhibits attached thereto submitted herewith unless otherwise stated.

[2] Prior to about 2003, the Union was named Local 8-575, Oil, Chemical and Atomic Workers International Union. Between about 2003 and 2006, the Union was named Local 2-575, Paper, Allied Industrial, Chemical and Energy Workers International Union.

[3] The unit is described in paragraph 7 of the Complaint.

[4] Compare retiree health benefit provisions in Exhibit A to the Affidavit of James Conway, "Benefits for Retirees," 1988 contract, page 19 to Exhibit B to the Affidavit of James Conway, "Benefits for Retirees," 1991 contract, pages 19-20; Exhibit B, "Benefits for Retirees," 1991 contract, page 19 with Exhibit C, "Benefits for Retirees," 1997 contract, pages 18-19; Exhibit C, "Benefits for Retirees," 1997 contract, pages 18-19 with Exhibit D, "Medical Benefits for Retirees," 2000 contract, page 15; Exhibit D, "Medical Benefits for Retirees," 2000 contract, page 15 with Exhibit E, "Medical Benefits for Retirees, 2003 contract, pages 15-16.

[5] See *id.*

judgment waives the Union's right to negotiate on this subject. The 2000 Agreement contained the following language concerning retiree health benefits:

> Medical Benefits for Retirees. Active employees (and their eligible dependents) who retire with 10 or more years of credited service at or over age 55 (except that disability retirees may be younger than 55) will immediately be covered by Retiree Choice or its successor program(s) applicable to salaried retirees, as the terms and conditions of such medical benefit programs may be modified by the Company from time to time at its sole discretion.

Exhibit D, 2000 contract, page 15.

The Employer contends in its summary judgment motion that the phrase "as the terms and conditions of such medical benefit programs may be modified by the Company from time to time at its sole discretion" waives the Union's right to bargain over how retiree health benefits are calculated. But, notwithstanding this asserted waiver, the Employer initiated bargaining over the computation of retiree health benefits in negotiations for the 2003 Agreement. During these negotiations, Merck proposed to add a provision limiting "credited service" for the purpose of calculating retiree health benefits for any employee under the age of 50 on January 1, 2003. For these employees, Merck proposed to exclude from "credited service" as the term is used in the retiree health benefit provision, any service attained before the employee attained age 40. The Union agreed to Merck's proposal in exchange for an additional one percent wage increase and for lump sum payments to the 401(k) plan of every employee adversely impacted by the provision because of loss of seniority prior to the age of 40. The lump sum payments depended on years of service. Merck's proposal was added to the 2003 Agreement. See Exhibit E to the Conway Affidavit, "Medical Benefits for Retirees," 2003 Agreement, pages 15-16.

The Union has never agreed that the language relied on by the Employer as the basis for its waiver argument, which also appears in the 2003, 2006, 2009 and 2012 agreements, permits the Employer to change unilaterally the method of calculating retiree health benefits. The Union agrees that the Employer can make certain unilateral changes to retiree health benefits, which it has, such as to the insurance carrier providing the benefits and the benefits provided to retirees, e.g. adding dental benefits.

It is the Union's understanding, based on bargaining history and past practice, that the asserted waiver language does not permit the Employer to unilaterally change the method of computing retiree health benefits. Rather, the Union understands that the Employer can during the term of the contract, as it has, change the insurance carrier providing retiree health benefits, subsidies to employees for such benefits or the benefits provided, consistent with the discretion granted it to change "medical and dental benefit programs."[6]

Notwithstanding the bargaining history and past practice, on about February 23, 2012, and during the negotiations for the 2012 contract, Merck notified employees, but not the Union, that it was changing the method of calculating retiree health benefits. Unlike the change that it proposed in 2003, the change it announced in 2012 was made without notice to the Union and an opportunity to bargain. In 2012, the Employer advised employees that for employees who had not reached the age of 50 on December 31, 2012, the retiree health benefit subsidy provided by Merck would no longer be computed on the basis of age plus years of service, but would "vary" with age at time of retirement. Merck disclosed no additional information. The Employer did not indicate to

[6] The phrase "and dental programs" was added in the 2003 Agreement. Merck announced in February 2012 that it had eliminated the Dental Program. See Exhibit H to the Conway Affidavit, p. 4.

the Union the impact of the announced change. It did not explain how age would determine benefits or disclose the amount of the subsidy that would be available to employees based on their age. The Employer did not provide sufficient information for the Union or employees to determine whether the change, applicable to some employees, from a system in which benefits were to determined by age plus service to a system in which benefits were determined by age would result in a decrease or increase in the retiree health benefit subsidy available to future retirees or whether the amount of the subsidy would be affected at all.

During the 2012 negotiations, the Union responded to the change announced in February 2012 by asking for more details about the change, including the impact of the change upon future retirees. The Union repeatedly stated during negotiations that it had a right to bargain about the change to the method of calculating retiree health benefits.

During negotiations, on April 19, 2012, Merck provided a document that stated that for employees who had not reached 50 on December 31, 2012, the amount of subsidy would vary with age at retirement. Merck's representatives at the 2012 negotiations stated that it was unable to provide any further information about the announced change. Merck also advised the Union that it believed it had no obligation to bargain about the change.

At the close of the 2012 negotiations, the Union stated that it expected that the parties would continue to discuss the change in retiree health benefit calculation. When the Employer signed off on the contract, Merck expressly acknowledged that the parties had a disagreement over retiree health benefits.

Six months after the conclusion of negotiations, in October 2012, Merck provided the Union with details about the change in computing retiree health benefits. Then, Merck gave the Union a chart showing the amount of subsidy it intended to pay employees who were not 50 years old on December 31, 2012 based on their age at retirement, and another chart showing the subsidies paid to employees based on the criteria of age plus service applicable to employees 50 years old on January 1, 2013. By comparing these charts, the Union could determine for the first time that the change Merck announced in February 2012 had an adverse impact on employees. The Union filed a charge with the Board on October 10, 2012 alleging that Merck unilaterally changed terms and conditions of employment in violation of its duty to bargain in good faith.

ARGUMENT

1. The Employer Has Not Met Its Burden to Demonstrate That the Charge Was Not Timely Filed

The party raising Section 10(b) as an affirmative defense bears the burden of establishing that a complaint is time barred. E.g., *United Kiser Services, LLC*, 355 NLRB No. 55 (2010). The "10(b) period" commences only at the time when a party has clear and unequivocal notice of a violation of the Act. E.g., *Bryant & Stratton Business Institute*, 327 NLRB 1135, 1145 (1999). The Board stated in *A & L Underground*, 302 NLRB 467, 469 (1991) that an unfair labor practice charge will not be time-barred if the delay in filing is a consequence of ambiguous conduct by the other party. In the context of a unilateral change, the burden of proving a "clearly communicated" change is on the respondent. *New York Telephone Company*, 304 NLRB 183, 184 n.13 (1991); *Logan County Airport Contractors*, 305 NLRB 854, 859 (1991).

Where the full impact of a unilateral change cannot be appreciated by employees, the statute of limitations does not begin to run. *Duke University*, 315 NLRB 1291, 1291 n.1 (1995). The notice that triggers a bargaining obligation must be a clear announcement of a decision that affects the employees' terms and conditions of employment, not an inchoate and imprecise announcement of future plans. *Oklahoma Fixture Co.*, 314 NLRB 958, 960-61 (1994).

In *Pan American Grain Co.*, 343 NLRB 318 (2004), the employer merely told the union that it planned to continue staff reductions in the future consistent with increased efficiency. The Board ruled that such notice was not sufficiently specific to provide the union with a reasonable opportunity to bargain over the respondent's decision to implement the layoffs. The Board held to be adequate under the act, the prior notice "must afford the union with a reasonable opportunity to evaluate the proposals and present counter proposals before implementing [the] change." *Id.* quoting *Gannett Co.*, 333 NLRB 355, 357 (2001).

Here, in February 2012, the Employer announced that, beginning January 1, 2013, for employees who had not reached the age of 50 on December 31, 2012, retiree health benefits would "vary" with age at time of retirement. No other information was provided. The Employer's February 2012 announcement was not sufficiently specific to start the statute of limitations. The information provided by the Employer in February 2012 was inadequate for the Union to evaluate whether the change was detrimental to employees or even if it had any impact at all on retiree health benefits.

The absence of relevant information precludes meaningful bargaining. *See Piggly Wiggly Midwest*, 357 NLRB No. 191, slip op. at p. 34 and cases cited therein (2012). IN this case, in the absence of more specific information as to the impact on employees, bargaining in February 2012 would have been a hollow exercise.

It was not until October 2012 that the Employer made clear what subsidies it intended to provide for retirees under the new criteria, and at what age at time of retirement. Then, the Union learned for the first time that for some employees, their subsidies for retiree health benefits in an age-based calculation were less than what they would have received if their benefits had been determined by age plus service. Thus, it was only in October 2012 that the Union learned that future retirees were affected by the change and that the change was a detriment to them.[7] Absent this information, the statute of limitations does not begin to run. *Pan American Grain Co., supra*, 343 NLRB 318; *Duke University, supra,* 315 NLRB at 1291 n.1; *Oklahoma Fixture Co., supra,* 314 NLRB at 960-961.

Accordingly, the Employer's February 2012 announcement that the retiree health benefit for a group of employees was going to "vary" with age at retirement was not a clearly communicated change in terms and conditions in employment. *See Logan County Airport Contractors, supra,* 305 NLRB at 859; *New York Telephone Company, supra,* 304 NLRB at 184; *A & L Underground, supra,* 302 NLRB at 469. Having failed to give the Union adequate information to assess its unilateral change, Merck should not be permitted to assert that the statute of limitations ran out. Merck has not sustained its burden to show that it provided clear and equivocal notice to the Union of a change in terms and conditions of employment. *Bryant & Stratton Business Institute, supra,* 327 NLRB at 1145. The charge was timely filed after the Employer provided sufficiently specific information for the Union to determine the impact of the change on employees. *Pan American Grain Co., supra*, 343 NLRB 318; *Duke University, supra,* 315 NLRB 129: *A & L Underground, supra*, 302 NLRB at 469.

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[7] To require the Union to file an unfair practice charge in February 2012, when it could not determine the impact of the announced change, would encourage unnecessary resort to the Board's processes. If, when sufficient information was provided, the change turned out to be a benefit to the employees, the Union would need no relief.

2. Merck Has Failed to Meet Its Burden to Establish a Waiver by the Union.

In order to establish the waiver of a statutory right to bargain over changes in terms and conditions of employment, the party asserting the waiver must establish that the right has been clearly and unmistakably relinquished. *Provena St. Joseph Medical Center*, 350 NLRB 808, 811-812 (2007); *Metropolitan Edison Co. v. NLRB*, 460 U.S. 693 (1981). The clear-and-unmistakable waiver standard requires bargaining partners to unequivocally and specifically express their mutual intention to permit unilateral employer action with respect to a particular employment term, notwithstanding the statutory duty to bargain that would otherwise apply. *Id.* at 811. Waivers may be found in the express language of the collective bargaining agreement, or can be inferred from bargaining history, past practice, or a combination thereof. *Johnson-Bateman Co.*, 295 NLRB 180, 185 (1989).

The Employer asserts that the Union waived its bargaining rights over the method of computing retiree health benefits in two ways. First, the Employer alleges that the language in the contractual provision concerning retiree health benefits waived the Union's right to bargain over changes in how retiree health benefit subsidies are computed. The Employer relies in this argument on the following italicized language:

> Medical Benefits for Retirees. Active employees (and their eligible dependents) who retire with 10 or more years of credited service at or over age 55 (except that disability retirees may be younger than 55) will immediately be covered by Retiree Choice or its successor program(s) applicable to salaried retirees, *as the terms and conditions of such medical and dental benefit 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.

Second, the Employer relies on the general language prefacing the 2012 Agreement in which the parties agreed "that they have bargained in good faith and have met all collective bargaining obligations." As to either assertion, Merck provides no extrinsic evidence that the Union consciously waived the right to bargain over the method of computing retiree health benefits. Its arguments are based solely on language.

As to the Employer's first waiver argument, the language, "as the terms and conditions of such medical and dental benefit programs may be modified by the Company from time to time at its sole discretion," is not sufficiently specific to conclude that the Union waived its right to bargain over how retiree health benefits are computed. The contract does not specifically grant the Employer the discretion to determine how retiree health benefits are calculated. The "such medical and dental benefit programs" referred to in the asserted waiver should logically be interpreted to refer to the antecedent of the phrase, which is "Retiree Choice or its successor program(s) applicable to salaried employees," not whether subsidies are calculated on the basis of age plus service, or age.

Merck's interpretation of the contract should be rejected because it renders other language concerning retiree health benefits meaningless. The so-called waiver language is sandwiched between negotiated language in which the parties address how retiree health benefits are computed, notwithstanding the supposed waiver. As stated in the contract, the parties agreed that retirees must have 10 or more years of credited service at the age of 55 or over and that the service that counts for certain employees is service earned at or after the age of 40. If the retiree health benefits provision contained the waiver asserted by the Employer, then the clause preceding the asserted waiver and the sentence after could be changed by the Employer at anytime. But the contract should not be interpreted to nullify contractual terms.

Thus, the cases relied upon by Merck, where the Board found a contractual waiver based on a specific reservation of right, are distinguishable.[8] In those cases, unlike here, the reservation of rights specifically covered the unilateral change at issue and the contract was otherwise silent on the term and condition of employment unilaterally changed.

In addition to contractual language, both bargaining history and past practice support the conclusion that the parties have not intended a waiver of the right to bargain over the method of calculating retiree health benefits. The parties have a history of bargaining over the subject, even where the supposed waiver language was in place. Negotiated language concerning the calculation of retiree health benefits has been included in every collective bargaining agreement since 1988 and has been renegotiated at various times since then. During negotiations for the 2003 Agreement, the Employer, notwithstanding the presence of language it now contends permitted it unilateral action, initiated negotiations on the method of calculating retiree health benefits. Thus, the bargaining history is compelling evidence that no waiver has been in place.

The past practice also refutes the conclusion that the Union intended to permit the Employer to change how retiree health benefits are calculated. The Employer has never taken unilateral action on how retiree health benefits are calculated, although it has unilaterally changed some terms and conditions of employment concerning such benefits such as the amount of subsidy provided or the benefits provided retirees.

