

MERCK & CO. NYSE-MRK					RECENT PRICE	48.65	P/E RATIO	13.7	(Trailing: 14.0 Median: 12.0)	RELATIVE P/E RATIO	0.82	DIV'D YLD	3.7%	VALUE LINE					
TIMELINESS	3	Lowered 6/12/15	High: 49.3	35.4	46.4	61.6	61.2	38.4	41.6	37.9	48.0	50.4	62.2	63.6	Target Price Range 2018 2019 2020				
SAFETY	1	Raised 4/15/11	Low: 25.6	25.5	31.8	42.3	22.8	20.0	30.7	29.5	36.9	40.8	49.3	45.7					
TECHNICAL	3	Lowered 9/25/15	LEGENDS — 9.0 x "Cash Flow" p sh Relative Price Strength Options: Yes Shaded area indicates recession																
BETA	.75	(1.00 = Market)																	
2018-20 PROJECTIONS																			
Price		Gain	Ann'l Total																
High	70	(+45%)	Return																
Low	60	(+25%)	9%																
Insider Decisions																			
N D J F M A M J J																			
to Buy 0 0 0 0 0 0 0 0 0																			
Options 3 2 2 3 0 3 2 0 1																			
to Sell 3 2 2 3 0 2 3 0 1																			
Institutional Decisions																			
4Q2014 10Q2015 20Q2015																			
to Buy 813 799 773																			
to Sell 688 742 753																			
Hld's(000)211283821057822104032																			
Percent shares traded																			
18 12 6																			
1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016																			
14.05	17.49	20.99	23.07	10.12	10.39	10.09	10.44	11.14	11.32	8.82	14.92	15.80	15.62	15.04	14.88	14.20	14.65	Sales per sh	15.70
3.02	3.51	3.85	3.85	3.56	3.29	3.34	3.59	2.42	4.48	3.21	5.87	6.29	6.19	5.95	5.98	5.80	6.10	"Cash Flow" per sh	6.90
2.45	2.90	3.14	3.14	2.92	2.61	2.53	2.52	1.49	3.64	3.25	3.42	3.77	3.82	3.49	3.49	3.50	3.80	Earnings per sh ^A	4.60
1.10	1.21	1.37	1.41	1.45	1.49	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.68	1.72	1.76	1.80	1.84	Div'ds Decl'd per sh ^B	1.96
1.10	1.18	1.20	1.06	.86	.78	.64	.45	.47	.62	.47	.54	.57	.65	.53	.46	.45	.45	Cap'l Spending per sh	.50
5.69	6.43	7.06	8.11	7.01	7.83	8.21	8.10	8.37	8.90	19.00	17.64	17.93	17.52	17.00	17.14	16.45	16.80	Book Value per sh	20.00
2329.1	2307.6	2272.7	2245.0	2221.8	2208.6	2181.9	2167.8	2172.5	2107.7	3108.2	3082.1	3040.8	3026.6	2927.5	2838.1	2800.0	2800.0	Common Shs Outst'g ^C	2800.0
29.8	25.6	22.7	17.3	18.2	16.2	12.1	15.2	34.1	10.2	9.1	10.5	9.1	10.8	13.3	16.4	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	14.0
1.70	1.66	1.16	.94	1.04	.86	.64	.82	1.81	.61	.61	.67	.57	.69	.75	.86			Relative P/E Ratio	.90
1.5%	1.6%	1.9%	2.6%	2.7%	3.5%	5.0%	4.0%	3.0%	4.1%	5.1%	4.2%	4.4%	4.1%	3.7%	3.1%			Avg Ann'l Div'd Yield	3.0%
CAPITAL STRUCTURE as of 6/30/15																			
Total Debt \$26552 mill. Due in 5 Yrs \$6653 mill.																			
LT Debt \$24069 mill. LT Interest \$700 mill. (34% of Cap'l)																			
Pension Assets-12/14 \$17.7 bill. Oblig. \$19.0 bill.																			
Pfd Stock None																			
Common Stock 2,816,635,020 shs. as of 7/31/15																			
MARKET CAP: \$137 billion (Large Cap)																			
CURRENT POSITION (SMILL.)																			
