MERCK RETIREE HEALTH REIMBURSEMENT ACCOUNT (HRA) SUMMARY PLAN DESCRIPTION

For eligible retirees and/or their eligible dependents, each of whom are eligible for subsidized Merck retiree medical coverage and are both:

- Age 65 or older, and
- Medicare-eligible

Effective Jan. 1, 2019

October 9, 2018

MERCK
INVENTING FOR LIFE

INTRODUCTION

Background

Prior to Jan. 1, 2017, retiree medical benefits were provided to Retirees and their Eligible Dependents and certain eligible surviving dependents of Eligible Employees under the Merck Medical, Dental, Life Insurance and Long Term Disability Plan. Effective Dec. 31, 2016, the Merck Medical, Dental, Life Insurance and Long Term Disability Plan was amended to spin off into a separate plan all medical and prescription drug benefits provided to Retirees, their Eligible Dependents and certain surviving dependents of Eligible Employees.

Simultaneously, the new spun-off plan was named the Merck Retiree Medical Plan and the Merck Retiree Medical Plan was amended, as necessary, to provide as follows:

(i) For Retirees and their Eligible Dependents and certain surviving dependents of Eligible Employees, in each case, who are under age 65 ***or*** not Medicare-eligible, the Merck Retiree Medical Plan will continue to provide group retiree medical benefits as described in the *Group Retiree Medical Plan Summary Plan Description (SPD)*, and

(ii) For Retirees who are eligible for Subsidized Merck retiree medical coverage and their Eligible Dependents and certain surviving dependents of Eligible Employees, in each case who are at least age 65 ***and*** Medicare-eligible, the Merck Retiree Medical Plan will provide a health reimbursement account as described in this *Merck Retiree Health Reimbursement Account (HRA) SPD*.

The Merck Retiree Medical Plan is also intended to be exempt from the Affordable Care Act as a separate “retiree-only” plan pursuant to ERISA Section 732(a) and IRC Section 9831(a)(2). The Merck Retiree Medical Plan will be interpreted at all times in a manner consistent with this intent.

Introducing the Merck Retiree HRA

Merck provides the Retiree Health Reimbursement Account (HRA) to offer Eligible HRA Retirees and their Eligible HRA Dependents a convenient way to be reimbursed, tax free, for eligible health care premiums they pay for their medical coverage, including Medicare Part B, as well as other eligible out-of-pocket health care expenses up to certain plan maximums, as described in this SPD. If you are an Eligible HRA Retiree or Eligible HRA Dependent who purchased and enrolled for medical and prescription drug coverage through the Aon Retiree Health Exchange™, you will automatically have your own HRA available to use. There is no need to

enroll in the Merck Retiree HRA once you have enrolled for the required coverage in the Aon Retiree Health Exchange.

This SPD describes the Merck Retiree HRA (the "Plan") as it applies to:

- Eligible Merck retirees who are eligible for Subsidized retiree medical coverage and are former U.S.-based[1] employees of the wholly owned U.S. subsidiaries of Merck & Co., Inc. (excluding Comsort, Inc., HMR Weight Management Services Corp., ILÚM Health Solutions, LLC (formerly known as Healthcare Services & Solutions, LLC), Merck Global Health Innovation Fund, LLC, MRL Cambridge ESC, LLC, MRL San Francisco, LLC and each of their subsidiaries) and who are age 65 or older ***and*** Medicare-eligible (called "Eligible HRA Retirees" in this SPD)
- Retirees' Eligible Dependents who are eligible for Subsidized retiree medical coverage who are age 65 or older ***and*** Medicare-eligible (called "Eligible HRA Dependents" in this SPD), and
- Certain International Retirees and their Eligible Dependents and certain surviving Eligible Dependents of certain former U.S.-based[1] employees in each case who are both age 65 or older and Medicare-eligible.[2]

Merck intends the Plan to qualify as a "health reimbursement arrangement" as that term is defined under IRS Notice 2002-45 and a medical reimbursement plan under Sections 105 and 106 of the Internal Revenue Code of 1986, as amended. This Plan is also intended to be exempt from the Affordable Care Act as a separate "retiree-only" plan pursuant to ERISA Section 732(a) and IRC Section 9831(a)(2). The Plan will be interpreted at all times in a manner consistent with this intent. This SPD explains the details of the Merck Retiree HRA, including how the Plan is funded and how reimbursements are made.

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[1] A U.S.-based employee is an employee whose home country is designated in Merck's employee database as one of the 50 U.S. states or District of Columbia (and includes employees on temporary international assignment outside one of the 50 U.S. states or District of Columbia) and excludes employees whose home country is designated in Merck's employee database as a U.S. territory (e.g., Puerto Rico, Guam and U.S. Virgin Islands) or a country outside one of the 50 U.S. states or District of Columbia even if the employee is on temporary international assignment in one of the 50 U.S. states, District of Columbia or in a U.S. territory.

[2] The Merck Retiree Medical Plan provides group retiree medical benefits to (a) certain former non-U.S.-based[1] employees of the wholly owned subsidiaries of Merck & Co., Inc. (excluding Comsort, Inc., HMR Weight Management Services Corp., ILÚM Health Solutions, LLC (formerly known as Healthcare Services & Solutions, LLC), Merck Global Health Innovation Fund, LLC, MRL Cambridge ESC, LLC, MRL San Francisco, LLC and each of their subsidiaries) whose home country was a U.S. territory, who were on assignment outside their home country on their retirement date and who, on that date, satisfy the Plan's requirements for retiree medical benefits, and who reside in the U.S. or a U.S. territory and who are considered "International Retirees" and their eligible dependents, each of whom are either under age 65 or not Medicare-eligible, (b) surviving eligible dependents of certain U.S.-based employees who die (or died) while an employee of the Company and on their date of death are (or were) eligible for retiree medical coverage and are either under age 65 or not Medicare-eligible, (c) surviving eligible dependents of certain U.S.-based employees who die on or after Jan. 1, 2017 with 25 years of service who are either under age 65 or not Medicare-eligible, and (d) any other individuals determined to be eligible by Merck in its sole discretion.

Excluded From This SPD

Group retiree medical benefits are also provided under the Merck Retiree Medical Plan to:

- Former U.S.-based[3] employees of the wholly owned U.S. subsidiaries of Merck & Co., Inc. (excluding Comsort, Inc., HMR Weight Management Services Corp., ILÚM Health Solutions, LLC (formerly known as Healthcare Services & Solutions, LLC), Merck Global Health Innovation Fund, LLC, MRL Cambridge ESC, LLC and MRL San Francisco, LLC and each of their subsidiaries) who on their retirement date satisfy the Plan's requirements for retiree medical benefits and either are under age 65 or are not Medicare-eligible
- Those retirees' Eligible Dependents, who either are under age 65 or are not Medicare-eligible
- Certain International Retirees and their Eligible Dependents and certain surviving Eligible Dependents of certain former U.S.-based[3] employees in each case who are either under age 65 ***or*** are not Medicare-eligible[4], and
- Former non-U.S.-based employees, and their eligible dependents, of the wholly owned subsidiaries of Merck & Co., Inc. (excluding Comsort, Inc., HMR Weight Management Services Corp., ILÚM Health Solutions, LLC (formerly known as Healthcare Services & Solutions, LLC), Merck Global Health Innovation Fund, LLC, MRL Cambridge ESC, LLC and MRL San Francisco, LLC and each of their subsidiaries) who were on assignment outside their home country on their retirement date and who, on that date, satisfy the Plan's requirements for retiree medical benefits, and who do not reside in the U.S. or a U.S. territory, which benefits are insured by Cigna Global Health Benefits.

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[3] A U.S.-based employee is an employee whose home country is designated in Merck's employee database as one of the 50 U.S. states or District of Columbia (and includes employees on temporary international assignment outside one of the 50 U.S. states or District of Columbia) and excludes employees whose home country is designated in Merck's employee database as a U.S. territory (e.g., Puerto Rico, Guam and U.S. Virgin Islands) or a country outside one of the 50 U.S. states or District of Columbia even if the employee is on temporary international assignment in one of the 50 U.S. states, District of Columbia or in a U.S. territory.