The Employer argues that by agreeing to the supposed waiver language again, in the 2012 agreement, the parties bargained over the subject of calculation of retiree health benefits. That argument is squarely contradicted by the facts. During the 2012

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[8] See page 8 of Merck's Brief in Support of Summary Judgment.

negotiations, the Union made a proposal concerning computation of retiree health benefits, repeatedly told the Employer that the Union had the right to bargain over any changes in how retiree health benefits were calculated, and asked for information on the Employer's announced change in retiree health benefit computation. Thus, the evidence contradicts the Employer's unsupported assertion that the parties fully bargained over the subject in the 2012 negotiations.

The Employer also argues that the "zipper clause" in the 2012 Agreement is an additional waiver by the Union. However, a general zipper clause does not mean that a union has clearly and unmistakably relinquished its right to bargain over all mandatory subjects of bargaining. *See Angelus Block Co.*, 250 NLRB 868, 877 and cases cited therein (1980). Additionally, here, at the time the parties zipped up their agreement, the Union made clear that the subject of retiree health benefits was unresolved and the Employer acknowledged the disagreement of the parties as to whether the Employer had an obligation to bargain over changes in how retiree health benefits were computed. In these circumstances, the zipper clause cannot be understood to operate as a waiver.

CONCLUSION

Based on the foregoing reasoning and authority, the Board should deny the Employer's Motion for Summary Judgment.

Respectfully submitted,

s/Tara Levy

Tara Levy
Counsel for the Acting General Counsel
National Labor Relations Board

Region 22
20 Washington Place, 5^{th} Floor
Newark, NJ 07102

Case 22-CA-090990

Affidavit of James Conway

I, James Conway, being first duly sworn upon my oath, state as follows:

1. Since about 2005, I have served as the President of Local 4-575, United Steelworkers of America, International Union, AFL-CIO, CLC ("the Union") which filed the unfair labor practice charge in this case. Prior to about 2003, the Union was named Local 8-575, Oil, Chemical and Atomic Workers International Union. Between about 2003 and 2006, the Union was named Local 2-575, Paper, Allied Industrial, Chemical and Energy Workers International Union. The Union represents the employees in the unit described in paragraph 7 of the Complaint in this case ("the Unit"). Prior to 2005, I served, since about 1999, as Assistant Chief Steward for the Union. Before that I served the Union at various times as Committeeperson or Steward. I have been an employee of Merck & Co. ("the Employer" or "Merck") in the Unit since about 1990. I am familiar with contracts that covered the Unit since I began working for the Employer.

2. The Unit is covered by two contracts, a Master Agreement and a Local Agreement. Since at least 1988, retiree health benefits have been a subject of the Master Agreement. The Employer and the Union negotiate collective bargaining agreements covering the Unit every three years, except in 1994 there was no Master Agreement. I was a member of the Union negotiating team that negotiated the 2001 Master Agreement and in every Master Agreement negotiation thereafter.

3. Since at least the 1988 agreement, the amount of subsidy paid by the Employer for retiree health benefits has been calculated based on both age and years of service at time of retirement.

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Since at least 2003, these are added together to compute "total points" which determines the amount of subsidy that the Employer contributes to the retiree for health benefits.

4. Since at least 1988, the parties have negotiated as to the method of computing retiree health benefits. The parties have negotiated over what service counts for purposes of computing retiree health benefits. This is reflected in the changes in language in the contracts concerning retiree health benefits over the years. Attached hereto as Exhibit B is the portion of the contract effective 1988-1991 concerning retiree health benefits. Attached hereto as Exhibit C is the portion of the contract effective 1991-1994 concerning retiree health benefits. Attached hereto as Exhibit D is the portion of the contract effective 1997-2001 concerning retiree health benefits. Attached hereto as Exhibit E is the portion of the contract effective 2001-2003 concerning retiree health benefits. Attached hereto as Exhibit F is the portion of the contract effective 2003-2006 concerning retiree health benefits. Attached hereto as Exhibit G is the portion of the contract effective 2006-2009 concerning retiree health benefits. In fact, during contract negotiations in 2012, Daniel Driscoll, the Employer's then Senior Director of Labor Relations and one of the Employer's spokespeople in those negotiations, in a discussion over the Union's right to bargain over retiree health benefits, stated that the parties have bargained over this subject in the past.

5. During the negotiations for the 2003 Agreement, Merck made a proposal concerning the method of calculating retiree health benefits. Merck proposed to add a provision limiting "credited service" for the purpose of calculating retiree health benefits for any employee under the age of 50 on January 1, 2003 or who was hired or rehired on or after January 1, 2003 to exclude from "credited service" any service attained before the employee attained age 40. The Union agreed to Merck's proposal in exchange for an additional one percent wage increase and for lump sum payments to the 401(k) plan of every employee adversely impacted by the

provision because of loss of seniority prior to the age of 40. The lump sum payments depended on years of service. The new language reflecting Merck's proposal appears in the 2003 Agreement.

6. The Union agrees that the Employer has the right to make some changes pertaining to the medical and dental benefits programs provided to retirees. For many years, the past practice has been that the Employer has, mid-contract, changed the amounts of its contributions for retiree health benefits during the term of the contract, every January 1. The Employer has also changed, during the term of the agreement, insurance carriers and has modified the medical or dental benefits it provides to retirees. The Union agrees that the Employer has the discretion to make those sorts of changes during the term of the contract. The Union understands the language in the provision quoted in paragraph 5, "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" to refer to the Employer's right to make changes in such subjects as the amount of the Employer's subsidy for retiree health benefits, the insurance carrier that the Employer uses to provide retiree health benefits and the benefits provided, e.g. what medical or dental procedures or medications are covered.

7. The Employer has never, during the term of the contract, changed the method of computing retiree health benefits and the Union has never agreed that the Employer has this right. The Union has never agreed that the Union is barred from negotiating the method of computing retiree health benefits or that the Employer may make changes in the method of computing retiree health benefits during the term of the contract without negotiating. The Union has never agreed that the language "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" gives the

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Employer the right to change how retiree health benefits are calculated without negotiating with the Union over this subject.

8. Negotiations for the 2012 Agreement took place between January and April 2012. During these negotiations, our proposals included a proposal concerning the method of computing retiree health benefits. We proposed to eliminate the provision added to the 2003 agreement excluding from credited service for employees under the age of 50 on January 1, 2003 or who were hired or rehired on or after January 1, 2003, all service attained before the employee reached age 40.

9. During the 2012 negotiations, on about February 23, 2012, the Employer sent employees, but not the Union, a document describing a new retirement benefits program. That document states that effective January 1, 2013, for employees who had not reached the age of 50 on December 31, 2012 and who had five or more years of service, retiree health benefits would "vary" based on age at retirement. See Exhibit H attached hereto, pages 6 and 12

10. During the 2012 negotiations, the Union responded to the announced change by asking for more details about the change, and by repeatedly demanding bargaining about the change. We asked for more details to determine the meaning of the language stating that retiree benefits would "vary" based on age at retirement and whether future retirees would be adversely impacted by the change. Without this information we could not determine whether changing to an age-based calculation from one using age plus service provided a better benefit for the employees we represent. During the negotiations, Merck representatives stated that they were unable to provide us with any details about the change in computing retiree health benefits. They did provide us with the document attached hereto as Exhibit I which stated only that the

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amount of subsidy was going to depend on age. They stated that Merck did not have to bargain over the change to an age-based method of calculating retiree health benefits.

11. At the very end of negotiations, just before the Employer signed off on the 2012, the Union stated again its position that it expected to revisit the subject of computing retiree health benefits. At the conclusion of negotiations, the Employer's main spokesperson, Craig Kennedy, Vice-President for North America Operations thanked the Union for its professionalism in reaching an agreement and acknowledged that the parties had a disagreement over retiree health benefits.

12. It was not until October 2012, that Merck provided details about the change in the method of computing retiree health benefits. In October 2012, Merck provided us with a chart showing the amount of subsidy they intended to pay the employees affected by the change to an age-based system for calculating retiree health benefits. This chart is attached hereto as Exhibit J. The Employer also provided us with a chart showing the subsidies paid to retirees who would be grandfathered and as a result, receive benefits based on age plus service. This chart is attached hereto as Exhibit K. Once this information was provided, the Union was able to compare the age-based benefit scale to the subsidies paid to employees based on the criteria of age plus service. By making this comparison, we could determine for the first time that the change in computing retiree health benefits Merck announced in February 2012 had an adverse impact on employees. They were going to receive a lesser subsidy than they would had they stayed under the previous system for calculating their retiree health benefits. Once we understood the impact of the change, we filed a charge with the Board on October 10, 2012 alleging that the Employer had failed to bargain in good faith by refusing to bargain over its change in the method of retiree health benefits.

I have read this Affidavit consisting of _6_ page(s), including this page, I fully understand it, and I state under penalty of perjury that it is true and correct

 JC

Date: 4-22-13 **Signature:** James Conway

 J.C.

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AGREEMENT

BETWEEN

MERCK & CO., INC.

AND

LOCAL 8-575

OIL, CHEMICAL AND ATOMIC WORKER'S INTERNATIONAL UNION

MAY 1, 1988

MERCK INSTITUTE
FOR
THERAPEUTIC RESEARCH
AT
RAHWAY, N. J.

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LOCAL SUPPLEMENTAL AGREEMENT

MERCK INSTITUTE

MASTER AGREEMENT

This Master Agreement is made and entered into as of the 1st day of May 1988, by and between MERCK & CO., INC., hereinafter referred to as the "Company", and the Oil, Chemical and Atomic Workers International Union and its Locals 8-86, 8-580 and 8-575 and the respective collective bargaining units for which each, individually and collectively, are certified, hereinafter referred to as the "Union". Each of the above specified Local Unions, and the employees in their respective certified and/or recognized bargaining units, 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 GROUP LIFE INSURANCE

During the term of this Agreement the Group Life and Accidental Death and Dismemberment Insurance Plan presently in effect shall not be discontinued as to bargaining unit employees, nor shall any amendment of said Plan be made which would adversely affect such employees except as may be required to assure that premium payments made by the

Company pursuant to the Plan shall be deductible expenses under the Internal Revenue Code.

A resume of the Plan in effect on 5/1/88 is set forth below in this Article II.

(A) *Eligibility.* Coverage under the program is compulsory, as a condition of employment. New employees will be eligible for and covered by the insurance benefits provided herein upon commencement of employment.

(B) *Benefits.* The benefits provided by the insurance program are as follows: Life Insurance and Accidental Death and Dismemberment Insurance shall be equal to two times (2x) the individual employee's annual base pay rounded to the nearest $500.

(C) *Contributions.* Employees contribute by payroll deductions twenty-five cents per month per thousand dollars of life insurance in effect in excess of $10,000. No contribution is required of employees for Accidental Death and Dismemberment Insurance.

(D) *Retirement Coverage.*

(I) *Normal Retirement.* Life insurance for employees who retire on or after May 1, 1988 is continued in the amount of $5,000 until death, without reduction. The difference between this $5,000 and the amount in effect at the time of retirement is reduced at the rate of 1-1/2 percent per month (the first such reduction to be made on the date of retirement) until such difference is exhausted. Any remaining balance which is unexhausted at the death of such retired employee is added to the $5,000 of life insurance mentioned above and paid to his designated beneficiary or estate, as the case may be. No contributions are required of retired employees for life insurance coverage after the date of retirement. All accidental death and dismemberment insurance

terminates as to future coverage on the date of normal retirement.

(II) *Early Retirement.* Those employees voluntarily retiring pursuant to the Company's Pension Plan on or after May 1, 1988 and before their normal retirement date, receive $5,000 of life insurance until death. The expense of such life insurance is borne entirely by the Company. All accidental death and dismemberment insurance terminates as to future coverage on the date of early retirement. At the option of the retiring employee, the life insurance in excess of $5,000 in effect on the date of early retirement may be continued by the employee until the normal retirement date, by timely payment of the required contributions. If the retired employee exercises the option referred to in the preceding sentence, the difference between $5,000 and the amount of life insurance in effect on the date of normal retirement is reduced at the rate of 1½ percent per month (the first such reduction being made on the normal retirement date) until such difference is exhausted. No contributions are required of retiring employees for life insurance coverage after the date of normal retirement.

(III) *Retirement After Normal Retirement Date.* Employees who work beyond their normal retirement date shall receive the benefits set forth in Paragraph (B) above, until they retire. Upon retirement, such individuals shall receive the benefits set forth in Paragraph (D) (I) above, provided that benefit levels shall be computed as if the employee had retired on his normal retirement date. All accidental death and dismemberment insurance terminates as to future coverage on the date of retirement.

(E) *Disability Options.*

(I) *Before Age 60.* Upon termination of employment by reason of total disability before age 60, no further contributions are payable by the employee in question, and he is entitled, upon proof of total disability, to payment of the face value of the life insurance in effect at the time of such termination up to a maximum of $20,000 in sixty equal monthly installments, or at his election in a lump sum to be paid six (6) months after proof of such disability. Accidental death and dismemberment insurance terminates as to future coverage upon such termination of employment.

(II) *After Age 60, and Before Age 65.* Upon termination of employment, by reason of total disability after age 60 but before age 65, no further contributions are payable by the employee in question, the cost of maintaining the life insurance in effect at the time of such termination is borne by the Company. Upon reaching normal retirement date, this insurance is treated as specified in (D) (I). Accidental death and dismemberment insurance terminates as to future coverage upon such termination of employment.

(F) *Absence Because of Labor Disputes.* In the event of absence because of labor disputes, an employee's insurance is kept in force by contribution by the Company for a period of ninety (90) days. Thereafter such insurance is canceled unless kept in force by timely contributions by the employee. Contributions advanced by the Company for the account of the employee during the ninety (90) day period referred to, shall be repaid to the Company over a like period upon the employee's return to active employment.

(G) *Leave of Absence for Union Business.* The Company shall continue in force the insurance of an employee granted a leave of absence for Union business so long as the employee continues to make timely contributions.

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.

(C) *Minimum Retirement Allowance.* 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 $27 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 of contributions shall not be less than $28 per month multiplied by the participant's credited service. The minimum monthly retirement benefit for employees retiring on or after July 1, 1988, shall not be less than $29 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 $30 per month multiplied by the participant's credited service. The minimum monthly retirement benefit for employees retiring on or after July 1, 1989 shall not be less than $30 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 $31 per month multiplied by the participant's credited service. The minimum monthly retirement benefit for employees retiring on or after July 1, 1990 shall not be less than $31 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 $32 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, credited service or participation in the Plan will not include time on layoff past thirty (30) months at Cherokee, thirty-six (36) months at Rahway, Branchburg Farm and Metasol or fifty-four (54) months at West Point, unless the employee is recalled from layoff or is transferred to another site covered by Article XII 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. Effective July 1, 1988, 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 ten (10) years, and effective July 1, 1988, 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) *Adjustment for Retirees.* In no event will a retiree receive less than $7.50 per month per year of credited service.