2013 2014 6/30/15																			
Cash Assets 17486 15719 11370																			
Receivables 7184 6626 6510																			
Inventory (LIFO) 6226 5571 5306																			
Other 4789 5257 5133																			
Current Assets 35685 33173 28319																			
Accts Payable 2274 2625 2335																			
Debt Due 4521 2704 2483																			
Other 11073 13437 12690																			
Current Liab. 17868 18766 17508																			
ANNUAL RATES																			
Past 10 Yrs. Past 5 Yrs. Est'd '12-'14																			
of change (per sh)																			
Sales .5% 8.0% .5%																			
"Cash Flow" 5.5% 12.5% 2.5%																			
Earnings 2.0% 5.0% 4.0%																			
Dividends 1.5% 2.5% 2.0%																			
Book Value 8.5% 7.5% 2.5%																			
QUARTERLY SALES (\$mill.)																			
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year														
2012	11731	12311	11488	11738	47267														
2013	10671	11010	11032	11320	44033														
2014	10264	10934	10557	10482	42237														
2015	9425	9785	10100	10390	39700														
2016	9500	10000	10500	11000	41000														
EARNINGS PER SHARE ^A																			
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year														
2012	.99	1.05	.95	.83	3.82														
2013	.85	.84	.92	.88	3.49														
2014	.88	.85	.90	.87	3.49														
2015	.85	.86	.90	.89	3.50														
2016	.90	.90	1.00	1.00	3.80														
QUARTERLY DIVIDENDS PAID ^B																			
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year														
2011	.38	.38	.38	.38	1.52														
2012	.42	.42	.42	.42	1.68														
2013	.43	.43	.43	.43	1.72														
2014	.44	.44	.44	.44	1.76														
2015	.45	.45	.45	.45															
BUSINESS: Merck & Co., Inc. is a global health care company that delivers innovative health solutions through its prescription medicines, vaccines, biologic therapies, and animal health products, which it markets directly and through joint ventures. Operations comprised of three segments: Pharmaceutical, Animal Health, and Alliances. Top-grossing products in 2014: Januvia (diabetes), Zetia (cholesterol) and Remicade (arthritis). Acquired Schering-Plough, 11/09. Has 70,000 employees. BlackRock owns 6.6% of common; Capital World, 5.9%; Wellington, 5.5%; Vanguard, 5.5%; Off/dirs., less than 1% (4/15 proxy). Chrmn.: Richard T. Clark; CEO: Kenneth Frazier, Inc.: NJ. Addr.: 2000 Galloping Hill Road., Kenilworth, NJ 07033. Tel.: 908-740-4000. Internet: www.merck.com.																			
We have raised our 2015 estimates for Merck & Co. The New Jersey-based drug-maker posted second-quarter adjusted earnings of \$0.86 a share, ahead of our \$0.80 estimate and up from \$0.85 in the comparable year-ago period. The beat was driven by better-than-expected margins and lower operating costs, as revenues were relatively in line with projections. The solid showing resulted in management raising its full-year earnings guidance from \$3.35-\$3.48 a share, to \$3.45-\$3.55. Top-line comparisons should improve. Merck's revenues have been under significant pressure over the past few years, largely attributable to intense generic competition on several key franchises. These challenges have been compounded more recently by foreign exchange headwinds and last year's sale of the consumer health business to Bayer. However, with the company now through the worst part of its patent cliff, the top line appears well positioned to rebound in 2016 and beyond. In our view, a wide lineup of high-margin drugs and an attractive pipeline of newer products should help to drive positive revenue comparisons over this time.																			
Key catalysts include Januvia and continued development of Keytruda. Januvia is currently Merck's top grossing product, accounting for 16% of total revenue. The blockbuster diabetes franchise has performed well of late and should remain the cornerstone of the portfolio for years to come. Keytruda represents the company's most promising oncology asset and has the potential to become a major top-line contributor within the next 3 to 5 years. The drug has already been approved for the treatment of melanoma and was recently granted priority review by the FDA for non-small cell lung cancer, which could significantly enhance its commercial opportunity. The stock maintains a rank of 3 (Average) for Timeliness. We continue to view Merck as a strong core holding for investors seeking drug exposure. The equity holds our Highest mark for Safety (1) and the dividend yield is well above-average (3.7%). The company's Financial Strength score is also top notch at A++. A recent pull back in price appears to have provided a more favorable entry point. Michael Ratty October 9, 2015																			