[4] The Merck Retiree Medical Plan provides group retiree medical benefits to (a) certain former non-U.S.-based[1] employees of the wholly owned subsidiaries of Merck & Co., Inc. (excluding Comsort, Inc., HMR Weight Management Services Corp., ILÚM Health Solutions, LLC (formerly known as Healthcare Services & Solutions, LLC), Merck Global Health Innovation Fund, LLC, MRL Cambridge ESC, LLC, MRL San Francisco, LLC and each of their subsidiaries) whose home country was a U.S. territory, who were on assignment outside their home country on their retirement date and who, on that date, satisfy the Plan's requirements for retiree medical benefits, and who reside in the U.S. or a U.S. territory and who are considered "International Retirees" and their eligible dependents, each of whom are either under age 65 or not Medicare-eligible, (b) surviving eligible dependents of certain U.S.-based employees who die (or died) while an employee of the Company and on their date of death are (or were) eligible for retiree medical coverage and are either under age 65 or not Medicare-eligible, (c) surviving eligible dependents of certain U.S.-based employees who die on or after Jan. 1, 2017, with 25 years of service who are either under age 65 or not Medicare-eligible, and (d) any other individuals determined to be eligible by Merck in its sole discretion.

The group retiree medical benefits that are available to Retirees and their Eligible Dependents described above are NOT explained in this SPD but are described in the *Merck Group Retiree Medical Plan SPD* or the *Cigna International Medical and Dental SPD*, as applicable.

To receive a copy of the SPDs that describe the group retiree medical benefits provided to these other retiree groups, contact the Merck Benefits Service Center at Fidelity online at **netbenefits.com/merck** or by phone at **800-66-MERCK (800-666-3725)**.

FREQUENTLY USED TERMS

Key words that are frequently used in the SPD are capitalized and defined in the Glossary. A Retiree who is eligible for the Plan is an “Eligible HRA Retiree,” and dependents who are eligible for the Plan are “Eligible HRA Dependents.” Once they are enrolled in the Plan, Eligible HRA Retirees and Eligible HRA Dependents are called “Enrolled Participants” in this SPD. The criteria to be an Eligible HRA Retiree or an Eligible HRA Dependent are spelled out in “Who Is Eligible” and in the “Glossary.”

ABOUT THIS SPD

This SPD does not apply to any employee or former employee of Merck or its subsidiaries or joint ventures other than those specified on the preceding page.

This SPD merely summarizes the benefits for eligible former employees and their Eligible Dependents provided under the Merck Retiree HRA. Decisions regarding appropriate treatment are always left to the discretion of the patient and his/her health care provider.

Because of the detailed provisions of the Plan, no one other than the office of the Plan Administrator and the delegated representatives indicated in this SPD are authorized to advise you about your benefits. For this reason, Merck cannot be bound by statements made by unauthorized personnel.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”).

If you have questions about the HRA and how it works after reading this SPD, call the Aon Retiree Health Exchange at **844-868-6229** or log onto the Aon Retiree Health Exchange website at **www.retiree.aon.com/merck**. You can also log onto **myhealthexchange4retirees.com/merck** to view educational videos, including one about the Merck Retiree HRA.

RIGHT TO AMEND OR TERMINATE THE PLAN

The Plan sponsor reserves the right to amend the Merck Retiree HRA, in whole or in part, or to completely discontinue the Plan at any time.

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PARTICIPATION IN THE MERCK RETIREE HRA

WHO IS ELIGIBLE

You are eligible for the Merck Retiree HRA described in this SPD if:

- You are age 65 or older
- You are eligible for Medicare and are enrolled in Medicare Parts A and B
- You are enrolled in both medical and prescription drug coverage through the Aon Retiree Health Exchange, as follows:
  - Medicare Supplement (Medigap) plan and a Medicare Part D plan
  - Medicare Advantage plan that includes prescription drug coverage, or
  - Medicare Advantage plan that does not include prescription drug coverage plus a Medicare Part D plan, and
- You are:
  - A Retiree who meets the eligibility requirements for subsidized Merck retiree medical coverage — that is, you are Retiree Medical Subsidy Eligible (see the Glossary for eligibility details)
  - The Eligible Dependent of a Retiree who is Retiree Medical Subsidy Eligible, or
  - Certain other former U.S.-based[5] employees and their eligible dependents.[6]

A Retiree who meets the criteria above is referred to as an Eligible HRA Retiree, and an Eligible Dependent who meets these criteria is referred to as an Eligible HRA Dependent in this SPD.

Note: You must elect medical and prescription drug coverage through the Aon Retiree Health Exchange to participate in this Plan. If you otherwise meet the

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[5] A U.S.-based employee is an employee whose home country is designated in Merck's employee database as one of the 50 U.S. states or District of Columbia (and includes employees on temporary international assignment outside one of the 50 U.S. states or District of Columbia) and excludes employees whose home country is designated in Merck's employee database as a U.S. territory (e.g., Puerto Rico, Guam and U.S. Virgin Islands) or a country outside one of the 50 U.S. states or District of Columbia even if the employee is on temporary international assignment in one of the 50 U.S. states, District of Columbia or in a U.S. territory.

[6] This SPD also describes the health reimbursement account provided under the Merck Retiree Medical Plan as it applies to (a) certain former non-U.S.-based[1] employees of the wholly owned subsidiaries of Merck & Co., Inc. (excluding Comsort, Inc., HMR Weight Management Services Corp., ILÚM Health Solutions, LLC (formerly known as Healthcare Services & Solutions, LLC), Merck Global Health Innovation Fund, LLC, MRL Cambridge ESC, LLC, MRL San Francisco, LLC and each of their subsidiaries) whose home country was a U.S. territory who were on assignment outside their home country on their retirement date and who, on that date, satisfy the Plan's requirements for retiree medical benefits, and who reside in the U.S. or a U.S. territory and who are considered "International Retirees" and their eligible dependents, each of whom are age 65 or older and Medicare-eligible, (b) surviving eligible dependents of certain U.S.-based employees who die (or died) while an employee of the Company and on their date of death are (or were) eligible for retiree medical coverage and are age 65 or older and Medicare-eligible, (c) surviving eligible dependents of certain U.S.-based employees who die on or after Jan. 1, 2017 with 25 years of service who are age 65 or older and Medicare-eligible, and (d) any other individuals determined to be eligible by Merck in its sole discretion.

criteria earlier but you haven't purchased this coverage, you can still be eligible for the Merck Retiree HRA at a later date if you elect medical and prescription drug coverage through the Aon Retiree Health Exchange at a later date. If you enroll in, or make changes to, medical or prescription drug coverage outside the Aon Retiree Health Exchange, you will forfeit your Merck Retiree HRA. Make changes only with your Aon Benefits Advisor.

Note: You are only entitled to enroll in coverage through the Aon Retiree Health Exchange at certain times, for example, due to initial eligibility for Medicare, a Medicare special enrollment period (SEP) or due to Medicare's Open Enrollment period. You will not be able to enroll in coverage through the Aon Retiree Health Exchange and will not have coverage under the Plan once these enrollment periods are closed until the next available enrollment period. For information about when you can enroll in coverage provided through the Aon Retiree Health Exchange contact the Aon Retiree Health Exchange at **844-868-6229 (TTY use 711 Relay)**. Representatives are available Monday through Friday from 9:00 a.m. to 9:00 p.m. ET.

KEY POINT — IF YOU OR YOUR DEPENDENT IS COVERED UNDER ANOTHER EMPLOYER'S GROUP PLAN INCLUDING THE MERCK EMPLOYEE MEDICAL PLAN

If you or your dependent is covered under another group health plan, such as your Spouse's/Domestic Partner's plan, you don't need to enroll in coverage provided under the Aon Retiree Health Exchange. You can enroll in the Aon Retiree Health Exchange at another time, if that group health plan coverage ends, subject to Medicare enrollment rules. Call the Aon Retiree Health Exchange for more information.

If you satisfy the eligibility requirements described in this SPD at another time, you will be eligible for the Merck Retiree HRA. If your Merck Retiree HRA participation begins mid-year, you will receive a prorated HRA contribution for your first year of participation.

KEY POINT — IF YOU ARE NOT CURRENTLY ELIGIBLE

If you are Retiree Medical Subsidy Eligible and you don't meet the Merck Retiree HRA eligibility requirements today (for example because you have not enrolled in medical and prescription drug coverage through the Aon Retiree Health Exchange), you can be eligible for the Merck Retiree HRA at a later date. If you satisfy the eligibility requirements described here at another time, you will be eligible for the Merck Retiree HRA. If your Merck Retiree HRA participation begins mid-year, you will receive a prorated HRA contribution for your first year of participation.