(L) *Miscellaneous.*

(I) (a) All participants retiring between May 1, 1988 and July 1, 1988 will receive the increased benefits and options provided under this Agreement, effective July 1, 1988.

(b) All participants retiring between May 1, 1989 and July 1, 1989 will receive the increased benefits and options provided under this Agreement, effective July 1, 1989.

(c) All participants retiring between May 1, 1990 and July 1, 1990 will receive the increased benefits and options provided under this Agreement, effective July 1, 1990.

(II) 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.

(III) 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, 1989 to include the modifications described in paragraphs 1 (A), (C), (D), (E), (F), (J), (K), and (L). It is understood and agreed that the effecting of the amendments referred to above is subject to obtaining:

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

(II) 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, 1989, 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.

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. Except as provided in Paragraph 4 below, the employee's Separation Benefit Allowance shall be computed in accordance with the following schedule:

Length of Continuous Service as of Date of Layoff	*Amount of Separation Benefit Allowance*
6 mos. & less than 1 yr.	1 week - 40 hrs.
1 yr. & less than 3 yrs.	2 weeks - 80 hrs.
3 yrs. & less than 5 yrs.	4 weeks - 160 hrs.
5 yrs. & less than 7 yrs.	6 weeks - 240 hrs.
7 yrs. & less than 10 yrs.	8 weeks - 320 hrs.
10 yrs. & less than 15 yrs.	10 weeks - 400 hrs.
15 yrs. & less than 20 yrs.	12 weeks - 480 hrs.
20 yrs. & less than 25 yrs.	15 weeks - 600 hrs.
25 yrs. & over	20 weeks - 800 hrs.

2. Net Separation Benefit Allowance shall be the accrued Separation Benefit Allowance set forth in the schedule above, computed on the basis of the employee's hourly rate of pay (excluding shift premium, incentive), less any previous Separation Benefit Allowance paid by and not repaid to the Company. Where an employee has worked for 26 weeks or more in the twelve-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 Benefit Allowance will be computed on the basis of the higher hourly rate.

3. If an employee is recalled in less than thirty (30) consecutive calendar days from the date he was laid off, he must, as a condition of reinstatement, return any Separation Benefit Allowance he received. Such repayment shall be in amounts of 10% of his weekly earnings after recall, unless otherwise agreed between the Company and the employee.

4. Employees at West Point, Pennsylvania, employed prior to March 1, 1958 may elect to have their Separation Benefit Allowance computed either in accordance with the schedule in Paragraph 1 or in accordance with the Schedule in this Paragraph 4. Such election shall be made at the time of layoff and shall be binding on the employee for the term of this Agreement. Paragraphs 2 and 3 shall apply to such employees who elect to have their Separation Benefit Allowance computed in accordance with the schedule appearing in Paragraph 1. Paragraphs 2 and 3 shall not apply, however, to employees who elect to have their Separation Benefit Allowance computed in accordance with the schedule appearing in this Paragraph. In the case of such employees, the method of administration heretofore used shall be continued.

Length of Continuous Service as of Date of Layoff	*Amount of Separation Benefit Allowance*
6 mos. & less than 1 yr.	1 week - 40 hrs.
1 yr. & less than 3 yrs.	2 weeks - 80 hrs.
3 yrs. & less than 5 yrs.	3 weeks - 120 hrs.
5 yrs. & less than 7 yrs.	4 weeks - 160 hrs.
7 yrs. & less than 10 yrs.	5 weeks - 200 hrs.
10 yrs. & less than 15 yrs.	7 weeks - 280 hrs.
15 yrs. & less than 20 yrs.	9 weeks - 360 hrs.
20 yrs. & less than 25 yrs.	12 weeks - 480 hrs.
25 yrs. & over	14 weeks - 560 hrs.

ARTICLE V
COMPREHENSIVE HEALTH INSURANCE PLAN

1. The medical benefits plan in effect on April 30, 1988 will be continued through June 30, 1988.

2. Effective July 1, 1988, the employees shall be covered by a comprehensive health insurance plan ("Plan") without contribution in accordance with the provisions of such plan.

3. The following is a general outline of the basic provisions of such Plan:

(A) *Hospital Expenses.* After satisfaction of the deductible described in Paragraph (H) below, the Plan will pay the full cost of semiprivate room and board, full cost of confinement in an intensive care unit, as well as other necessary charges for the first 365 days per confinement. For confinement beyond 365 days, the Plan will pay, subject to the maximum policy and annual out-of-pocket limit, 80% of the charges for the remaining time. Charges of an anesthesiologist are to be treated as covered hospital expenses.

In the event a private room is utilized, the Plan payments will be based on the highest rate for semiprivate accommodations in that hospital.

In the event the Company implements a pre-admission certification program for salaried employees, the same program and reimbursement limitations thereunder will be simultaneously incorporated herein.

(B) *Surgical Expenses.* After satisfaction of the deductible described in Paragraph (H) below, the Plan will pay 100% of the usual and customary charges of the surgical operation or procedure including obstetrical services, subject to the maximum policy limits. Usual and customary charges shall be determined by the insurance carrier.

A second surgical opinion shall be mandatory for all Plan participants prior to those non-emergency surgeries as specified in the Plan. Coverage for this opinion shall be at 100% of the usual and customary charge. In the event a second surgical opinion is not obtained for these specified surgical procedures, coverage for these procedures will be at 80% of the usual and customary charges after satisfaction of the deductible.

(C) *Pre-Admission Testing Program.* The Plan will pay 100% of usual and customary charges made by a hospital for necessary diagnostic X-ray or laboratory tests as an outpatient under a hospital administered pre-admission testing program.

Under such a program, the tests must be ordered by the physician who directs confinement; the tests are made within 7 days immediately preceding confinement at the same hospital where room reservation has been confirmed; the tests are accepted by the hospital in place of the same tests which would normally be made during confinement; the

employee or dependent would have been eligible for benefits if such tests were performed while confined and the tests are not for routine physical checkup.

If any of the aforesaid conditions are not met through no fault of the employee, pre-admission testing expenses incurred shall be covered.

(D) *Prescription Drugs and Medicines.* For drugs or medicines requiring a physician's written prescription, the Plan will pay 100% of the cost after an annual prescription drug deductible of $50 per person/$150 per family has been satisfied. This deductible may be applied toward the deductible described in Paragraph (H) below, and vice versa.

(E) *Immunizations.* The Plan will pay 100% of the cost of immunizations, including the office visit and the drug. Allergy shots shall not be covered under this Paragraph.

(F) *Hospice Care.* After satisfaction of the deductible described in Paragraph (H) below, pursuant to the terms and conditions as set forth in the Plan, a voluntary hospice care program shall be available to all Plan participants.

(G) *All Other Expenses.* For any approved medical expenses not included in Paragraphs (A), (B), (C), (D), (E) or (F) above, such as doctor's visits at home, office or hospital, visits with licensed psychologists, nursing, ambulance, crutches, braces, physiotherapy, routine baby care for twelve (12) months following birth, the Plan will pay 80% of the usual and customary cost after satisfaction of the deductible provided for in Paragraph (H) below.

(H) *Deductible.* For employees whose annual base wages are $60,000 or less, a $150 annual deductible will apply to each person and a $300 annual deductible will apply to each family. For employees whose annual base wages exceed $60,000, the annual deductible will be one-quarter of one percent of the employee's base pay per person and one-half of one percent of the employee's base pay per family. Base pay will be determined as of November 1 of the preceding year. When expenses applied toward satisfying the individual deductible of two or more family members add up to the family deductible, the employee and his/her covered dependents are considered to have met the deductible for that year.

(I) *Out-of-Pocket Maximum.* When those expenses for an employee or covered dependent which are subject to the deductible and the co-insurance features of the Plan reach the out-of-pocket maximum as defined in the Plan, the Plan will then pay 100% of covered expenses in excess of the out-of-pocket maximum for the remainder of the calendar year and subject to the overall maximum lifetime benefit. For each calendar year, the out-of-pocket maximum per covered person shall be the deductible (individual or family) plus $1,000.

(J) *Overall Maximum Lifetime Benefit.* The maximum lifetime benefits shall be $1,000,000. If the employee or a covered dependent receives benefits in this amount, no further benefits are paid until the lifetime maximum is reinstated.

The overall maximum lifetime benefit may be reinstated upon evidence of good health, pursuant to the terms of the plan.

(K) *Dependent Coverage.* Dependent means an employee's spouse who is not legally separated from the employee and an employee's unmarried child who derives at least 50% of his support and maintenance from the employee (including any stepchild, foster child or legally adopted child) from birth to age 19 (age 25 if such a child is a full-time day student in an accredited secondary school,

college or university or vocational school other than a school provided for rehabilitation or occupational therapy). In addition, the coverage for a physically or mentally handicapped child who remains a dependent of the employee can continue beyond the age when coverage would otherwise end in accordance with the terms of the Plan. The dependent children of a retiree who dies while covered by the Company's health insurance program shall continue to have coverage under the Health Insurance Plan.

Further, where an active employee is eligible for early retirement pursuant to the terms of the Company's Pension Plan and dies while still an active employee, the dependent children shall continue to have coverage under the Health Insurance Plan.

(L) *Benefits for Retirees.* Covered employees who retire pursuant to the provisions of the Company's Pension Plan, will retain active employee's coverage for themselves and their covered dependents without contribution, except that effective January 1, 1989, employees who retire with fewer than ten years of pension plan participation, and the families of such employees, will not be eligible for such medical benefits. The Company's health insurance program for retired employees under this section shall not be discontinued nor shall any amendment be made which would adversely affect such employees during the term of this Agreement.

(M) *Surviving Spouse.* Where an active employee has twenty-five (25) or more years of service or is eligible for early retirement pursuant to the terms of the Company's Pension Plan (except that between July 1, 1988 and December 31, 1988, for purposes of qualifying for benefits under this provision, eligibility for early retirement will be deemed to require 15 or more years of continuous participation in the Pension Plan), and dies while still an active employee, the

MERCK

AGREEMENT

BETWEEN

MERCK & CO., INC.

AND

LOCAL 8-575

OIL, CHEMICAL AND
ATOMIC WORKERS
INTERNATIONAL UNION

MAY 1, 1991

PLANT UNIT
AT
RAHWAY, N. J.

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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.

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:

Length of Continuous Service as of Date of Layoff	*Amount of Separation Benefit Allowance*
6 mos. & less than 1 yr.	1 week - 40 hrs.
1 yr. & less than 3 yrs.	2 weeks - 80 hrs.
3 yrs. & less than 5 yrs.	4 weeks - 160 hrs.
5 yrs. & less than 7 yrs.	6 weeks - 240 hrs.
7 yrs. & less than 10 yrs.	8 weeks - 320 hrs.
10 yrs. & less than 15 yrs.	10 weeks - 400 hrs.
15 yrs. & less than 20 yrs.	12 weeks - 480 hrs.
20 yrs. & less than 25 yrs.	15 weeks - 600 hrs.
25 yrs. & over	20 weeks - 800 hrs.

2. Net Separation Benefit Allowance shall be the accrued Separation Benefit Allowance set forth in the schedule above, computed on the basis of the employee's hourly rate of pay (excluding shift premium, incentive), less any previous Separation Benefit Allowance paid by and not repaid to the Company. Where an employee has worked for 26 weeks or more in the twelve-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 Benefit Allowance will be computed on the basis of the higher hourly rate.

3. If an employee is recalled in less than thirty (30) consecutive calendar days from the date he was laid off, he must, as a condition of reinstatement, return any Separation Benefit Allowance he received. Such repayment shall be in amounts of 10% of his weekly earnings after recall, unless otherwise agreed between the Company and the employee.

ARTICLE V
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1. The medical benefits plan in effect on April 30, 1991 will be continued through June 30, 1991.

2. Effective July 1, 1991, the employees shall be covered by a comprehensive health insurance plan ("Plan") without contribution in accordance with the provisions of such plan.

3. The following is a general outline of the basic provisions of such Plan:

(A) *Hospital Expenses.* After satisfaction of the deductible described in Paragraph (F) below, the Plan will pay 80% of the full cost of semiprivate room and board, 80% of the full

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cost of confinement in an intensive care unit, as well as 80% of other necessary charges. Charges of an anaesthesiologist are to be treated as covered hospital expenses.

In the event a private room is utilized, the Plan payments will be based on the highest rate for semiprivate accommodations in that hospital.

The same preadmission certification program and reimbursement limitations thereunder (including, where a required pre-certification call has not been timely made, benefits payable to the employee will be 60% of covered expenses for each day up to the day the required call is made, and for each day of a stay beyond the number of days certified) in effect for salaried employees will continue to apply to participants covered by the Plan. Effective July 1, 1991, this program will include a requirement of pre-certification for treatment relating to psychiatric disorders.

(B) *Surgical Expenses.* After satisfaction of the deductible described in Paragraph (F) below, the Plan will pay 80% of the usual and customary charges of the surgical operation or procedure including obstetrical services, subject to the maximum policy limits. Usual and customary charges shall be determined by the insurance carrier.

A second surgical opinion shall be mandatory for all Plan participants prior to those non-emergency surgeries as specified in the Plan. Coverage for this opinion shall be at 100% of the usual and customary charge. In the event a second surgical opinion is not obtained for these specified surgical procedures, coverage for these procedures will be at 60% of the usual and customary charges after satisfaction of the deductible.

(C) *Prescription Drugs and Medicines.* For drugs or medicines requiring a physician's written prescription, the Plan will pay 100% of the cost less a payment by the employee of $3 for each prescription. Expenses or payments incurred by the participant for prescription drugs will not apply to the satisfaction of the deductible described in paragraph (F) below, nor any of the maximum limits set forth herein.

(D) *Hospice Care.* After satisfaction of the deductible described in Paragraph (F) below, pursuant to the terms and conditions as set forth in the Plan, a voluntary hospice care program shall be available to all Plan participants.

(E) *All Other Expenses.* For any approved medical expenses other than prescription drugs, including but not limited to doctor's visits at home, office or hospital, visits with licensed psychologists, nursing, ambulance, crutches, braces, physiotherapy, routine baby care for twelve (12) months following birth, the Plan will pay 80% of the usual and customary cost after satisfaction of the deductible provided for in Paragraph (F) below.