If You Have a Child with a Disability

If you are an Eligible HRA Retiree and your Dependent Child is physically or mentally disabled, was eligible for coverage under the Group Retiree Medical Plan beyond age 26 and continued to be eligible due to disability, if and when your child meets the eligibility criteria described earlier in this section, he/she may participate in this Plan. The Plan Administrator may require proof of your child's disability from time-to-time in order to remain eligible for coverage.

KEY POINT — HRA FOR ELIGIBLE SPOUSES/DOMESTIC PARTNERS
If your Spouse or Domestic Partner is eligible for the Merck Retiree HRA, he/she will have an HRA set up individually to use for reimbursement of his/her own eligible expenses.

WHO IS NOT ELIGIBLE

You are not eligible for the Merck Retiree HRA described in this SPD if you are a Retiree or an Eligible Dependent who is:

- Under age 65
- Not eligible for Medicare
- Retiree Medical Access Eligible (see the Glossary for a definition)
- Not a Retiree who is Retiree Medical Subsidy Eligible or not an Eligible Dependent of a Retiree who is Retiree Medical Subsidy Eligible (see the Glossary for the definition of "Retiree Medical Subsidy Eligible"), or
- Not enrolled in medical and prescription drug coverage through the Aon Retiree Health Exchange.

Note: If you are a Retiree or Eligible Dependent who is hired or rehired by the Company as an employee, you are ineligible to participate in either component — the Merck Retiree HRA or the Merck Group Retiree Medical Plan — of the Merck Retiree Medical Plan while you are an employee of the Company.

Enrollment in the Merck Retiree HRA

Once you or your Eligible HRA Dependents are eligible for the Plan because you and/or your Eligible HRA Dependents have enrolled in medical and prescription drug coverage through the Aon Retiree Health Exchange and otherwise satisfied the criteria described earlier, enrollment in the Merck Retiree HRA is automatic. You or your Eligible HRA Dependents will receive an HRA Welcome Kit from Your Spending

Account (YSA)™[7] with complete details about managing your account, filing claims for reimbursement and signing up for automatic reimbursement several days before your coverage effective date. Merck will establish individual accounts — one for the Eligible HRA Retiree and a separate account for each Spouse/Domestic Partner and/or other Eligible HRA Dependents.

KEY POINT — IF YOU ARE ENROLLED IN THE "NO COVERAGE" OPTION IN THE MERCK GROUP RETIREE MEDICAL PLAN
If you are a subsidy-eligible retiree or dependent of a subsidy-eligible retiree and you are under age 65 and are currently enrolled in the "No Coverage" option for group retiree medical coverage under the Merck Group Retiree Medical Plan, you will experience an Initial Enrollment Period ("IEP") when you turn age 65 without having to answer any health-related questions or show proof of insurability. This IEP will provide you access to coverage through the Aon Retiree Health Exchange. You will receive your education kit for this coverage directly from the Aon Retiree Health Exchange approximately 90 days prior to turning age 65. Contact the Aon Retiree Health Exchange at **844-868-6229** (TTY use 711 Relay). Representatives are available Monday through Friday from 9:00 a.m. to 9:00 p.m. ET.

Additional Costs if a Domestic Partner Is Enrolled in the HRA

Under current federal income tax laws, the value of providing HRA benefits to a Domestic Partner and the Domestic Partner's Eligible Dependent Children is considered taxable to the retiree — unless they are considered your Tax-Qualified Domestic Partner or your dependents for purposes of federal income taxes. This means you will pay federal, state and local income taxes on an additional amount of Company-provided coverage throughout the year. This type of taxable income is known as imputed income, and the Plan Administrator will provide you with the appropriate tax information at the end of each year of the annual imputed income attributed to Domestic Partner HRA coverage.

If your Domestic Partner is actually your Spouse, to receive tax-free coverage you should enroll your Domestic Partner as your Spouse.

If you believe your Domestic Partner and/or your Domestic Partner's Eligible Dependent Children are your dependents for federal tax purposes, please contact the Benefits Service Center to enroll your Domestic Partner as a Tax-Qualified Domestic Partner.

It's important for you to understand the tax implications of covering a Domestic Partner and/or a Domestic Partner's Eligible Dependent Children. You may wish to consult a tax advisor to determine the full tax and financial effect of electing this

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[7] Your Spending Account is a trademark of Hewitt Associates LLC.

coverage. You can obtain more information about Domestic Partner benefits by calling the Benefits Service Center.

Changes to Your Merck Retiree HRA Participation

Changes to your Plan participation occur automatically if either of these events occurs:

- You disenroll from medical or prescription drug coverage through the Aon Retiree Health Exchange, or
- You die.

There may be other circumstances, such as if you're hired/rehired by Merck, when your participation ends. See "When Participation Ends" for more information.

Note: You are only entitled to disenroll from coverage provided through the Aon Retiree Health Exchange at certain times. For information about when you can disenroll in coverage provided through the Aon Retiree Health Exchange, contact the Aon Retiree Health Exchange at **844-868-6229** (TTY use 711 Relay). Representatives are available Monday through Friday from 9:00 a.m. to 9:00 p.m. ET. **Important:** If your medical and/or prescription drug coverage through Aon Retiree Health Exchange is terminated for any reason, including non-payment, you will no longer be eligible to participate in the Merck Retiree HRA. If you were reimbursed for expenses incurred after your coverage through the Aon Retiree Health Exchange terminated, you will have to return those amounts that were reimbursed to you.

Notifying Merck of New Dependents or Changes to Dependents' Coverage

If you are an Eligible HRA Retiree and you gain a new Eligible Dependent or your Eligible Dependent wishes to make changes to his/her coverage, including enrolling in coverage provided under the Merck Retiree Medical Plan for the first time, you must notify the Merck Benefits Service Center. Depending on the age and Medicare eligibility of the Eligible Dependent, the Benefits Service Center will provide information about whether your Eligible Dependent is eligible to enroll in the Merck Group Retiree Medical Plan or in coverage provided through the Aon Retiree Health Exchange. Your Eligible Dependent may have to wait to enroll until an applicable special enrollment period, or Medicare's Open Enrollment period (generally Oct. 15 – Dec. 7), or may be able to enroll immediately if he/she experienced a qualifying life event and you notify the Benefits Service Center within 30 days of the event. The Benefits Service Center and, if applicable, the Aon Retiree Health

Exchange will provide information to you or your Eligible Dependent, as applicable, about when your Eligible Dependent will be permitted to enroll.

You must also notify the Benefits Service Center if your Eligible Dependent ceases to qualify as an Eligible Dependent, which would include an Eligible Dependent's death. Upon a loss of eligibility, the Benefits Service Center will provide information to you and your Dependent, if applicable, regarding applicable rights, including any rights to continue coverage. **Note:** You can drop an Eligible Dependent from coverage under the Merck Retiree HRA or the Merck Group Retiree Medical Plan (but not from coverage through the Aon Retiree Health Exchange) at any time, provided you notify the Benefits Service Center. See the *Merck Group Retiree Medical Plan SPD* for more information on dropping a dependent from the Group Retiree Medical Plan.

KEY POINT — IF YOUR DEPENDENT IS UNDER AGE 65 OR NOT MEDICARE ELIBGIBLE
If your dependent is under age 65 or is not Medicare-eligible, he/she may be eligible to participate in the Merck Group Retiree Medical Plan (please see the *Merck Group Retiree Medical Plan SPD* for more information).

When You Can Make Changes to Your Coverage

Eligible HRA Retirees and Eligible HRA Dependents cannot make changes to HRA coverage provided under the Plan. However, Eligible HRA Retirees and Eligible HRA Dependents are entitled to make changes to coverage provided under the Aon Retiree Health Exchange in accordance with applicable Medicare rules. If an Eligible HRA Retiree or Eligible HRA Dependent disenrolls from coverage provided under the Aon Retiree Health Exchange in accordance with those rules, coverage provided for that individual under the Plan will cease. For information about when coverage provided through the Aon Retiree Health Exchange may be changed, contact the Aon Retiree Health Exchange at **844-868-6229** (TTY use 711 Relay). Representatives are available Monday through Friday from 9:00 a.m. to 9:00 p.m. ET.

ADDRESS CHANGES

If your address changes, you must inform the Benefits Service Center right away to ensure you continue to receive important benefits information. In addition, if you are receiving medical or prescription drug coverage through a plan purchased through the Aon Retiree Health Exchange, you should notify your Aon Benefits Advisor at **844-868-6229** to see if your change in address has any impact on your medical or prescription drug coverage. To report an address change, contact the Benefits Service Center at **800–66–MERCK (800-666-3725)** or **netbenefits.com/merck**.

Note: If you wish to make any changes to your enrollment — including address changes — it is important that you do so only with your Aon Benefits Advisor. Do not enroll in new coverage directly with the insurance carrier, as doing so will cause you to forfeit your Merck Retiree HRA.

Benefit Contacts and Resources

Several benefit providers administer and answer questions about the Merck Retiree HRA. The chart on the next page will help you decide whom to contact depending on your needs.

<table>
<tr><th>Benefits Provider</th><th>If You Need Help to/ Information About…</th><th>Contact Information</th></tr>
<tr><td>Aon Retiree Health Exchange</td><td>Enroll in medical and prescription drug coverage through the Aon Retiree Health Exchange
View the SPDs</td><td rowspan="2">myhealthexchange4retirees.com/merck
844-868-6229
(TTY use 711 Relay)
Representatives and Benefits Advisors are available Monday through Friday from 8:00 a.m. to 9:00 p.m. ET.
To enroll in the Aon Retiree Health Exchange:
retiree.aon.com/merck
(your ID Number may be required)</td></tr>
<tr><td>Your Spending Account (YSA)™[8]</td><td>View your available HRA balance
Obtain HRA reimbursement forms
Follow up on reimbursement claims
Confirm eligible expenses
Enroll in direct deposit</td></tr>
<tr><td>Merck Benefits Service Center at Fidelity (Benefits Service Center)</td><td>Obtain or view the SPDs
Ask eligibility-related questions
Add or drop a dependent
Update dependent information
Report a death
Update address information</td><td>netbenefits.com/merck
800-66-MERCK (800-666-3725)
TDD: 888-343-0860
Customer Service Representatives are available Monday through Friday (excluding New York Stock Exchange holidays) between 8:30 a.m. and 8:30 p.m. ET.</td></tr>
</table>

[8] Your Spending Account is a trademark of Hewitt Associates LLC.

KEY POINT — VERIFYING DEPENDENT ELIGIBILITY	
	When you add a new dependent to the Retiree Medical Plan, you may be required to provide the proper documentation to verify that your dependent meets the Plan's eligibility criteria. You may receive a request from HMS Employer Solutions, an independent third party audit company, shortly after enrolling your dependent. If your dependent is determined to be ineligible or you do not respond to the audit, he/she will be dropped prospectively from the Merck Retiree HRA.

Merck Couples and Family Members

If you are part of a Merck couple and you are covered as an employee or a dependent in the Merck Employee Medical Plan, you are not eligible to participate in this Plan.

KEY POINT — DOMESTIC PARTNERS
In general, for purposes of the rules related to Merck couples under the Retiree Medical Plan, your Domestic Partner is treated as your Spouse — and as stepparent to your Eligible Dependent Children. And, your Domestic Partner's Eligible Dependent Children are treated as your stepchildren.

HOW THE MERCK RETIREE HRA WORKS

SETTING UP YOUR ACCOUNT

When you enroll in medical and prescription drug coverage through the Aon Retiree Health Exchange, Merck automatically establishes separate, individual Core HRAs for each Eligible HRA Retiree and each Eligible HRA Dependent.

Your Spending Account™ (YSA) administers claims for reimbursement under the Plan. Information is available through the Aon Retiree Health Exchange website **www.retiree.aon.com/merck** where you'll find a link to "My HRA." Also, you will receive a Welcome Kit, which includes a user's guide from YSA when you become eligible for the Merck Retiree HRA.

THREE HRA COMPONENTS

There are three components to the Merck Retiree HRA:

- **Core HRA component:** You will receive an annual contribution from Merck. The Company will provide a "credit" in your Core HRA based on the Subsidy Group in which you participate (see the "Appendix" for details about eligibility and the determination of your Subsidy Group), which is based on several factors, including but not limited to your date of retirement, age and service at retirement and your legacy company. You can use the Core HRA contribution to receive tax-free reimbursement of health care and prescription drug premium costs, including Medicare Part B premiums, and eligible out-of-pocket health care (medical, prescription drug, dental and vision) expenses, up to the balance in your Core HRA.
- **Merck Drug $0 Copay HRA component:** Each year, you can receive reimbursement for your out-of-pocket expenses for Merck brand drugs without a generic equivalent that are included on the Merck $0 Copay Drug List. Any reimbursement is made after you have submitted your prescription drug expenses to your prescription drug plan. There is an annual limit of $10 million on the amount of expenses that can be reimbursed from the Merck Drug $0 Copay HRA. In the event the limit is reached, Merck will inform all Enrolled Participants that the Merck Drug $0 Copay HRA will not be available to reimburse any additional expenses for the year.
- **Catastrophic Rx HRA component:** Each year, you can receive reimbursement for eligible prescription drug costs you pay under your Medicare Part D coverage through the Aon Retiree Health Exchange **after** you reach the annual Catastrophic Coverage Stage, as set forth by CMS. There is an annual limit of $5 million on the amount of expenses that can be reimbursed form the Catastrophic Rx HRA. In the

event the limit is reached, Merck will inform all Enrolled Participants that the Catastrophic Rx HRA will not be available to reimburse any additional expenses for the year.

The hierarchy for payment of claims is as follows:

- Merck Drug $0 Copay HRA (if applicable)
- Catastrophic Rx HRA (if activated)
- Core HRA

Accounts are set up individually for each Enrolled Participant. There is no sharing of funds between family members.

Additional details about how each component works follow.

Core HRA

The annual Merck contribution credited to the Core HRA is the sum of two parts:

- **Base Credit.** Each Enrolled Participant will receive an annual Base Credit from Merck credited to his/her Core HRA. The Base Credit amount will be the same for each Enrolled Retiree and each Enrolled Dependent (with Enrolled Dependents receiving a lower Base Credit, see the "Appendix") and may be subject to adjustment from year to year by Merck.
- **Grandfathered Credit.** Based on the level of medical subsidy the Eligible HRA Retiree was eligible to receive from Merck, as determined by the Eligible HRA Retiree's retirement date and age, service, hire date and legacy company at retirement (see the "Appendix"), you may also be eligible to have an annual Grandfathered Credit allocated to your Core HRA. The Grandfathered Credit amount is a fixed amount for each Eligible HRA Retiree and each Eligible HRA Dependent, based on the Eligible HRA Retiree's eligibility and corresponding Subsidy Group and will not change from year to year. For Eligible HRA Retirees and Eligible HRA Dependents to be eligible for the Grandfathered Credit, the Eligible HRA Retiree had to be at least age 50 with five years of service on Dec. 31, 2012 and remained continuously employed through his/her retirement date.

The Core HRA contribution credited to you each year is the sum of the Base Credit and the Grandfathered Credit, if any, and will be communicated to you each year during the fall annual enrollment period. The full contribution amount will be available as of the next Jan. 1 to use for reimbursements throughout that calendar year. If you first become eligible for the Merck Retiree HRA in the middle of a given calendar year, your Core HRA contribution will be prorated based on the number of full calendar months remaining in that calendar year. See "Receiving Reimbursements

from Your HRA" for details on how to submit claims for reimbursement from your HRA.

Under the Core HRA, each time you submit an eligible expense you will be reimbursed up to the balance in your Core HRA. If you use the entire balance, you will not be reimbursed for any additional premiums or other eligible expenses for the remainder of that calendar year.

If you do not use the entire balance in a given calendar year, any unused balance in your Core HRA at the end of the calendar year will roll over for you to use the following year. This means that any amount you do not claim for reimbursement of eligible expenses incurred through Dec. 31 of the calendar year will be available to use in the following year. Any claims for reimbursement of expenses incurred during a year must be made by April 30 of the following calendar year in order to be reimbursed.

As an example, if you have an eligible expense in December 2019 of $200 and you have a $300 balance in your Core HRA, you can file a claim for reimbursement of $200 to be reimbursed in January 2020 and the remaining $100 will carry over into 2019 for future use.