(F) *Deductible.* For employees whose annual base wages are $60,000 or less, a $150 annual deductible will apply to each person and a $300 annual deductible will apply to each family. For employees whose annual base wages exceed $60,000, the annual deductible will be one-quarter of one percent of the employee's base pay per person and one-half of one percent of the employee's base pay per family. Base pay will be determined as of November 1 of the preceding year. When expenses applied toward satisfying the individual deductible of two or more family members add up to the family deductible, the employee and his/her covered dependents are considered to have

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met the deductible for that year. Expenses may not be applied toward satisfaction of the deductible for any calendar year other than the calendar year in which they were incurred.

(G) *Out-of-Pocket Maximum.* When those expenses for an employee or covered dependent which are subject to the deductible and the co-insurance features of the Plan reach the out-of-pocket maximum as defined in the Plan, the Plan will then pay 100% of covered expenses in excess of the out-of-pocket maximum for the remainder of the calendar year and subject to the overall maximum lifetime benefit. For each calendar year, the out-of-pocket maximum per covered person shall be the deductible (individual or family) plus 1.25% of the employee's base pay, but not less than $750 per individual, or 2.5% of the employee's base pay, but not less than $1500 per family.

(H) *Overall Maximum Lifetime Benefit.* The maximum lifetime benefits shall be $1,000,000. If the employee or a covered dependent receives benefits in this amount, no further benefits are paid until the lifetime maximum is reinstated.

The overall maximum lifetime benefit may be reinstated upon evidence of good health, pursuant to the terms of the Plan.

(I) *Dependent Coverage.* Dependent means an employee's spouse who is not legally separated from the employee and an employee's unmarried child who derives at least 50% of his support and maintenance from the employee (including any stepchild, foster child or legally adopted child) from birth to age 19 (age 25 if such a child is a full-time day student in an accredited secondary school, college or university or vocational school other

than a school provided for rehabilitation or occupational therapy). In addition, the coverage for a physically or mentally handicapped child who remains a dependent of the employee can continue beyond the age when coverage would otherwise end in accordance with the terms of the Plan. The dependent children of a retiree who dies while covered by the Company's health insurance program shall continue to have coverage under the Health Insurance Plan.

Further, where an active employee is eligible for early retirement pursuant to the terms of the Company's Pension Plan and dies while still an active employee, the dependent children shall continue to have coverage under the Health Insurance Plan.

(J) *Benefits for Retirees.*

(a) Covered employees who retire pursuant to the provisions of the Company's Pension Plan, will retain active employee's coverage for themselves and their covered dependents without contribution, except that effective January 1, 1989, employees who retire with fewer than ten years of credited service and the families of such employees, will not be eligible for such medical benefits. The Company's health insurance program for retired employees under this section shall not be discontinued nor shall any amendment be made which would adversely affect such employees during the term of this Agreement.

(b) Employees hired on or after July 1, 1991 who, upon retirement from the employ of the Company with fewer than 20 years but at least 10 years of credited service, become eligible for medical and dental coverage under the traditional indemnity option of the Merck Plans, or who elect a

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Health Maintenance Organization or Dental Provider Organization or similar coverage, will pay a percentage of the applicable premium for medical and dental coverage charged to those who elect the same coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 or any successor statute, in accordance with the following schedule:

Years of Credited Service	*Percentage of Premium Paid by Retiree*
less than 10	(No Coverage)
10	50%
11	45
12	40
13	35
14	30
15	25
16	20
17	15
18	10
19	5
20 or more	0%

(K) *Surviving Spouse.* Where an active employee has twenty-five (25) or more years of service or is eligible for early retirement pursuant to the terms of the Company's Pension Plan and dies while still an active employee, the surviving spouse and dependent children shall continue to have coverage under the Plan. Where an active employee does not meet either of the above eligibility requirements and dies while still an active employee, the surviving spouse and dependent children shall continue to have coverage under the Plan for a period of twenty-four (24) months following the employee's death.

(L) *Mental Health.* After satisfaction of the deductible described in paragraph (F) above, the Plan will pay eighty (80) percent of the usual and customary fees for psychotherapy by a psychiatrist, licensed psychologist, or licensed psychiatric social worker under the supervision of a physician.

(M) *Hospital and Surgery Charges - Dental.* After satisfaction of the deductible described in paragraph (F) above, the Plan will provide eighty (80) percent coverage for all hospital charges incurred when confined in a hospital for dental work and charges for certain inpatient or outpatient surgery in a hospital.

(N) *Ambulance Charge.* After satisfaction of the deductible described in paragraph (F) above the Plan will pay eighty (80) percent of charges, other than those included as covered hospital expenses, for transportation by professional ambulance to or from the nearest hospital which is equipped to furnish the necessary treatment.

(O) *Preventive Mammogram and Pap Smear.* Effective July 1, 1991, after satisfaction of the deductible described in paragraph (F) above, the Plan will pay eighty (80) percent of the reasonable and customary charges for: no more than one preventive pap smear per calendar year for a participant; no more than one preventive mammogram per calendar year for female participants ages 50 and over; no more than one preventive mammogram every two calendar years for female participants ages 40-49.

(P) *Detoxification Programs.* Effective July 1, 1991, after satisfaction of the deductible described in paragraph (F) above, the Plan will pay eighty (80) percent of the charges for no more than two programs providing treatment for alcohol and/or drug abuse which have been commenced

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MERCK

AGREEMENT

BETWEEN

MERCK & CO., INC.

AND

LOCAL 8-575

OIL, CHEMICAL AND ATOMIC WORKERS INTERNATIONAL UNION

MAY 1, 1997

MERCK INSTITUTE FOR THERAPEUTIC RESEARCH
AT
RAHWAY, N.J.

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LOCAL SUPPLEMENTAL AGREEMENT

MASTER AGREEMENT

This Master Agreement is made and entered into as of the 1st day of May 1997, by and between MERCK & CO., INC., hereinafter referred to as the "Company", and the Oil, Chemical and Atomic Workers International Union and its Locals 8-580 and 8-575, and the respective collective bargaining units for which each, individually and collectively, are certified, hereinafter referred to as the "Union". Each of the above specified Local Unions, and the employees in their respective certified and/or recognized bargaining units, 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 GROUP LIFE INSURANCE

During the term of this Agreement the Group Life and Accidental Death and Dismemberment Insurance Plan presently in effect shall not be discontinued as to bargaining unit employees, nor shall any amendment of said Plan be made which would adversely affect such employees except as may be required to assure that premium payments made by the Company pursuant to the Plan shall be deductible expenses under the Internal Revenue Code.

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gotiate 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.

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:

Length of Continuous Service as of Date of Layoff	*Amount of Separation Benefit Allowance*
6 mos. & less than 1 yr.	1 week - 40 hrs.
1 yr. & less than 3 yrs.	2 weeks - 80 hrs.
3 yrs. & less than 5 yrs.	4 weeks - 160 hrs.
5 yrs. & less than 7 yrs.	6 weeks - 240 hrs.
7 yrs. & less than 10 yrs.	8 weeks - 320 hrs.
10 yrs. & less than 15 yrs.	10 weeks - 400 hrs.
15 yrs. & less than 20 yrs.	12 weeks - 480 hrs.
20 yrs. & less than 25 yrs.	15 weeks - 600 hrs.
25 yrs. & over	20 weeks - 800 hrs.

2. Net Separation Benefit Allowance shall be the accrued Separation Benefit Allowance set forth in the schedule

above, computed on the basis of the employee's hourly rate of pay (excluding shift premium, incentive), less any previous Separation Benefit Allowance paid by and not repaid to the Company. Where an employee has worked for 26 weeks or more in the twelve-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 Benefit Allowance will be computed on the basis of the higher hourly rate.

3. If an employee is recalled in less than thirty (30) consecutive calendar days from the date he was laid off, he must, as a condition of reinstatement, return any Separation Benefit Allowance he received. Such repayment shall be in amounts of 10% of his weekly earnings after recall, unless otherwise agreed between the Company and the employee.

ARTICLE V
COMPREHENSIVE HEALTH INSURANCE PLAN

1. Employees shall be covered by a comprehensive health insurance plan ("Plan") in accordance with the provisions of such plan as implemented by the Company on January 1, 1995, subject to the following:

(A) The point of service plan covering employees represented by OCAW Local 8-575 at the Company's New Jersey facilities will provide for monthly employee contributions of $0, $5 and $10 for employee, employee plus one dependent and employee plus more than one dependent, respectively. As an alternative to the point of service plan which will continue in effect, such employees may elect to be covered by the indemnity plan covering bargaining unit employees at the Company's Danville, Pennsylvania, Elk-

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ton, Virginia and Albany, Georgia facilities provided that an employee's monthly contribution for coverage under the indemnity plan at the New Jersey facilities will be $10 for individual employee coverage, $25 for employee plus one dependent, and $40 for employee plus more than one dependent.

(B) Monthly contributions for employees represented by OCAW Local 8-575 at the Company's New Jersey facilities who elect HMO coverage will be as follows:

HMO	Employee	Employee + 1 Dependent	Employee + 2 or more Deps.
Aetna	no change in pre-July 1, 1996 contributions ($10, $25 and $40)		
U S Healthcare	$0	$0	$0
HIP Rutgers	$0	$5	$10
Cigna	$0	$5	$10

(C) For employees represented by OCAW Local 8-580 at the Company's Danville, Pennsylvania facility and participating in the Geisinger Healthcare Plan HMO, monthly employee contributions will be $0, $5 and $10 for coverage for the employee, employee plus one dependent and employee plus more than one dependent, respectively.

(D) For employees represented by OCAW Local 8-580 and participating in the indemnity plan at the Company's Danville, Pennsylvania facility, the employee monthly contribution will be $0, $5 and $10 for coverage for the employee, employee plus one dependent and employee plus more than one dependent, respectively.

2. General Terms of Health Care Coverage:

(A) Health care coverage for employees will include hospital expenses, surgical expenses (subject to precertification requirements), prescription drugs and medicines, hospice care, detoxification programs (subject to limitations) and other medical expenses including doctor's visits, licensed psychologists, nursing, ambulance, crutches, braces, physiotherapy, routine baby care, and other medical services and expenses pursuant to a managed care point-of-service plan with co-payment (at the Company's New Jersey facilities) and/or a managed medical plan which is an indemnity plan with deductibles and an 80%/20% co-pay (at all sites).

(B) *Out-of-Pocket Maximum.* When those expenses for an employee or covered dependent which are subject to the deductible and the co-insurance features of the Plan reach the out-of-pocket maximum as defined in the Plan, the Plan will then pay 100% of covered expenses in excess of the out-of-pocket maximum for the remainder of the calendar year and subject to the overall maximum lifetime benefit.

(C) *Overall Maximum Lifetime Benefit.* The maximum lifetime benefits shall be $1,000,000. If the employee or a covered dependent receives benefits in this amount, no further benefits are paid until the lifetime maximum is reinstated. The overall maximum lifetime benefit may be reinstated upon evidence of good health, pursuant to the terms of the Plan.

(D) *Dependent Coverage.* Dependent means an employee's spouse who is not legally separated from the employee and an employee's unmarried child who derives at least 50% of his support and maintenance from the employee (including any stepchild, foster child or legally adopted child) from birth to age 19 (age 25 if such a child is a full-time day student in an accredited secondary

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school, college or university or vocational school other than a school provided for rehabilitation or occupational therapy). In addition, the coverage for a physically or mentally handicapped child who remains a dependent of the employee can continue beyond the age when coverage would otherwise end in accordance with the terms of the Plan. The dependent children of a retiree who dies while covered by the Company's health insurance program shall continue to have coverage under the Health Insurance Plan.

Further, where an active employee is eligible for early retirement pursuant to the terms of the Company's Pension Plan and dies while still an active employee, the dependent ~~children shall continue to~~ have coverage under the Health Insurance Plan.

(E) *Benefits for Retirees.*

Active employees (and their eligible dependents) who retire with 10 or more years of credited service at or over age 55 (except that disability retirees may be younger than 55) will be covered by the terms and conditions, including contributions, of the medical benefits program that was applicable to them on their last day of active employment; provided that such coverage will continue until the termination date of the Master Agreement under which they retired, after which date such retirees will be covered by Retiree Choice or its successor program(s) applicable to salaried retirees, as the terms and conditions of such medical benefits program(s) may be modified by the Company from time to time. Employees who have retired between February 20, 1996 and April 30, 1997 will retain the terms and conditions, including contributions, of the medical benefits program that was applicable to them on their last day of active employment, until April 30, 2000, after

which they will be covered by Retiree Choice or its successor program(s) applicable to salaried retirees, as the terms and conditions of such medical program(s) may be ~~modified by the~~ Company from time to time.

(F) *Surviving Spouse.* Where ~~an active employee~~ has twenty-five (25) or more years of service or is eligible for early retirement pursuant to the terms of the Company's Pension Plan and dies while still an active employee, the surviving spouse and dependent children shall continue to have coverage under the Plan. Where an active employee does not meet either of the above eligibility requirements and dies while still an active employee, the surviving spouse and dependent children shall continue to have coverage under the Plan for a period of twenty-four (24) months following the employee's death.

(G) *Coverage During Layoff.* Employees on layoff may continue coverage for the duration of layoff provided they pay the monthly premium.

(H) *Coordination/Non-Duplication of Benefits.* When an employee or dependent is covered under the Merck medical benefits plan and another medical benefits plan, benefits are coordinated between plans; provided, however, that where another plan is the primary plan, the Merck Plan will pay only the difference between the amount the Merck Plan would have paid had it been the only plan providing coverage and the amount actually paid by another plan. In no instance may an individual covered by this Plan receive more in total from the Merck Plan and the other Plan than the Merck Plan would have paid had it been the only plan providing coverage. Where both employee and spouse are covered Merck employees, there is no coordination of benefits for either employee or for their covered dependents. If an employee's spouse is covered by anoth-

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AGREEMENT

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$20 per month; employee plus one dependent — $35 per month; and employee plus two or more dependents — $50 per month.

Dental coverage: *Locals 2-575 and 2-0580:* Employee only — $5 per month; employee plus one dependent — $10 per month; and employee plus two or more dependents — $15 per month.

Prescription Plan: *Locals 2-575 and 2-0580:* $1 co-pay increase.

Life insurance: *Locals 2-575 and 2-0580*: Increase contribution to $0.28 per $1,000.

(D) 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.

(E) Benefits under the Flexible Benefits Plan shall be described in a summary plan description or equivalent document that shall be provided to employees.

3. Employees are entitled to the following benefits notwithstanding anything to contrary in paragraph 2 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.

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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. This paragraph does not apply to the calculation of the pension wearaway enhancements described in paragraph 1.(L).

(C) Minimum Retirement Allowance. For employees retiring on or after July 1, 1997, 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 $43 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 of contributions shall not be less than $44 per month multiplied by the participant's credited service. The minimum monthly retirement benefit for employees retiring on or after July 1, 2000 shall not be less than $50 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 $51 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.

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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, 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 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

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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

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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 Enhancements.

(i) For employees who either (a) are age 55 and over and have at least 10 years of credited service on or before April 1, 2000 or (b) qualify for a disability retirement as provided in Paragraph 1.(D)(III) of this Article, the Plan will provide a temporary wearaway final average compensation formula providing a benefit based on the highest five consecutive calendar years of compensation during the ten years ending on July 1, 1997. The multiplier for this formula will be 1.4 percent times years

of credited service (up to a maximum of 35 years) minus 1.6 percent of Social Security times years of credited service projected to Normal Retirement Date (not to exceed 31.25 years), multiplied by the ratio of credited service on July 1, 1997 to credited service projected to Normal Retirement Date. For purposes of the offset, credited service and projected credited service shall be limited to 35 years. The result of this formula will be reduced by 3 percent for each year prior to age 62 that the participant receives retirement benefits; provided, however, that for an eligible participant who qualifies for a disability retirement, the result of this formula shall not be reduced.

(ii) For employees who either (a) are age 55 and over and have at least 10 years of credited service on or before April 1, 2000 or (b) qualify for a disability retirement as provided in Paragraph 1.(D)(III) of this Article, the accrued benefit as of July 1, 1997, determined under the greater of the career average formula set forth in the Plan or the flat dollar minimum set forth in the Plan as amended pursuant to this Agreement ($43/$44), will be increased by 10 percent. This enhancement will not apply to the enhancement described in paragraph 1 above.

(iii) At retirement, eligible employees will receive a retirement benefit under the applicable flat dollar or career average formula, or under the temporary final average earnings wearaway enhancement, or under the temporary 10 percent wearaway enhancement, whichever is greatest.

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

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(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, 1998 to include the modifications described in paragraphs 1 (C) and (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, 1998, 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 (and their eligible dependents) who retire with 10 or more years of credited service at or over age 55 (except that disability retirees may be younger than 55) will immediately be covered by Retiree Choice or its successor program(s) applicable to salaried retirees, as the terms and conditions of such medical benefit 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:

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

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AGREEMENT

BETWEEN

MERCK

MERCK & CO., INC.

AND

LOCAL 2-575

PAPER, ALLIED-INDUSTRIAL, CHEMICAL AND ENERGY WORKERS INTERNATIONAL UNION

MAY I, 2003

PLANT UNIT AT RAHWAY, N.J.

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

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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, 2000, 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 $50 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 of contributions shall not be less than $51 per month multiplied by the participant's credited service. The minimum monthly retirement benefit for employees retiring on or after July 1, 2003 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. Notwithstanding the foregoing, as soon as administratively feasible after July 1, 2003 employees who incur a Normal or Early Retirement after April 30, 2003 but before July 1, 2003, will receive the same increase retroactively to their annuity starting dates. Such retroactive benefit shall be payable in the same form as originally elected by the employee but without interest. 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, 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 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

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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

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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 any Retirement Plan participant who is or is expected to be at least age 55 with at least 10 years of credited service on or before March 31, 2006 and who retires on or after July 1, 2003, the Retirement Plan will provide that

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the participant's accrued benefit as of July 1, 2003, determined under the greater of the career average formula set forth in the Plan or the flat dollar minimum in the Plan as amended pursuant to this Agreement ($55/$56), will be increased by ten percent. Any participant, including but not limited to a disability retiree, who otherwise does not satisfy the requirement for expected age and credited service on or before March 31, 2006 is not eligible for the benefit of this paragraph.

Notwithstanding the foregoing, as soon as administratively feasible after July 1, 2003, employees who incur a Normal or Early Retirement after April 30, 2003 but before July 1, 2003, will receive the wearaway enhancement (calculated on the same basis but based on the regular plan formula benefit as of such Normal or Early Retirement date rather than June 30, 2003) retroactively to their annuity starting dates. Such retroactive benefit shall be payable in the same form as originally elected by the employee but without interest.

(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, 2004 to include the modifications described in paragraphs 1 (C) and (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, 2004, 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

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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:

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Length of Continuous Service as of Date of Layoff	Amount of Separation Benefit Allowance
6 mos. & less than 1 yr.	1 week - 40 hrs.
1 yr. & less than 3 yrs.	2 weeks - 80 hrs.
3 yrs. & less than 5 yrs.	4 weeks - 160 hrs.
5 yrs. & less than 7 yrs.	6 weeks - 240 hrs.
7 yrs. & less than 10 yrs.	8 weeks - 320 hrs.
10 yrs. & less than 15 yrs.	10 weeks - 400 hrs.
15 yrs. & less than 20 yrs.	12 weeks - 480 hrs.
20 yrs. & less than 25 yrs.	15 weeks - 600 hrs.
25 yrs. & over	20 weeks - 800 hrs.

2. Net Separation Benefit Allowance shall be the accrued Separation Benefit Allowance set forth in the schedule above, computed on the basis of the employee's hourly rate of pay (excluding shift premium, incentive), less any previous Separation Benefit Allowance paid by and not repaid to the Company. Where an employee has worked for 26 weeks or more in the twelve-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 Benefit Allowance will be computed on the basis of the higher hourly rate.

3. If an employee is recalled in less than thirty (30) consecutive calendar days from the date he was laid off, he must, as a condition of reinstatement, return any Separation Benefit Allowance he received. Such repayment shall be in amounts of 10% of his weekly earnings after recall, unless otherwise agreed between the Company and the employee.

AGREEMENT

Between

MERCK & CO., INC.

and

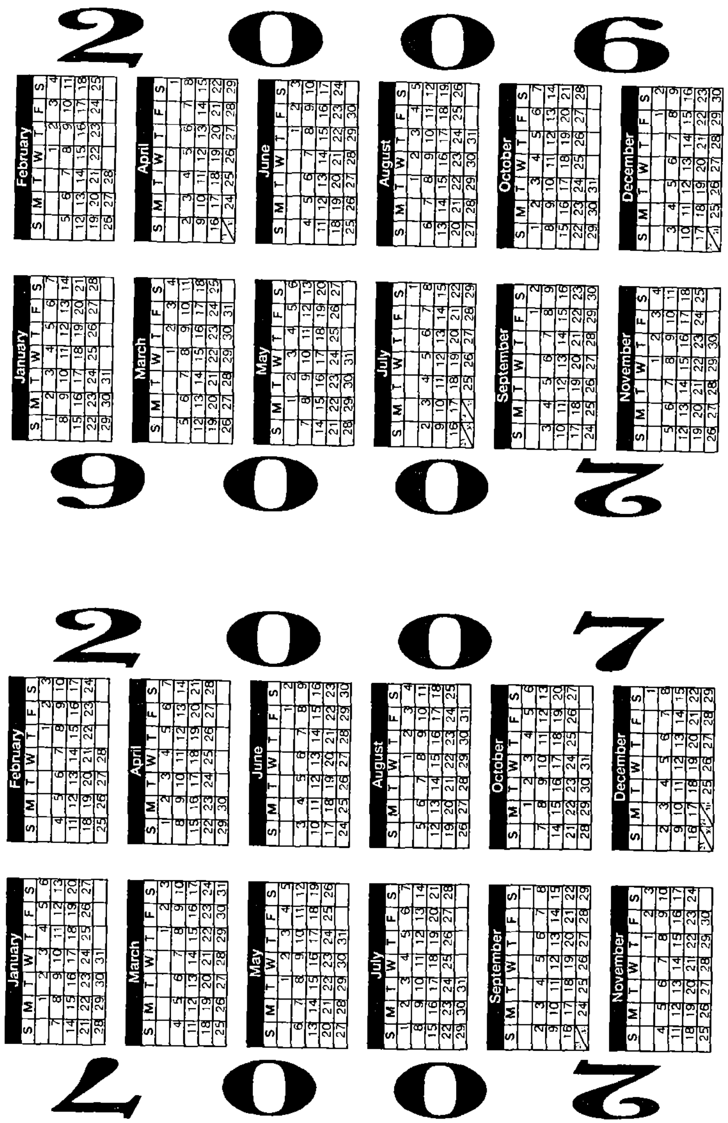
LOCAL 4-575

UNITED STEEL WORKERS OF AMERICA
INTERNATIONAL UNION, AFL-CIO, CLC

PLANT UNIT
RAHWAY N.J.

MAY 1, 2006

MERCK



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disability and Vision Care Plan provisions in effect on April 30, 2006, as described in the applicable Merck Benefits Books for IUC employees for those plans dated January 1, 2005 (January 1, 2004 with respect to comprehensive health insurance and health maintenance organizations) and employee contributions for those coverages will continue at the rates in effect as of April 30, 2006.

(B) Participation in Flexible Benefits Plan:

Effective January 1, 2007, 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 form 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.

(C) 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 term and conditions may be modified from time to time in the sole discretion of the Company.

(D) 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

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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

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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 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

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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

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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 1 (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

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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:

Length of Continuous Service as of Date of Layoff	Amount of Separation Benefit Allowance
6 mos. & less than 1 yr.	1 week - 40 hrs.
1 yr. & less than 3 yrs.	2 weeks - 80 hrs.
3 yrs. & less than 5 yrs.	4 weeks - 160 hrs.
5 yrs. & less than 7 yrs.	6 weeks - 240 hrs.
7 yrs. & less than 10 yrs.	8 weeks - 320 hrs.
10 yrs. & less than 15 yrs.	10 weeks - 400 hrs.
15 yrs. & less than 20 yrs.	12 weeks - 480 hrs.
20 yrs. & less than 25 yrs.	15 weeks - 600 hrs.
25 yrs. & over	20 weeks - 800 hrs.

2. Net Separation Benefit Allowance shall be the accrued Separation Benefit Allowance set forth in the schedule above, computed on the basis of the employee's hourly rate of pay (excluding shift premium, incentive), less any previous Separation Benefit Allowance paid by and not repaid to the Company. Where an employee has worked for 26 weeks or more in the twelve-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 Benefit Allowance will be computed on the basis of the higher hourly rate.

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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:

Length of Continuous Service as of Date of Layoff	Amount of Separation Benefit Allowance
6 mos. & less than 1 yr.	1 week - 40 hrs.
1 yr. & less than 3 yrs.	2 weeks - 80 hrs.
3 yrs. & less than 5 yrs.	4 weeks - 160 hrs.
5 yrs. & less than 7 yrs.	6 weeks - 240 hrs.
7 yrs. & less than 10 yrs.	8 weeks - 320 hrs.
10 yrs. & less than 15 yrs.	10 weeks - 400 hrs.
15 yrs. & less than 20 yrs.	12 weeks - 480 hrs.
20 yrs. & less than 25 yrs.	15 weeks - 600 hrs.
25 yrs. & over	20 weeks - 800 hrs.

2. Net Separation Benefit Allowance shall be the accrued Separation Benefit Allowance set forth in the schedule above, computed on the basis of the employee's hourly rate of pay (excluding shift premium, incentive), less any previous Separation Benefit Allowance paid by and not repaid to the Company. Where an employee has worked for 26 weeks or more in the twelve-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 Benefit Allowance will be computed on the basis of the higher hourly rate.

2006

Total Rewards
Benefits

Introducing Merck's New Retirement Benefits Program

Helping You Be Well, Financially

Legacy Merck 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 Merck.***

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:** Starting Jan. 1, you will be able to contribute more types of compensation, including annual cash bonus, so you will be able to save more under the plan through your own contributions and Merck's match (see pages 4 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%** 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:** Merck will no longer sponsor or subsidize a retiree dental plan, but you may be eligible for 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.

YOU KNOW

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

Terms to Know

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

- ***Pension plan*** or ***retirement plan*** refers to the Retirement Plan for Salaried Employees of MSD (the legacy Merck 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 Employees' Savings Plan for Salaried MSD Employees (the legacy Merck 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 plan benefits you have today, provided you remain continuously employed with Merck and an active participant in the plan. 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.
- ***Voluntary, unsubsidized dental coverage*** means the new 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. It replaces the current Merck-sponsored and subsidized retiree dental plan.

- ***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 a legacy Merck employee with Merck pre- and post-merger. Any service with Schering-Plough 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 plan transition provisions apply to all U.S.-based legacy Merck 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 are 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.
- **You'll have earlier access to Merck's retiree medical coverage.** 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 requirements for receiving Merck's subsidy to help you pay for this coverage aren't changing: you'll receive a subsidy if you leave after age 55 with 10 or more years of service earned after age 40[1].

[1] Service before age 40 counts if you were actively employed with Merck, age 50 or more on Jan. 1, 2003, and have not had a break in service since that date.

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 plan through 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 Plan Transition Provisions

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 plan. 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

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 Merck 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 earned after age 40[1], provided you remain continuously employed with Merck from Dec. 31, 2012, until you retire.
- If you do not meet the requirements described above, 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[1]. However, for pre-Medicare coverage, Merck's subsidy will vary based on your age at retirement, instead of using the current "Retiree Points" (age plus service) contribution schedule. 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.

ABOUT RETIREE DENTAL COVERAGE

There is no transition provision for Merck-sponsored and subsidized dental coverage. That coverage will no longer be offered as of Jan. 1, 2013. Beginning Jan. 1, 2013, if you are age 50 or older with at least five years of service when you leave Merck (or if you are a current retiree), you may be eligible for the new voluntary, unsubsidized dental coverage offered and administered by MetLife. See page 13 for more information.

[1] Service before age 40 counts if you were actively employed with Merck, age 50 or more on Jan. 1, 2003, and have not had a break in service since that date.

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.

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 (and the lump sum payment option for that accrued benefit) 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.