Any Merck contribution you receive for the following year will be added to any remaining Core HRA balance.

Note: As mentioned above, if you become eligible for the Aon Retiree Health Exchange during the year and enroll in medical and prescription drug coverage through the Aon Retiree Health Exchange, the contribution credited by Merck to your Core HRA will be prorated, based on the effective date of that coverage. For example, if you are already retired and become Medicare-eligible and enroll in medical and prescription drug coverage through the Aon Retiree Health Exchange effective Mar. 1, your Core HRA contribution will be 10/12ths of the annual amount.

Merck has the right to adjust or discontinue contributing to an Enrolled Participant's HRA at any time and for any reason.

KEY POINT — MERCK COUPLES
If you and your Spouse or Domestic Partner both worked for the Company (which includes Legacy Schering-Plough and Organon BioSciences), then you are a "Merck Couple." If you both retired prior to Dec. 31, 2016, and are each age 65 or older and Medicare-eligible as of Mar. 1, 2017, there is a special transition rule for how each person's Core HRA contribution is determined. See the "Appendix" for details. If you and your Spouse/Domestic Partner both worked for the Company and do not meet the above criteria, you will each be treated individually as the Retiree for purposes of determining your Core HRA contribution. If you have questions about how your Core HRA contribution amount is determined, call the Benefits Service Center at **800-66-MERCK (800-666-3725).**

Eligible Expenses

Eligible Expenses for reimbursement through the Core HRA include premiums paid for health care coverage (which includes medical, prescription drug, dental and vision coverage), Medicare Part B premiums, and eligible out-of-pocket health care costs (medical, dental and vision), such as deductibles, copays and coinsurance, if the expenses are incurred during the time the individual is participating in the Merck Retiree HRA.

Your Eligible Expenses may be submitted for reimbursement from your Core HRA; your Enrolled Dependent's Eligible Expenses may be submitted for reimbursement from his/her Core HRA. You and your Enrolled Dependents may not share Core HRAs.

Whether or not an expense is an Eligible Expense is determined in accordance with the Internal Revenue Service ("IRS") Publication 502, section 213(d).

Examples of Eligible Expenses include, but are not limited to:

- Your share of costs paid under your individual health care coverage through the Aon Retiree Health Exchange, including copayments, deductibles and coinsurance based on your health care plan.
- Health care expenses you pay that may not be covered by your health care plan or that may exceed Plan limits, such as:
  - Allergy testing
  - Bandages
  - Blood pressure monitor

- – Capital expenses to install special equipment or make home improvements, such as installing entrance and exit ramps, if the main purpose is your medical care
- – Cardiac rehabilitation classes
- – Childbirth classes
- – Chiropractic services
- – Diabetic supplies
- – Eye glasses, contact lenses and supplies, and laser eye surgery
- – Hearing exams, aids and batteries
- – Over-the-counter (OTC) medication expenses, such as pain relievers and cold medications when accompanied by your health care provider's prescription or statement of medical necessity
- – Physical exams
- – Physical therapy
- – Smoking cessation programs and prescription drugs used to treat nicotine withdrawal
- – Transportation expenses if transportation is primarily for and essential to medical care, and
- – Weight-loss programs (for example, the cost of participation in a weight-loss program and fees for periodic meetings) for treatment of a specific disease or ailment, diagnosed by a doctor (such as obesity, hypertension, or heart disease). This does not include the purchase of related food items.

Examples of expenses that are **not eligible** for reimbursement through the HRA include, but are not limited to:

- Clothing
- Cosmetic surgery (unless it is for treatment of a disfiguring illness or injury)
- Cosmetic dental procedures such as teeth whitening or bleaching
- Exercise classes or health club memberships
- Hair transplants
- Late payment or missed appointment fees
- Over the counter medications unless you provide your health care provider's prescription or statement of medical necessity
- Veterinarian services and pet medications
- Vitamins for general well-being, and
- Weight loss/gain supplements.

For a complete list of eligible and ineligible expenses and any special requirements for a service or supply (including those in the list above) to be reimbursable under the HRA, refer to IRS Publication 502, section 213(d), available by calling **1-800-TAX-FORM (829-3676)**. You may also access a full list of eligible expenses that comply with IRS Publication 502, section 213(d) by logging onto **www.irs.gov/pub/irs-pdf/p502.pdf**.

Merck Drug $0 Copay HRA

All Enrolled Participants who are eligible for the Core HRA are also eligible for the Merck Drug $0 Copay HRA ($0 Copay HRA). The $0 Copay HRA provides reimbursement of your out-of-pocket costs for Merck brand drugs without a generic equivalent that are included on the Merck $0 Copay Drug List. You can apply for reimbursement of payments you make while enrolled in prescription drug coverage through the Aon Retiree Health Exchange.

The $0 Copay HRA is separate from the Core HRA and Catastrophic Rx HRA. Core HRA funds do not need to be exhausted to be eligible for this special reimbursement. There is an annual limit of $10 million on the amount of expenses that can be reimbursed from the Merck Drug $0 Copay HRA. In the event the limit is reached, Merck will inform all Enrolled Participants that the Merck Drug $0 Copay HRA will not be available to reimburse any additional expenses for the year. Until the annual limit is reached, there is no limit on the amount that you can submit to the Merck Drug $0 Copay HRA for claims incurred during a calendar year.

Merck provides the Merck $0 Copay Drug List annually which shows which Merck brand drugs are eligible for reimbursement of out-of-pocket costs from the $0 Copay HRA. The Merck $0 Copay Drug List (available on the YSA website via the Aon Retiree Health Exchange website at **www.retiree.aon.com/merck** or by request by calling an Aon Retiree Health Exchange representative at **844-868-6229**) is subject to change from time to time at Merck's sole discretion.

New drugs may be added to the Merck $0 Copay Drug List throughout the year; however, if a drug is on the list as of Jan. 1, it will remain on the list through Dec. 31 of that calendar year, even if a generic equivalent becomes available during the year.

To request reimbursement of your out-of-pocket prescription drug costs, you must submit claims to your prescription drug carrier first and then submit any out-of-pocket expenses to YSA. For more detailed information about how to receive reimbursements from the $0 Copay HRA, see "Receiving Reimbursements from Your HRA" for details.

Catastrophic Rx HRA

If you or your Enrolled Dependent has high prescription drug expenses, there is a chance you or your Enrolled Dependent might reach the Medicare Catastrophic Coverage Stage of your Medicare Part D benefit, as defined by CMS. Because there is no limit on how much you could pay once you have reached the Catastrophic Coverage Stage, Merck provides a special Catastrophic Rx HRA to limit the financial impact for Enrolled Participants who may have high prescription drug costs.

Once you reach the Catastrophic Coverage Stage, you can use the Catastrophic Rx HRA to receive reimbursement of eligible out-of-pocket expenses for the rest of the calendar year. The Catastrophic Coverage Stage is subject to annual adjustment by CMS.

Core HRA funds do not need to be exhausted for you to be eligible to receive reimbursement under this component of the Merck Retiree HRA. There is an annual limit of $5 million on the amount of expenses that can be reimbursed from the Catastrophic Rx HRA. In the event the limit is reached, Merck will inform all Enrolled Participants that the Catastrophic Rx HRA will not be available to reimburse any additional expenses for the year. Until the annual limit is reached, there is no limit on the amount that you can submit to the Catastrophic Rx HRA for claims incurred during a calendar year.

To request reimbursement of out-of-pocket prescription costs if you reach the Catastrophic Coverage Stage during the year, you will need to submit your Medicare Part D Monthly Prescription Summary Statement (Explanation of Benefits) showing you have reached the True Out-of-Pocket maximum (TrOOP) along with a claim form to YSA. Once satisfactory proof is provided to YSA (the Claims Administrator) your Catastrophic Rx HRA is activated, and you may submit any out-of-pocket drug expenses to be reimbursed at 100% until the end of that calendar year or the annual limit is reached.

All claims for reimbursement must be submitted by April 30 of the year following the date the claim was incurred.

For additional information about receiving reimbursements, see “Receiving Reimbursements from Your HRA” for details.

COORDINATION OF BENEFITS

If you have more than one health reimbursement account, you cannot submit expenses to the Merck Retiree HRA for reimbursement if those expenses have already been reimbursed through another account. However, if the expense has not been fully reimbursed from one account, you may submit the unreimbursed amount to the Merck Retiree HRA.