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 Merck Plans)	Under the New Program (Starting Jan. 1, 2013)	Potential Impact
What's Changing	**Eligibility to participate**	1/1 or 7/1 on or after date of hire	1/1/13 or date of hire, if later	None for current employees
	Vesting	After five years of vesting service	After three years of service	Less service needed to earn a right to benefits
	Benefit formula	**Final average pay formula:** Payable as a life annuity at or after age 65. • 1.6%[1] x final average pay x service (up to 35 years) *minus* 1.6% x estimated Social Security benefit x service (up to 50% of the estimated Social Security benefit) • Minimum benefit: $660 x service • Benefits are reduced if paid before age 65 • Significant early retirement subsidy if you retire on or after age 55 with 10 years of service	**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[2] + 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. Enhanced early retirement factors will continue to apply after 12/31/19 to the portion of your final average pay benefit earned before 1/1/20, based on your age and service at termination • **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[2] and lump sum/actuarial factors at time of termination
	How and when benefits are paid after employment ends	• Variety of annuity options including lump sum option of full value of benefit • Benefits are generally payable after you reach age 55 with five or more years of service	• Same variety of annuity and lump sum options • Benefits are generally payable after you reach age 55 with three or more years of service • Benefit may be 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
	Pay considered in calculating benefits	• Total pay, excluding certain special payments • Benefits based on pay exceeding IRS limits ($250,000 for 2012) are payable from the Supplemental Retirement Plan (SRP), a non-qualified defined benefit	No change	None, if no special payments
What's the Same	**How benefits are funded**	Paid for in full by Merck	No change	None
	Who bears the investment risk	Merck	No change	None

[1] 2% for service prior to 7/1/95

[2] 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 Retirement Plan for Salaried Employees of MSD (legacy Merck 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 credited service
- The average of your 5 highest paid consecutive calendar years during your last 10 consecutive calendar years of credited 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.

New Pension Benefits Modeling Tool Available Later this Year

The modeling tool available through OnPoint is expected to be replaced later this year. The new tool will reflect the new cash balance formula (with the applicable transition provisions). You will be notified in advance of the change. Once this 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 OnPoint Modeling tool is available at **https://merck-db.buckwebsolutions.com/**

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.

401(k) SAVINGS PLAN				
	Plan Feature	Under the Current Program (Legacy Merck Plans)	Under the New Program (Starting Jan. 1, 2013)	Potential Impact
What's Changing	**How much the company contributes**	Merck contributes $0.75 for every $1.00 you contribute[1] up to 6% of pay (maximum match is 4.5% of 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)	Your contributions and Merck's match may be greater since total pay includes more types of compensation, as described in the following row
What's Changing	**Pay used to determine contribution amounts**	Pay is generally defined as base pay only, up to the IRS limit ($250,000 in 2012)	• Total pay is your total annual cash compensation, which includes base pay, commissions, paid cash bonus, overtime and shift differential • For savings plan purposes, total pay is limited to the IRS pay limit. However, Merck will credit 4.5% of your total pay in excess of the IRS limit to the Merck Deferral Program, an unfunded, non-qualified plan	• Opportunity to save more for retirement and receive a greater amount of matching contributions from Merck since total pay includes more than just base pay • If your total pay exceeds the IRS limit, Merck will contribute 4.5% of your total pay in excess of the IRS limit to the Merck Deferral Program
What's the Same	**Eligibility to participate**	Date of hire	No change	None
What's the Same	**Vesting**	Immediate	No change	None
What's the Same	**Investment funds**	Choice of 20+ funds	No change	None
What's the Same	**How your account is paid**	Choice of lump sum and installments; shares or cash for Merck stock	No change	None

ADDITIONAL SAVINGS PLAN OPPORTUNITY

Beginning Jan. 1, 2013, the types of compensation that are considered in your total pay under the savings plan will be broadened and include your annual paid cash bonus (as well as base pay, commissions, overtime and shift differential). This means you will have the opportunity to save more for retirement and receive a greater match from Merck, as your additional contribution is match-eligible. Also, Merck's contribution on your pay that exceeds the IRS limit will be made to the Merck Deferral Program.

[1] Excludes catch-up 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
- 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

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

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 Merck 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 10 years of service earned after age 40[1] • 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 earned after age 40[1]	No change	• None, if you leave Merck at or after age 55 with at least 10 years of service earned after age 40[1] • You pay the full cost of coverage if you don't meet the above requirements and you leave Merck at or after age 50 with at least five years of service
Amount of company subsidy toward the cost of coverage	• For pre-Medicare coverage, subsidy varies by your number of age-plus-service points at termination under the "Rule of 88" or the "Rule of 92", as applicable • For post-Medicare coverage, subsidy is a fixed amount	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 earned after age 40[1] when your employment ends • Otherwise, will vary
Medical benefits *before* becoming eligible for Medicare	• Various options, including a PPO option with 90% in-network, 70% out-of-network benefits, an 80% indemnity option and a retiree medical catastrophic option • Administered by Aetna or Horizon BCBS, based on plan option	• 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)	• Different choices for coverage options • 80% indemnity option and retiree medical catastrophic plan options will no longer be available
Medical benefits *after* you become eligible for Medicare	• Same options available as those available pre-Medicare • Plan benefits are coordinated with Medicare benefits, with Medicare paying primary and the Merck medical plan paying secondary • Administered by Aetna or Horizon BCBS	• 80% indemnity plan • Plan benefits are coordinated with Medicare benefits, with Medicare paying primary and the Merck medical plan paying secondary • Administered by Aetna or Horizon BCBS (your choice)	• One option available once you are Medicare-eligible • If you have split coverage (one family member is Medicare-eligible and another is not), you can elect only one plan administrator for your family

[1] Service before age 40 counts if you were actively employed with Merck, age 50 or more on Jan. 1, 2003, and have not had a break in service since that date.

	RETIREE MEDICAL PLAN			
	Plan Feature	Under the Current Program (Legacy Merck 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 retail or mail order 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 the drug is generic, brand name or a Merck-brand drug, and 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 voluntary, unsubsidized retiree dental coverage that you may elect through MetLife. Merck no longer sponsors or subsidizes retiree dental coverage.

	RETIREE DENTAL COVERAGE			
	Plan Feature	Under the Current Program (Legacy Merck Plans)	Under the New Program (Starting Jan. 1, 2013)	Potential Impact
What's Changing	**Eligibility for coverage**	• Leave Merck at or after age 55 with at least 10 years of service earned after age 40[1]	• Merck-sponsored and subsidized retiree dental coverage no longer offered • New voluntary, unsubsidized dental coverage available through MetLife if you leave Merck at or after age 50 with five or more years of service	May be eligible for voluntary, unsubsidized dental coverage offered through MetLife
What's Changing	**Coverage option**	• Merck-sponsored and subsidized retiree dental plan • Same plan provisions as dental coverage offered to active Merck employees	• Access to voluntary, unsubsidized dental coverage through MetLife if you reside in the U.S. • Two plan options will be available • The plan is not sponsored by Merck	• Coverage and costs determined by MetLife • Coverage level is different from active employee dental plan, as determined by MetLife
	Eligibility to receive Merck's subsidy	• Leave Merck at age 55 or later with at least 10 years of service earned after age 40[1]	Not available	• You pay the full cost • Costs vary by state and zip code

[1] Service before age 40 counts if you were actively employed with Merck, age 50 or more on Jan. 1, 2003, and have not had a break in service since that date.

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 + Legacy Retiree Dental 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 + 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[1] **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[1] **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

[1] Service before age 40 counts if you were actively employed with Merck, age 50 or more on Jan. 1, 2003, and have not had a break in service since that date.

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.**
- **OnPoint at https://merck-db.buckwebsolutions.com,** where you can use the modeling tool to run projections of your pension benefits under the current Retirement Plan for Salaried Employees of MSD (the legacy Merck 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 retirement 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:** contact My Support Center at **866-MERCK-HD (866-637-2543).**
- **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).**

About This Communication

This communication is directed at U S.-based employees who are legacy Merck employees hired prior to Dec. 31, 2012 and who remain employees of Merck or one of its wholly owned U S subsidiaries (other than those specifically excluded in the next sentence) as of that date. It does not apply to employees of legacy Schering-Plough, legacy Organon BioSciences, Telerx Marketing, Inc., Comsort, Inc or Inspire Pharmaceuticals, Inc

The benefits described in this communication are provided under the various plans and programs sponsored by Merck & Co , Inc. or its wholly owned subsidiaries and are generally available to the U S -based employees described above

This communication is not intended to provide full information about Merck's U S retirement benefits plans and all the plan provisions and transition provisions that may be available to you. For example, there may be changes in benefit provisions as the program is harmonized, such as, but not limited to, the definition of actuarial equivalence when determining optional forms of pension payment. Refer to further communications and the official plan document, when available. Please note that you may not be eligible for all of the benefits described in this communication

This is not an official plan document or a summary plan description. If any information included in this communication or any verbal representation conflicts in any way with the official plan document(s), the provisions of the plan document(s), as amended, will govern.

Merck and its subsidiaries reserve the right to amend the benefits described in this communication (and the plans and programs under which they are provided) in whole or in part or completely discontinue them at any time and nothing in this communication in any way limits that right

February 2012

Legacy Merck Active Employees

MERCK
Be well

Merck's Retiree Health Care Benefits Program

Helping You Be Well

Legacy Merck Employees Subject to a
Collective Bargaining Agreement
February 2012

MERCK
Be well

About Merck's Retiree Health Care Benefits Program

Since the merger of legacy Merck and legacy Schering-Plough, we've been working to integrate every aspect of our business including the benefits offered to our employees. We have recently reviewed the retiree health care benefits offered to our existing and future retirees and as a result of that review, we are making changes to our retiree medical and dental plans starting 2013.

Merck's new retiree health care program begins Jan 1. 2013, and will provide a single program to all U.S.-based eligible employees[1] of legacy Merck, legacy Schering-Plough, legacy Organon BioSciences and all new hires. In designing this new harmonized retiree health care program, Merck had a number of objectives including treating employees equitably across all legacy companies, meeting the needs of an increasingly mobile workforce and changing business environment and ensuring that Merck's benefits remain cost-effective and tax-efficient.

Like Merck's current retiree health care program, the new program is competitive with those of our pharmaceutical peers and is among the best offered by Fortune 100 companies. We are proud to continue to offer these valuable benefits to our employees.

This brochure introduces the key features of the program to legacy Merck employees who are subject to a collective bargaining agreement.

WHAT'S **INSIDE:**

CHANGES FOR ACTIVE LEGACY MERCK NON-UNION EMPLOYEES

You may hear about changes to the pension and savings benefits that will be available beginning in 2013 to active legacy Merck employees who are not subject to a collective bargaining agreement. Please note that these changes to pension and savings benefits do not affect you.

[1] Excludes employees of Telerx Marketing, Inc. and Comsort, Inc.

WHAT YOU NEED TO KNOW

- **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. 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 requirements for receiving Merck's subsidy to help you pay for this coverage aren't changing: you'll receive a subsidy if you leave after age 55 with 10 or more years of service earned after age 40[1]. The subsidy level is changing but you may be eligible for transition support if you are at least age 50 with five or more years of service on Dec. 31, 2012 (see page 4).
- **Retiree dental offering:** Merck will no longer sponsor or subsidize the cost of a retiree dental plan, but you may be eligible for voluntary, unsubsidized dental coverage administered by MetLife, based on your age and service when you leave Merck (see page 6).
- **Highly valuable benefits:** Merck's Retiree Health Care Benefits Program remains 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.

[1] Service before age 40 counts if you were actively employed with Merck, age 50 or more on Jan. 1, 2003 (Jan. 1, 2004 for employees represented by United Steelworkers Union Local 10-00086), and have not had a break in service since that date.

TERMS TO KNOW

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

- ***Retiree medical plan*** refers to the Merck-sponsored medical coverage available to eligible retirees and their dependents.
- ***Voluntary, unsubsidized dental coverage*** means the new 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. It replaces the current Merck-sponsored and subsidized Retiree Dental Plan.
- ***Subsidized coverage*** means Merck shares the cost of coverage with you.
- ***Unsubsidized coverage*** means you pay the full cost of coverage.

RETIREE MEDICAL CONTRIBUTION SUPPORT

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.

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 Merck 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 earned after age 40[1], provided you remain continuously employed with Merck from Dec. 31, 2012 until you retire.
- If you do not meet the requirements described above, 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[1]. However, for pre-Medicare coverage, Merck's subsidy will vary based on your age at retirement, instead of using the current "Retiree Points" (age plus service) contribution schedule. 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.

RETIREE HEALTH CARE PLAN SUMMARIES

The new retiree medical and retiree dental plans are summarized on the following 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 7.

[1] Service before age 40 counts if you were actively employed with Merck, age 50 or more on Jan. 1, 2003 (Jan. 1, 2004 for employees represented by United Steelworkers Union Local 10-00086), and have not had a break in service since that date.

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 Merck 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 10 years of service earned after age 40[1] • 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 earned after age 40[1]	No change	• None, if you leave Merck at or after age 55 with at least 10 years of service earned after age 40[1] • You pay the full cost of coverage if you don't meet the above requirements and you leave Merck at or after age 50 with at least five years of service
Amount of company subsidy toward the cost of coverage	• For pre-Medicare coverage, subsidy varies by your number of age-plus-service points at termination under the "Rule of 88" or the "Rule of 92", as applicable • For post-Medicare coverage, subsidy is a fixed amount	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 earned after age 40[1] when your employment ends • Otherwise, will vary
Medical benefits before becoming eligible for Medicare	• Various options, including a PPO option with 90% in-network, 70% out-of-network benefits, an 80% indemnity option and a retiree medical catastrophic option • Administered by Aetna or Horizon BCBS, based on plan option	• 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)	• Different choices for coverage options • 80% indemnity option and retiree medical catastrophic options will no longer be available
Medical benefits after you become eligible for Medicare	• Same options available as those available pre-Medicare • Plan benefits are coordinated with Medicare benefits, with Medicare paying primary and the Merck medical plan paying secondary • Administered by Aetna or Horizon BCBS	• 80% indemnity option • Plan benefits are coordinated with Medicare benefits, with Medicare paying primary and the Merck medical plan paying secondary • Administered by Aetna or Horizon BCBS (your choice)	• One option available once you are Medicare-eligible • If you have split coverage (one family member is Medicare-eligible and another is not), you can elect only one plan administrator for your family

[1] Service before age 40 counts if you were actively employed with Merck, age 50 or more on Jan. 1, 2003 (Jan. 1, 2004 for employees represented by United Steelworkers Union Local 10-00086), and have not had a break in service since that date.

RETIREE MEDICAL PLAN				
	Plan Feature	**Under the Current Program (Legacy Merck 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 retail or mail order 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 the drug is generic, brand name or a Merck-brand drug, and 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 voluntary, unsubsidized retiree dental coverage that you may elect through MetLife. Merck no longer sponsors or subsidizes retiree dental coverage.

RETIREE DENTAL COVERAGE				
	Plan Feature	**Under the Current Program (Legacy Merck Plans)**	**Under the New Program (Starting Jan. 1, 2013)**	**Potential Impact**
What's Changing	**Eligibility for coverage**	• Leave Merck at or after age 55 with at least 10 years of service earned after age 40[1]	• Merck-sponsored and subsidized retiree dental coverage no longer offered • New voluntary, unsubsidized dental coverage available through MetLife if you leave Merck at or after age 50 with five or more years of service	May be eligible for voluntary, unsubsidized dental coverage offered through MetLife
	Coverage option	• Merck-sponsored and subsidized retiree dental plan • Same plan provisions as dental coverage offered to active Merck employees	• Access to voluntary, unsubsidized dental coverage through MetLife if you reside in the U.S. • Two plan options will be available • The plan is not sponsored by Merck	• Coverage and costs determined by MetLife and vary by state and zip code • Coverage level is different from active employee dental plan, as determined by MetLife
	Eligibility to receive Merck's subsidy	• Leave Merck at age 55 or later with at least 10 years of service earned after age 40[1]	Not available	• You pay the full cost • Costs vary by state and zip code

[1] Service before age 40 counts if you were actively employed with Merck, age 50 or more on Jan. 1, 2003 (Jan. 1, 2004 for employees represented by United Steelworkers Union Local 10-00086), and have not had a break in service since that date.

FOR MORE INFORMATION

Although there's no action required by you at this time, it's important that you understand the new program. 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).

Available Later This Year:

- **A summary of the changes and additional information.**

If You Have Questions:

- **For questions about what's described in this brochure:** call My Support Center at **866-MERCK-HD (866-637-2543).**

February 2012

Discover

the Benefits of Merck

MERCK
Be well

Legacy Merck Employees Subject to a
Collective Bargaining Agreement

From Lorin B. 4/19/12

RETIREE MEDICAL AND DENTAL
(changes effective 1/1/2013)

- **What is the eligibility criterion for retiree medical coverage under the new program?**

  All active employees who are at least age 50 with at least 5 Years of Service at termination of employment are eligible to receive access to Merck-sponsored retiree medical coverage, by paying the full cost of coverage (i.e. unsubsidized).

  All active employees who are at least age 55 with at least 10 Years of Service after age 40 are eligible to receive subsidized Merck-sponsored retiree medical coverage. The amount of the Merck subsidy toward coverage for you and any eligible dependents varies based on your age at retirement.
  Special transition rules apply to employees who are actively employed on Dec 31, 2012 and are at least Age 50 with 5 Years of Service on that date.

- **Why did the eligibility rules for retiree medical coverage change?**
  The rules changed to provide consistent eligibility for the combined organization and to provide an opportunity for more employees to continue group medical coverage after they leave the Company

- **What is the difference between 'unsubsidized' coverage and 'subsidized' retiree medical coverage?**
  There is no difference in the medical coverage. The difference is that individuals who have 'unsubsidized' coverage pay the full cost and those who are 'subsidized' have a portion of their retiree medical premium paid for by Merck.

- **Retiree Dental coverage - Jan. 1, 2013**

  Beginning Jan. 1, Merck will no longer provide Merck-sponsored or subsidized Retiree Dental coverage, which was previously offered to legacy Merck retirees only.
  Instead, all eligible employees who are at least age 50 with 5 Years of Service when their employment ends and who reside in the U.S. will be provided access to new, voluntary group dental coverage through MetLife, known as the MetLife Retirement Dental Benefits Program. Two plan options, with coverage levels different from Merck's active coverage will be offered. If you elect this coverage, you pay the full cost, which may vary by state and home zip code, as determined by MetLife..

  The decision to discontinue Merck-sponsored Retiree Dental coverage was based on a variety of factors, including competitive benchmarking, the business environment, simplification efforts and the availability of alternative voluntary, group dental coverage.

- **How do the changes to the retiree medical coverage better meet the needs of Merck's new workforce?**
  Eligibility for retiree medical coverage has been expanded to provide earlier access (retiree pays full cost) to Merck-sponsored coverage.

- **Does all service count toward Years of Service when determining eligibility for retiree medical coverage?**
  Most service counts toward determining eligibility for retiree medical coverage under the new eligibility rules, regardless of the length of any break in service.

  For subsidized coverage, however, only Years of Service earned after age 40 counts toward the 10 Years of Service requirement, unless you are eligible for special transition rules or are a previously grandfathered legacy Merck employee.

2013 NEW HARMONIZED RETIREE SUBSIDIZED COSTS
'2013 Age at Retirement - Monthly Medical Contributions for Retirees**

Age at Retirement	**Retiree Only**		**Retiree Plus Spouse/SSDP**				**Retiree Plus Child(ren)**		**Retiree Plus Spouse/SSDP/Child(ren)**			
	Under 65	Over 65	Ret Under 65 SP Under 65	Ret Under 65 SP Over 65	Ret Over 65 SP Under 65	Ret Over 65 SP Over 65	Ret Under 65 Child	Ret Over 65 Child	Ret Under 65 SP Under 65 Child	Ret Over 65 SP Under 65 Child	Ret Over 65 SP Over 65 Child	Ret Under 65 SP Over 65 Child
55	$413.00	$159.00	$1,032.50	$651.50	$778.50	$397.50	$826.00	$572.00	$1,445.50	$1,191.50	$810.50	$1,064.50
Buy-Up	*$443 00*	n/a	*$1,092.50*	n/a	n/a	n/a	*$886.00*	n/a	*$1,535.50*	n/a	n/a	n/a
56	$394.00	$159.00	$985.00	$632.50	$750.00	$397.50	$788.00	$553.00	$1,379.00	$1,144.00	$791.50	$1,026.50
Buy-Up	*$424 00*	n/a	*$1,045.00*	n/a	n/a	n/a	*$848.00*	n/a	*$1,469.00*	n/a	n/a	n/a
57	$375.00	$159.00	$937.50	$613.50	$721.50	$397.50	$750.00	$534.00	$1,312.50	$1,096.50	$772.50	$988.50
Buy-Up	*$405 00*	n/a	*$997.50*	n/a	n/a	n/a	*$810.00*	n/a	*$1,402 50*	n/a	n/a	n/a
58	$356.00	$159.00	$890.00	$594.50	$693.00	$397.50	$712.00	$515.00	$1,246.00	$1,049.00	$753.50	$950.50
Buy-Up	*$386 00*	n/a	*$950.00*	n/a	n/a	n/a	*$772 00*	n/a	*$1,336 00*	n/a	n/a	n/a
59	$336.00	$159 00	$840.00	$574.50	$663.00	$397.50	$672.00	$495.00	$1,176.00	$999.00	$733.50	$910.50
Buy-Up	*$366 00*	n/a	*$900.00*	n/a	n/a	n/a	*$732.00*	n/a	*$1,266.00*	n/a	n/a	n/a
60	$317.00	$159.00	$792.50	$555.50	$634.50	$397.50	$634.00	$476.00	$1,109.50	$951.50	$714.50	$872.50
Buy-Up	*$347.00*	n/a	*$852.50*	n/a	n/a	n/a	*$694.00*	n/a	*$1,199.50*	n/a	n/a	n/a
61	$298.00	$159.00	$745.00	$536.50	$606.00	$397.50	$596.00	$457.00	$1,043.00	$904.00	$695.50	$834.50
Buy-Up	*$328 00*	n/a	*$805 00*	n/a	n/a	n/a	*$656.00*	n/a	*$1,133 00*	n/a	n/a	n/a
62	$279.00	$159.00	$697.50	$517.50	$577.50	$397.50	$558.00	$438.00	$976 50	$856.50	$676.50	$796.50
Buy-Up	*$309 00*	n/a	*$757.50*	n/a	n/a	n/a	*$618.00*	n/a	*$1,066.50*	n/a	n/a	n/a
63	$260.00	$159.00	$650.00	$498.50	$549.00	$397 50	$520.00	$419.00	$910.00	$809.00	$657.50	$758.50
Buy-Up	*$290 00*	n/a	*$710.00*	n/a	n/a	n/a	*$580.00*	n/a	*$1,000 00*	n/a	n/a	n/a
64	$241.00	$159.00	$602.50	$479.50	$520.50	$397.50	$482.00	$400.00	$843.50	$761 50	$638.50	$720.50
Buy-Up	*$271 00*	n/a	*$662.50*	n/a	n/a	n/a	*$542 00*	n/a	*$933 50*	n/a	n/a	n/a
65+	n/a	$159.00	n/a	n/a	$520.50	$397.50	n/a	$400.00	n/a	$761.50	$638.50	n/a
Buy-Up	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

****Applicable for employees who retire on or after 1-1-2013**

AND

1. Meet the retiree healthcare eligibility to receive subsidized costs

AND

2a. Were hired or rehired on or after 1-1-2013

OR

2b. Were active employees on 12-31-2012, but were not age 50 or older with at least 5 years of service as of 12-31-2012

LEGACY MERCK EMPLOYEES ONLY - ELIGIBLE FOR SUBSIDIZED RETIREE MEDICAL COSTS

'2013 Rule of 92 & Rule of 88 - Monthly Medical Contributions for Grandfathered Retirees (Employees who WERE age 65 or older on 12-31-2008)

TOTAL POINTS (YYMM Format)	Retiree Only		Retiree Plus Spouse/SSDP				Retiree Plus Child(ren)		Retiree Plus Spouse/SSDP/Child(ren)			
	Under 65	Over 65	Ret Under 65 SP Under 65	Ret Under 65 SP Over 65	Ret Over 65 SP Under 65	Ret Over 65 SP Over 65	Ret Under 65 Child	Ret Over 65 Child	Ret Under 65 SP Under 65 Child	Ret Over 65 SP Under 65 Child	Ret Over 65 SP Over 65 Child	Ret Under 65 SP Over 65 Child
6500	$335.00	$29.00	$837 50	$364 00	$531.50	$58.00	$670.00	$364 00	$1,172.50	$866.50	$393.00	$699.00
Buy-Up	*$365.00*	n/a	*$897.50*	n/a	n/a	n/a	*$730 00*	n/a	*$1,262.50*	n/a	n/a	n/a
6600	$328.00	$29.00	$820.00	$357.00	$521.00	$58.00	$656.00	$357.00	$1,148 00	$849.00	$386.00	$685.00
Buy-Up	*$358.00*	n/a	*$880.00*	n/a	n/a	n/a	*$716 00*	n/a	*$1,238.00*	n/a	n/a	n/a
6700	$320.00	$29.00	$800.00	$349.00	$509.00	$58.00	$640.00	$349.00	$1,120.00	$829 00	$378.00	$669.00
Buy-Up	*$350 00*	n/a	*$860.00*	n/a	n/a	n/a	*$700.00*	n/a	*$1,210 00*	n/a	n/a	n/a
6800	$313.00	$29.00	$782.50	$342.00	$498.50	$58.00	$626.00	$342.00	$1,095.50	$811.50	$371.00	$655.00
Buy-Up	*$343.00*	n/a	*$842 50*	n/a	n/a	n/a	*$686 00*	n/a	*$1,185 50*	n/a	n/a	n/a
6900	$306.00	$29.00	$765.00	$335.00	$488.00	$58.00	$612.00	$335.00	$1,071.00	$794.00	$364.00	$641.00
Buy-Up	*$336.00*	n/a	*$825.00*	n/a	n/a	n/a	*$672.00*	n/a	*$1,161.00*	n/a	n/a	n/a
7000	$298.00	$29.00	$745.00	$327.00	$476.00	$58.00	$596.00	$327.00	$1,043.00	$774.00	$356.00	$625.00
Buy-Up	*$328 00*	n/a	*$805.00*	n/a	n/a	n/a	*$656.00*	n/a	*$1,133 00*	n/a	n/a	n/a
7100	$290.00	$29.00	$725.00	$319.00	$464.00	$58 00	$580.00	$319.00	$1,015.00	$754.00	$348.00	$609.00
Buy-Up	*$320.00*	n/a	*$785 00*	n/a	n/a	n/a	*$640 00*	n/a	*$1,105 00*	n/a	n/a	n/a
7200	$282.00	$29.00	$705.00	$311.00	$452.00	$58.00	$564.00	$311.00	$987.00	$734.00	$340 00	$593.00
Buy-Up	*$312.00*	n/a	*$765.00*	n/a	n/a	n/a	*$624 00*	n/a	*$1,077.00*	n/a	n/a	n/a
7300	$274.00	$29.00	$685.00	$303.00	$440.00	$58.00	$548.00	$303 00	$959.00	$714.00	$332.00	$577.00
Buy-Up	*$304 00*	n/a	*$745.00*	n/a	n/a	n/a	*$608.00*	n/a	*$1,049.00*	n/a	n/a	n/a
7400	$266.00	$29.00	$665 00	$295.00	$428.00	$58.00	$532.00	$295.00	$931.00	$694 00	$324.00	$561.00
Buy-Up	*$296.00*	n/a	*$725 00*	n/a	n/a	n/a	*$592.00*	n/a	*$1,021.00*	n/a	n/a	n/a
7500	$258.00	$29.00	$645.00	$287.00	$416.00	$58.00	$516.00	$287.00	$903.00	$674.00	$316.00	$545.00
Buy-Up	*$288 00*	n/a	*$705 00*	n/a	n/a	n/a	*$576 00*	n/a	*$993.00*	n/a	n/a	n/a
7600	$250.00	$29 00	$625.00	$279.00	$404.00	$58.00	$500.00	$279 00	$875.00	$654.00	$308.00	$529.00
Buy-Up	*$280.00*	n/a	*$685.00*	n/a	n/a	n/a	*$560.00*	n/a	*$965.00*	n/a	n/a	n/a
7700	$241.00	$29.00	$602.50	$270 00	$390.50	$58.00	$482.00	$270.00	$843 50	$631.50	$299.00	$511.00
Buy-Up	*$271.00*	n/a	*$662 50*	n/a	n/a	n/a	*$542.00*	n/a	*$933.50*	n/a	n/a	n/a
7800	$232 00	$29.00	$580.00	$261.00	$377.00	$58.00	$464 00	$261.00	$812 00	$609.00	$290.00	$493 00
Buy-Up	*$262 00*	n/a	*$640.00*	n/a	n/a	n/a	*$524 00*	n/a	*$902 00*	n/a	n/a	n/a
7900	$224.00	$29.00	$560.00	$253.00	$365.00	$58.00	$448.00	$253.00	$784.00	$589.00	$282 00	$477.00
Buy-Up	*$254.00*	n/a	*$620.00*	n/a	n/a	n/a	*$508 00*	n/a	*$874 00*	n/a	n/a	n/a
8000	$215.00	$29.00	$537.50	$244 00	$351.50	$58.00	$430.00	$244 00	$752.50	$566.50	$273.00	$459.00
Buy-Up	*$245.00*	n/a	*$597.50*	n/a	n/a	n/a	*$490.00*	n/a	*$842.50*	n/a	n/a	n/a
8100	$205.00	$29.00	$512.50	$234.00	$336.50	$58 00	$410 00	$234.00	$717.50	$541.50	$263.00	$439.00
Buy-Up	*$235 00*	n/a	*$572 50*	n/a	n/a	n/a	*$470 00*	n/a	*$807 50*	n/a	n/a	n/a
8200	$196.00	$29 00	$490.00	$225.00	$323.00	$58.00	$392.00	$225.00	$686.00	$519.00	$254.00	$421.00
Buy-Up	*$226.00*	n/a	*$550.00*	n/a	n/a	n/a	*$452 00*	n/a	*$776 00*	n/a	n/a	n/a
8300	$186 00	$29.00	$465 00	$215.00	$308.00	$58.00	$372.00	$215.00	$651.00	$494.00	$244.00	$401.00
Buy-Up	*$216 00*	n/a	*$525.00*	n/a	n/a	n/a	*$432.00*	n/a	*$741 00*	n/a	n/a	n/a
8400	$176.00	$29.00	$440.00	$205.00	$293 00	$58.00	$352.00	$205 00	$616.00	$469.00	$234.00	$381.00
Buy-Up	*$206 00*	n/a	*$500 00*	n/a	n/a	n/a	*$412.00*	n/a	*$706.00*	n/a	n/a	n/a
8500	$166.00	$29.00	$415.00	$195.00	$278.00	$58.00	$332.00	$195.00	$581 00	$444.00	$224 00	$361.00
Buy-Up	*$196.00*	n/a	*$475.00*	n/a	n/a	n/a	*$392 00*	n/a	*$671.00*	n/a	n/a	n/a
8600	$156.00	$29.00	$390.00	$185.00	$263.00	$58.00	$312.00	$185.00	$546.00	$419.00	$214.00	$341.00
Buy-Up	*$186.00*	n/a	*$450.00*	n/a	n/a	n/a	*$372 00*	n/a	*$636 00*	n/a	n/a	n/a
8700	$146.00	$29.00	$365.00	$175.00	$248.00	$58.00	$292.00	$175.00	$511.00	$394.00	$204.00	$321.00
Buy-Up	*$176 00*	n/a	*$425.00*	n/a	n/a	n/a	*$352.00*	n/a	*$601 00*	n/a	n/a	n/a
8800	$136.00	$29.00	$340.00	$165.00	$233.00	$58.00	$272.00	$165 00	$476.00	$369.00	$194.00	$301.00
Buy-Up	*$166.00*	n/a	*$400.00*	n/a	n/a	n/a	*$332.00*	n/a	*$566.00*	n/a	n/a	n/a
8900	$127.00	$29.00	$317.50	$156.00	$219.50	$58.00	$254.00	$156.00	$444 50	$346.50	$185.00	$283.00
Buy-Up	*$157.00*	n/a	*$377.50*	n/a	n/a	n/a	*$314.00*	n/a	*$534.50*	n/a	n/a	n/a
9000	$117.00	$29.00	$292.50	$146.00	$204.50	$58.00	$234.00	$146.00	$409.50	$321.50	$175.00	$263.00
Buy-Up	*$147 00*	n/a	*$352.50*	n/a	n/a	n/a	*$294.00*	n/a	*$499.50*	n/a	n/a	n/a
9100	$109.00	$29.00	$272.50	$138 00	$192.50	$58.00	$218.00	$138.00	$381.50	$301.50	$167.00	$247.00
Buy-Up	*$139.00*	n/a	*$332 50*	n/a	n/a	n/a	*$278.00*	n/a	*$471 50*	n/a	n/a	n/a
9200	$100.00	$29.00	$250.00	$129.00	$179 00	$58.00	$200.00	$129.00	$350.00	$279.00	$158.00	$229.00
Buy-Up	*$130.00*	n/a	*$310 00*	n/a	n/a	n/a	*$260.00*	n/a	*$440 00*	n/a	n/a	n/a