If you have a health care flexible spending account ("Health Care FSA"), you generally cannot submit expenses to the Health Care FSA until you have exhausted all other accounts, including all available health reimbursement accounts.

Note: If you have an HRA through another employer with YSA, you can submit claims to both HRAs but if you want reimbursement from the Merck Retiree HRA, you must submit your requests on a Merck Retiree HRA claim form. For prescription drugs, you should submit claims to the Merck Retiree HRA first.

Here is the order in which expenses will be reimbursed from the Merck Retiree HRA:

- Eligible non-prescription drug expenses will be reimbursed from the Core HRA.
- Eligible prescription drug expenses will be reimbursed in this order:
  - If the prescription drug expense is on the Merck $0 Copay Drug List, it will be reimbursed from the Merck $0 Copay HRA.
  - If the prescription drug expense is not on the Merck $0 Copay Drug List, YSA will determine if the Catastrophic Rx HRA has been established for the account holder and if the expense is eligible for reimbursement from the Catastrophic Rx HRA. If it is eligible, it will be reimbursed from the Catastrophic Rx HRA.
  - If the prescription drug expense is an Eligible Expense and does not meet the criteria for the Merck $0 Copay HRA or the Catastrophic Rx HRA, it will be reimbursed from the Core HRA.

TAX INFORMATION

Except as noted below, the Merck contribution credited to your Core HRA and any amounts reimbursed through the Merck Drug $0 Copay HRA and Catastrophic Rx HRA generally are not taxable to you.

However, because a Domestic Partner may not satisfy the definition of "dependent" under federal tax laws, Merck is legally required to report any value of the HRA provided to a Domestic Partner as taxable income to you for federal income tax purposes. If your Domestic Partner meets the definition of a dependent under federal tax laws, he/she is considered a Tax-Qualified Domestic Partner and you may not be required to report the value as income for federal income tax purposes.

Consult with a tax advisor regarding federal tax rules and any applicable state law.

ACCOUNT STATEMENTS

You will receive an HRA Balance Reminder from YSA during the first quarter of each year to confirm the annual Core HRA contribution that has been made to your account for the calendar year. You also will receive an account statement in the fourth quarter of each year showing your available balance and amounts paid to date. Your available balance and any reimbursement history can be obtained at any time on the YSA website available by linking from the Aon Retiree Health Exchange website **www.retiree.aon.com/merck** or by calling the Aon Retiree Health Exchange at **844-868-6229** and speaking with a representative.

KEY POINT — DON'T FORGET TO SUBMIT YOUR ACCOUNT STATEMENTS TO YOUR MEDICARE PART D PROVIDER

It is your responsibility to submit your account statements to your Medicare Part D provider and request adjustment of your TrOOP to remove amounts that have been reimbursed so that you do not reach the threshold for the Catastrophic Rx HRA prematurely.

WHEN PARTICIPATION ENDS

ELIGIBLE HRA RETIREES' PARTICIPATION

As an Eligible HRA Retiree, your participation in the Merck Retiree HRA ends on the earliest of the date on which:

- The Plan Sponsor discontinues the Plan for any reason
- The Plan Sponsor amends the Plan in such a way as to disqualify certain groups from eligibility, and you are in one of those groups
- Your coverage under an individual health plan in the Aon Retiree Health Exchange ends for any reason (i.e., you stop your medical and/or prescription drug coverage or do not make premium payments)
- You are rehired or return to work for the Company
- You are no longer covered by Medicare Part A and Part B for any reason (if you lose eligibility for Medicare because you move overseas, you will be eligible again if you return to the U.S.), or
- You die.

If your Merck Retiree HRA participation ends for any reason other than your death:

- You will no longer be eligible to claim expenses incurred after the date your participation ends; however, you may claim expenses incurred up to the date your participation ends — as long as you do so by April 30 of the following calendar year.
- Any Core HRA contributions remaining in your account that you do not claim by April 30 of the following calendar year will be forfeited.

If your Merck Retiree HRA participation ends due to your death, the Plan will transfer any remaining Core HRA balance to the Core HRA of your surviving Enrolled Dependents, if any, as follows:

- If there is a surviving Enrolled Dependent who is your Spouse/Domestic Partner, the remaining balance will transfer to the Spouse's/Domestic Partner's Core HRA.
- If there is no adult surviving Enrolled Dependent, but you have a surviving Enrolled Dependent who is a Dependent Child (or Children), the remaining balance will transfer to the Dependent Child's Core HRA or be divided equally among the Core HRAs of all Enrolled Dependents who are Dependent Children.
- If you have no surviving Enrolled Dependents on the date of your death, then your outstanding Core HRA balance, if any, will be forfeited after any Eligible Expenses

are reimbursed to your estate (see "Key Point — Deadline for Filing Claims in the Event of the Death of an Enrolled Retiree or Enrolled Dependent" on page 22).

Note: The survivor must be an existing HRA account holder at the date of death in order to receive the remaining balance.

ELIGIBLE HRA DEPENDENTS' PARTICIPATION

If you are an Eligible HRA Dependent, your participation will end on the earliest of the following dates:

- In the case of a Spouse or Domestic Partner, you divorce or your Domestic Partnership ends (unless you are part of a Merck couple and also a Retiree who otherwise satisfies the Plan's requirements to be an Eligible HRA Retiree)
- In the case of a Dependent Child, the Retiree divorces or his/her Domestic Partnership ends, unless you are the child of the Retiree
- The Plan Sponsor discontinues the Plan for any reason
- The Plan Sponsor amends the Plan in such a way as to disqualify certain groups from eligibility, and you are in one of those groups
- Your coverage under an individual medical or prescription drug plan in the Aon Retiree Health Exchange ends for any reason
- You are rehired or return to work for the Company (if you previously worked for the Company) or you are hired by the Company
- You are no longer covered by Medicare Part A and Part B for any reason (if you lose eligibility for Medicare because you move overseas, you will be eligible again if you return to the U.S.), or
- You die.

If an Eligible HRA Retiree is rehired by the Company, his/her participation in this Plan will end and he/she may be offered the opportunity to re-enroll in the coverage offered to similarly situated active employees. His/her Eligible HRA Dependents may choose whether to continue participating in the Merck Retiree HRA or to not elect coverage through the Aon Retiree Health Exchange and return to active coverage as a dependent of the Eligible HRA Retiree. If the Eligible HRA Dependent returns to active coverage, he/she will be able to submit claims for expenses incurred through the date participation in this Plan ended and will have until April 30 to request reimbursement.

If you are the surviving Spouse/Domestic Partner of an Enrolled Retiree whose participation ended due to his/her death and you were an Enrolled Dependent at the time of the retiree's death:

- You may continue participating in the Merck Retiree HRA — as long as you continue to meet the Plan's eligibility requirements.
- You can claim reimbursement for your expenses as well as the deceased Enrolled Retiree's Eligible Expenses incurred up to the date of death and, thereafter, receive reimbursement for your Eligible Expenses only.

Surviving Eligible Dependents who are not Enrolled Dependents at the time of the retiree's death (for example, because they are younger than age 65), may become eligible to participate in the future. (Refer to the *Merck Group Retiree Medical Plan SPD* for details.)

In the event of the death of an Enrolled Dependent, the Plan will pay any remaining account balance to the accounts of the surviving Enrolled Dependents as follows:

- If the surviving Enrolled Dependent is an Enrolled Retiree, the remaining balance of a deceased Enrolled Dependent will transfer to the surviving Enrolled Retiree's Core HRA account.
- If there is no adult surviving Enrolled Dependent but there are one or more surviving Enrolled Dependents who are the decedent's Eligible Dependent Child (or children), the remaining balance will go to the eligible child's Core HRA or be divided equally among the Core HRAs of the children, if any.
- If a deceased child's parents are a Merck couple who are both Enrolled Participants, the deceased child's remaining Core HRA balance will be split 50/50 and placed within each of the respective Enrolled Retiree's Core HRAs.

Note: The survivor must be an Enrolled Participant at the date of death in order to receive the remaining balance.