LEGACY MERCK EMPLOYEES ONLY - ELIGIBLE FOR SUBSIDIZED RETIREE MEDICAL COSTS
2013 Rule of 92 & Rule of 88 - Monthly Medical Contributions for Non-Grandfathered Retirees (Employees who were NOT age 65 or older on 12-31-2008)

TOTAL POINTS (YYMM Format)	Retiree Only		Retiree Plus Spouse/SSDP				Retiree Plus Child(ren)		Retiree Plus Spouse/SSDP/Child(ren)			
	Under 65	Over 65	Ret Under 65 SP Under 65	Ret Under 65 SP Over 65	Ret Over 65 SP Under 65	Ret Over 65 SP Over 65	Ret Under 65 Child	Ret Over 65 Child	Ret Under 65 SP Under 65 Child	Ret Over 65 SP Under 65 Child	Ret Over 65 SP Over 65 Child	Ret Under 65 SP Over 65 Child
6500	$335.00	$60.00	$837.50	$395.00	$562.50	$120.00	$670.00	$395.00	$1,172.50	$897.50	$455.00	$730.00
Buy-Up	*$365.00*	n/a	*$897.50*	n/a	n/a	n/a	*$730.00*	n/a	*$1,262 50*	n/a	n/a	n/a
6600	$328.00	$60.00	$820.00	$388.00	$552.00	$120.00	$656.00	$388.00	$1,148.00	$880.00	$448.00	$716.00
Buy-Up	*$358.00*	n/a	*$880.00*	n/a	n/a	n/a	*$716.00*	n/a	*$1,238 00*	n/a	n/a	n/a
6700	$320.00	$60.00	$800.00	$380.00	$540.00	$120.00	$640.00	$380.00	$1,120.00	$860.00	$440.00	$700.00
Buy-Up	*$350.00*	n/a	*$860.00*	n/a	n/a	n/a	*$700.00*	n/a	*$1,210.00*	n/a	n/a	n/a
6800	$313.00	$60.00	$782.50	$373.00	$529.50	$120.00	$626.00	$373.00	$1,095 50	$842.50	$433.00	$686.00
Buy-Up	*$343.00*	n/a	*$842.50*	n/a	n/a	n/a	*$686.00*	n/a	*$1,185.50*	n/a	n/a	n/a
6900	$306.00	$60.00	$765.00	$366.00	$519.00	$120.00	$612.00	$366.00	$1,071.00	$825.00	$426.00	$672.00
Buy-Up	*$336.00*	n/a	*$825.00*	n/a	n/a	n/a	*$672.00*	n/a	*$1,161.00*	n/a	n/a	n/a
7000	$298.00	$60.00	$745.00	$358.00	$507.00	$120.00	$596.00	$358.00	$1,043.00	$805.00	$418.00	$656.00
Buy-Up	*$328.00*	n/a	*$805.00*	n/a	n/a	n/a	*$656 00*	n/a	*$1,133 00*	n/a	n/a	n/a
7100	$290.00	$60.00	$725.00	$350.00	$495.00	$120.00	$580.00	$350.00	$1,015.00	$785.00	$410.00	$640.00
Buy-Up	*$320.00*	n/a	*$785.00*	n/a	n/a	n/a	*$640.00*	n/a	*$1,105.00*	n/a	n/a	n/a
7200	$282.00	$60.00	$705.00	$342.00	$483.00	$120.00	$564.00	$342.00	$987.00	$765.00	$402.00	$624.00
Buy-Up	*$312.00*	n/a	*$765.00*	n/a	n/a	n/a	*$624.00*	n/a	*$1,077 00*	n/a	n/a	n/a
7300	$274.00	$60.00	$685.00	$334.00	$471.00	$120.00	$548.00	$334 00	$959.00	$745.00	$394.00	$608.00
Buy-Up	*$304 00*	n/a	*$745.00*	n/a	n/a	n/a	*$608 00*	n/a	*$1,049.00*	n/a	n/a	n/a
7400	$266.00	$60.00	$665.00	$326.00	$459.00	$120.00	$532.00	$326.00	$931.00	$725.00	$386 00	$592.00
Buy-Up	*$296.00*	n/a	*$725.00*	n/a	n/a	n/a	*$592 00*	n/a	*$1,021 00*	n/a	n/a	n/a
7500	$258.00	$60.00	$645.00	$318 00	$447.00	$120.00	$516.00	$318.00	$903.00	$705.00	$378.00	$576.00
Buy-Up	*$288 00*	n/a	*$705.00*	n/a	n/a	n/a	*$576.00*	n/a	*$993.00*	n/a	n/a	n/a
7600	$250.00	$60.00	$625.00	$310.00	$435.00	$120.00	$500.00	$310.00	$875.00	$685.00	$370.00	$560.00
Buy-Up	*$280 00*	n/a	*$685.00*	n/a	n/a	n/a	*$560 00*	n/a	*$965 00*	n/a	n/a	n/a
7700	$241.00	$60.00	$602.50	$301.00	$421.50	$120.00	$482.00	$301.00	$843.50	$662.50	$361.00	$542.00
Buy-Up	*$271 00*	n/a	*$662 50*	n/a	n/a	n/a	*$542.00*	n/a	*$933 50*	n/a	n/a	n/a
7800	$232.00	$60.00	$580.00	$292.00	$408.00	$120.00	$464.00	$292.00	$812.00	$640.00	$352.00	$524.00
Buy-Up	*$262.00*	n/a	*$640.00*	n/a	n/a	n/a	*$524.00*	n/a	*$902.00*	n/a	n/a	n/a
7900	$224.00	$60.00	$560.00	$284.00	$396.00	$120.00	$448.00	$284.00	$784.00	$620.00	$344.00	$508.00
Buy-Up	*$254.00*	n/a	*$620 00*	n/a	n/a	n/a	*$508.00*	n/a	*$874.00*	n/a	n/a	n/a
8000	$215.00	$60.00	$537.50	$275.00	$382.50	$120.00	$430.00	$275.00	$752.50	$597.50	$335.00	$490.00
Buy-Up	*$245.00*	n/a	*$597.50*	n/a	n/a	n/a	*$490.00*	n/a	*$842 50*	n/a	n/a	n/a
8100	$205.00	$60.00	$512.50	$265.00	$367.50	$120.00	$410.00	$265.00	$717.50	$572.50	$325.00	$470.00
Buy-Up	*$235.00*	n/a	*$572 50*	n/a	n/a	n/a	*$470.00*	n/a	*$807.50*	n/a	n/a	n/a
8200	$196.00	$60.00	$490.00	$256.00	$354.00	$120.00	$392.00	$256.00	$686.00	$550.00	$316.00	$452.00
Buy-Up	*$226.00*	n/a	*$550 00*	n/a	n/a	n/a	*$452 00*	n/a	*$776 00*	n/a	n/a	n/a
8300	$186.00	$60.00	$465.00	$246.00	$339.00	$120.00	$372.00	$246.00	$651.00	$525.00	$306.00	$432.00
Buy-Up	*$216.00*	n/a	*$525 00*	n/a	n/a	n/a	*$432 00*	n/a	*$741 00*	n/a	n/a	n/a
8400	$176.00	$60.00	$440.00	$236.00	$324.00	$120.00	$352.00	$236.00	$616.00	$500.00	$296.00	$412.00
Buy-Up	*$206.00*	n/a	*$500.00*	n/a	n/a	n/a	*$412.00*	n/a	*$706 00*	n/a	n/a	n/a
8500	$166.00	$60.00	$415.00	$226.00	$309.00	$120.00	$332.00	$226.00	$581.00	$475.00	$286.00	$392.00
Buy-Up	*$196.00*	n/a	*$475 00*	n/a	n/a	n/a	*$392.00*	n/a	*$671.00*	n/a	n/a	n/a
8600	$156.00	$60.00	$390.00	$216.00	$294.00	$120.00	$312.00	$216.00	$546.00	$450.00	$276.00	$372.00
Buy-Up	*$186.00*	n/a	*$450 00*	n/a	n/a	n/a	*$372 00*	n/a	*$636 00*	n/a	n/a	n/a
8700	$146.00	$60.00	$365.00	$206.00	$279.00	$120.00	$292.00	$206.00	$511.00	$425.00	$266.00	$352.00
Buy-Up	*$176.00*	n/a	*$425.00*	n/a	n/a	n/a	*$352 00*	n/a	*$601.00*	n/a	n/a	n/a
8800	$136.00	$60.00	$340.00	$196.00	$264.00	$120.00	$272.00	$196.00	$476.00	$400.00	$256.00	$332.00
Buy-Up	*$166 00*	n/a	*$400.00*	n/a	n/a	n/a	*$332.00*	n/a	*$566 00*	n/a	n/a	n/a
8900	$127.00	$60.00	$317.50	$187.00	$250.50	$120.00	$254.00	$187.00	$444.50	$377.50	$247.00	$314.00
Buy-Up	*$157.00*	n/a	*$377.50*	n/a	n/a	n/a	*$314 00*	n/a	*$534.50*	n/a	n/a	n/a
9000	$117.00	$60.00	$292.50	$177.00	$235.50	$120.00	$234.00	$177.00	$409.50	$352.50	$237.00	$294.00
Buy-Up	*$147 00*	n/a	*$352.50*	n/a	n/a	n/a	*$294 00*	n/a	*$499.50*	n/a	n/a	n/a
9100	$109.00	$60.00	$272.50	$169.00	$223.50	$120.00	$218.00	$169.00	$381.50	$332.50	$229.00	$278.00
Buy-Up	*$139.00*	n/a	*$332.50*	n/a	n/a	n/a	*$278 00*	n/a	*$471.50*	n/a	n/a	n/a
9200	$100.00	$60.00	$250.00	$160.00	$210.00	$120.00	$200.00	$160.00	$350.00	$310.00	$220.00	$260.00
Buy-Up	*$130 00*	n/a	*$310.00*	n/a	n/a	n/a	*$260 00*	n/a	*$440.00*	n/a	n/a	n/a