KEY POINT — DEADLINE FOR FILING CLAIMS IN THE EVENT OF DEATH OF AN ENROLLED RETIREE OR ENROLLED DEPENDENT

If your participation ends due to your death and you:

- Have surviving dependents who are Enrolled Participants at the date of your death, these dependents must file any claims incurred in the year *prior* to your death by April 30 of the year following the year in which the claims were incurred. Any claims incurred in the year *of* your death must be filed by your surviving dependents within six months of the date of death or by April 30 of the calendar year following the year of death, whichever is earlier. Thereafter, any remaining balance will transfer to the surviving Enrolled Participant's Core HRA. If there is more than one surviving dependent, see "Eligible HRA Retirees' Participation" and "Eligible HRA Dependents' Participation" earlier in this section.
- Do not have any survivors who are Enrolled Participants in the Merck Retiree HRA, your estate may request reimbursement of Eligible Expenses incurred before your death. The request for claims incurred in the year *prior* to your death must be submitted by April 30 of the year following the year in which the claims were incurred. The request for claims incurred in the year *of* your death must be submitted within six months of the date of death or by April 30 of the calendar year following the year of your death, whichever is earlier. Any Core HRA balance remaining after the filing deadline date that applies is forfeited.

COBRA CONTINUATION RIGHTS

A federal law, the Consolidated Omnibus Budget Reconciliation Act (COBRA), requires that the Plan offer Enrolled Participants the opportunity for a temporary extension of coverage (called COBRA coverage) in certain instances when coverage in the Plan would otherwise end (Qualifying Events). If a Qualifying Event occurs, Enrolled Participants may continue to receive reimbursements from the Merck Retiree HRA, provided the Enrolled Participant continues to make payments to the Plan. The following information is intended to inform Enrolled Participants of their rights and obligations under COBRA.

Please note that although existing federal law does not extend COBRA coverage rights to your Domestic Partner or your Domestic Partner's Enrolled Dependent Children, the Company offers COBRA coverage in certain cases. For COBRA coverage available to eligible Domestic Partners, see "Continuation of Coverage for Domestic Partners" for more information.

Cost of COBRA Coverage

The cost to continue to participate in the Merck Retiree HRA will be the actuarial value of the cost of the Merck Retiree HRA plus a 2% administrative fee. You will have 45 days from the date you submit the application to make your first payment.

There is a 30-day grace period for the payment of the regularly scheduled contribution (other than the initial contribution, which must be paid by its due date).

Who May Elect COBRA Coverage

If you lose coverage under the Merck Retiree HRA because of a Qualifying Event, as defined in the "Glossary," you are a Qualified Beneficiary and have a right to choose COBRA coverage. If you or your Enrolled Dependent loses coverage in anticipation of a Qualifying Event, then that individual is a Qualified Beneficiary and may elect to receive COBRA coverage. This may occur, for example, if you eliminate a Spouse's coverage in anticipation of divorce or separation. For more information, contact the Benefits Service Center.

Your Duties Under the Law

You or your Enrolled Dependent has the responsibility of informing the Benefits Service Center (the COBRA Administrator) of a divorce, legal separation or a child losing dependent status under the Merck Retiree HRA. This notice must be provided within 60 days following the date of the divorce, legal separation or a child losing dependent status (or, if later, the date coverage would normally be lost because of the event). If you, or an Enrolled Dependent, fail to provide this notice to the Company during this 60-day notice period, any Enrolled Dependent who loses coverage will *not* be offered the option to elect COBRA coverage.

To notify the Company of an Enrolled Dependent losing coverage due to divorce, legal separation or a child losing dependent status, contact the Benefits Service Center online (**netbenefits.com/merck**) or by phone at **800-66-MERCK (800-666-3725)**.

For your Spouse and each eligible child, the following information is required for COBRA:

- Full name
- Retiree's name
- Mailing address
- Date of birth
- Relationship to you
- Identification of the Qualifying Event, and
- Social Security number.

Once you or your Enrolled Dependent has notified the Benefits Service Center of the event resulting in the loss of coverage, COBRA information and an election form for continuation coverage will be mailed within 44 days by the COBRA Administrator. After you receive the information and election form, you and your Enrolled Dependents then have 60 days from the date coverage ends or the date this information package is mailed to you (whichever is later) to accept or decline continuation coverage.

If you or your Enrolled Dependents fail to notify the Benefits Service Center of a divorce, legal separation or a child losing dependent status and any claims are mistakenly paid for expenses incurred after the date coverage would normally be lost due to the event, then you and your Enrolled Dependents will be required to reimburse the Merck Retiree HRA for any claims mistakenly paid.

KEY POINT — IF YOU MOVE

To ensure that you receive the most up-to-date benefits information — and have access to appropriate coverage options — you **must** notify your Aon Benefits Advisor any time you have a change in address. You should **not** make changes directly with the insurance carrier, as doing so will cause you to forfeit your Merck Retiree HRA.

Merck's Duties Under the Law

The Company will cause the COBRA Administrator to notify Qualified Beneficiaries of the right to elect continued coverage automatically (without any action required by you or an Enrolled Dependent) if a filing by the Company of a proceeding in bankruptcy results in a loss of coverage.

Electing COBRA Coverage

Time Period for Elections

Under the law, a Qualified Beneficiary must elect COBRA coverage within 60 days from the date he/she would lose coverage because of one of the events described earlier, or, if later, 60 days after the COBRA Administrator provides the Qualified Beneficiary with notice of the right to elect COBRA coverage. A third party, such as a health care provider, also may elect to pay for coverage on behalf of a Qualified Beneficiary. *If COBRA coverage is not elected within the time period described above, the Qualified Beneficiary will lose the right to elect COBRA coverage.*

A Qualified Beneficiary may change or revoke an election to receive COBRA coverage until the election period expires. If a Qualified Beneficiary waives COBRA

coverage prior to the end of the election period, the Qualified Beneficiary will be permitted to revoke the waiver and elect coverage at any time before the election period ends. In that case, COBRA coverage shall begin with the date the waiver is revoked, which will be considered the COBRA election date.

Separate Elections

Each Qualified Beneficiary has an independent election right to elect COBRA coverage. Thus, a Spouse or Dependent Child is entitled to elect COBRA coverage even if you do not make that election.

Types of Coverage You Will Receive and Changes to Coverage

If you choose COBRA coverage, the Company is required to give you coverage that is identical to the coverage provided under the Merck Retiree HRA to similarly situated non-COBRA beneficiaries or Enrolled Dependents. If the coverage for similarly situated non-COBRA beneficiaries or Enrolled Dependents is modified, your coverage will be modified in the same manner. "Similarly situated non-COBRA beneficiaries" means the individuals receiving coverage under the Merck Retiree HRA who are receiving coverage for a reason other than due to the rights under COBRA and who, based on all the facts and circumstances, are most similarly situated to the situation of the Qualified Beneficiary immediately before the Qualifying Event.

Duration of COBRA Coverage

A period of up to 36 months of continuation applies to participating Eligible Dependents who are Qualified Beneficiaries who experience Qualifying Events other than due to the filing of a bankruptcy proceeding by the Company. This period applies to a loss of coverage due to:

- Divorce or legal separation of you and your Spouse (in states where legal separation is recognized)
- Your Eligible HRA Dependent becoming ineligible for coverage under the Merck Retiree HRA due to loss of status as the Retiree's Eligible Dependent.

Proceeding in Bankruptcy

The law requires that an Enrolled Retiree be afforded the opportunity to purchase COBRA coverage until the date of your death following a Qualifying Event that is a filing of a bankruptcy proceeding by the Company. In addition, the law requires that your Eligible Dependents who are Qualified Beneficiaries be afforded the opportunity

to purchase COBRA coverage for up to 36 months following your death after a Qualifying Event that is a filing of a bankruptcy proceeding by the Company. For purposes of this rule, a Qualifying Event includes a substantial elimination of coverage within one year of the commencement of the bankruptcy filing.

Early Termination of COBRA Coverage

The law provides that your COBRA coverage may be terminated for any of the following reasons:

- The Company (and its affiliates) no longer provides the Merck Retiree HRA to any of its retirees
- The contribution for COBRA coverage is not paid within 30 days of the due date, or the initial contribution is not paid within 45 days after the initial election, or
- The Qualified Beneficiary becomes covered — after the date COBRA is elected — under another group health plan (whether or not as an employee) that does not contain any applicable exclusion or limitation with respect to any pre-existing condition of the individual or that does not apply to (or is satisfied by) such person by reason of the Health Insurance Portability and Accountability Act of 1996 (COBRA coverage ends only for the person covered by the other group medical plan).

If your COBRA coverage ends before the 36-month period expires, you will receive a notice regarding the termination of COBRA coverage.

COBRA coverage is provided subject to your eligibility for such coverage. The Company reserves the right to terminate your coverage retroactively in the event it is determined that you are ineligible for COBRA.

Paying for COBRA Coverage

The cost to continue to participate in the Merck Retiree HRA through COBRA is the actuarial value of the average cost of the HRA based on your Subsidy Group, plus a 2% administrative fee (for a total of 102% of the cost of coverage). If you elect COBRA coverage, the COBRA Administrator will notify you of any changes in the cost.

COBRA coverage will not take effect until you elect COBRA and make the required payment. You have an initial grace period of 45 days from the date of your election, to make the first contribution payment. Thereafter, payments for COBRA coverage are due by the first day of each month to which the payments apply (payments must be postmarked on or before the end of the 30-day grace period). If you pay part but not all of the contribution, and the amount you paid is not

significantly less than the full amount due, then the COBRA Administrator may inform you of the amount of the underpayment and allow you a reasonable period of time to pay the outstanding amount due (such as 30 days).

If you do not make payments on a timely basis as described above, COBRA coverage will terminate as of the last day of the month for which you made timely payment.

Your COBRA contributions may change in certain circumstances — for example, if the COBRA Administrator has been charging you less than the maximum permissible amount.

COBRA Administration/Notices

If you have any questions about COBRA coverage or the application of the law, please contact the COBRA Administrator at the address listed below. Also, if your marital or Domestic Partnership status has changed, or you or your Eligible HRA Dependents have changed addresses, or an Eligible HRA Dependent Child ceases to be eligible for HRA coverage, you must notify the COBRA Administrator immediately, as provided in this section, at the address listed below. The Benefits Service Center is the COBRA Administrator. If you have questions about your COBRA rights, call the Benefits Service Center.

All notices and other communications regarding COBRA and the HRA should be directed to the following address:

Merck Benefits Service Center at Fidelity
P.O. Box 770003
Cincinnati, OH 45277-0020

Continuation of Coverage for Domestic Partners

Although existing federal law does not extend rights to COBRA coverage to your Domestic Partner or your Domestic Partner's Eligible HRA Dependents, the Company offers continuation of medical coverage in certain cases. Your Domestic Partner and your Domestic Partner's Eligible HRA Dependents will be eligible to elect and pay for continued coverage if their benefits are lost under certain circumstances. And, just like COBRA benefits, this continuation:

- Is available for a maximum of 36 months, and
- Must be paid for on a monthly basis — with contributions based on the full cost of coverage, plus 2% for administrative costs.

Continued coverage generally follows the same rules as COBRA. The Continued Coverage Summary for Domestic Partners chart below summarizes the events that trigger continuation of coverage benefits for your Domestic Partner and/or your Domestic Partner's Eligible Dependent Children.

Event	Domestic Partner	Retiree's/ Domestic Partner's Covered Dependent Children
MAXIMUM CONTINUATION OF COVERAGE PERIOD		
Domestic Partnership ends	36 months	36 months
Child is no longer an Eligible Dependent under the Retiree Medical Plan	Not applicable	36 months

For purposes of these COBRA-like benefits, your Domestic Partner and your Domestic Partner's Eligible Dependent Children who lose coverage as a result of certain events (listed in the Continued Coverage Summary for Domestic Partners chart) will be treated as if they were Qualified Beneficiaries.

You or your Enrolled Dependent has the responsibility of informing the Benefits Service Center when a Domestic Partnership ends or when a child is no longer an Eligible Dependent under the Merck Retiree HRA. This notice must be provided within 60 days following the date of the end of the Domestic Partnership or the loss of the child's dependent status. You and/or your Enrolled Dependents will **not** be eligible for continuation coverage if you fail to provide this notice to the Company during this 60-day notice period.

RECEIVING REIMBURSEMENTS FROM YOUR MERCK RETIREE HRA

Your Spending Account™ ("YSA") is the Claims Administrator for the Merck Retiree HRA and manages the reimbursement process for you. After you have enrolled in an individual medical plan and prescription drug plan through the Aon Retiree Health Exchange, you will receive a YSA Welcome Kit explaining how to use the YSA website, available via the Aon Retiree Health Exchange website at **www.retiree.aon.com/merck** to receive reimbursement of your eligible expenses, or you can file claim forms with YSA.

You can speak with an Aon Retiree Health Exchange representative if you have questions.

CORE HRA REIMBURSEMENTS

When you are enrolled in individual prescription drug coverage through the Aon Retiree Health Exchange, you will pay your medical and prescription drug premiums directly to the insurance company. The IRS requires that you pay premiums out of your own pocket first. You may then submit a claim to YSA for reimbursement. As soon as payment of your premium has been verified, YSA will reimburse you from your Core HRA balance.

To help you save time, the Plan includes a "premium auto-reimbursement" feature for those who pay premiums on a monthly basis. If you elect this feature, once you submit your premiums to your insurance carrier, you will be reimbursed automatically from the Core HRA, provided you have a remaining balance.

Once your claim and receipts have been received, a claim decision will be made within 10 days. If approved, a reimbursement from your account will then be made to you in one of the following ways:

- **Direct deposit.** Money will be deposited in your account in two to three business days. This is the fastest way to receive your money. If you haven't enrolled in direct deposit, go to "Your Profile" on the YSA website, available via **www.retiree.aon.com/merck** to sign up or call the Aon Retiree Health Exchange at **844-868-6229** (TTY use 711 Relay). Representatives are available Monday through Friday from 9:00 a.m. to 9:00 p.m. ET.
- **Check mailed to you.** You should expect to receive your check in five to seven business days.

In addition to premium reimbursements, you can also use your Core HRA for reimbursement of other eligible health care expenses you pay out-of-pocket, including those for medical, prescription drug, dental and vision expenses, up to your available Core HRA balance. You can file your claims online with YSA or using a claim form. Log on to the YSA website for details.

If your total claim amount exceeds your Core HRA balance during the year, you will not receive any further reimbursements from your Core HRA for the remainder of the calendar year. If you have a balance remaining in your Core HRA at the end of the year, it will roll over for use in the following calendar year.

MERCK DRUG $0 COPAY REIMBURSEMENTS

When you fill a prescription for a Merck drug that is on the Merck $0 Copay Drug List, you will pay the pharmacy your portion of the cost of the prescription, as determined by your prescription drug plan carrier. You then can apply for reimbursement from your Merck Drug $0 Copay HRA for your share of the cost. As a result, you will have no cost after reimbursement from your Merck Drug $0 Copay HRA.

You can file your claim online using the YSA website or you can file a paper claim form by fax or through the mail to YSA. Details are available on the YSA website or you can speak with a representative for assistance. The following documentation will need to be submitted along with the claim form and proof of payment:

- The patient’s name
- The name of the prescription drug
- The cost to the account holder at point of sale, and
- The date of service.

CATASTROPHIC RX REIMBURSEMENTS

If you or your Enrolled Dependent has high prescription drug costs, you or your Enrolled Dependent may reach the Medicare Catastrophic Coverage Stage of your Medicare Part D Plan. If you reach the Catastrophic Coverage Stage in a given calendar year, you can receive reimbursement of your out-of-pocket cost above the Catastrophic Coverage Stage for the remainder of the calendar year through the Catastrophic Rx HRA. **Note:** You and your Enrolled Dependent, if any, must meet the Catastrophic Coverage Stage individually, to be eligible for reimbursements from the Catastrophic Rx HRA. There is no sharing between the accounts established under the Catastrophic Rx HRA for you and your Enrolled Dependents.

You can file your claims online using the YSA website or you can file a paper claim form by fax or through the mail to YSA. Claims can be filed as they are incurred or you may file a claim for accumulated amounts, up to the deadline (see "Deadline for Claims" below). Details are available on the YSA website or you can speak with an Aon Retiree Health Exchange representative at **844-868-6229**.

As a reminder, it is your responsibility to submit your YSA account statement to your Medicare Part D provider and request adjustment of your TrOOP to remove amounts that have been reimbursed, so that you do not reach the threshold for the Catastrophic Rx HRA prematurely.

DEADLINE FOR CLAIMS

You must file claims for reimbursement of Eligible Expenses incurred in a calendar year by April 30 of the following calendar year, except in the event of death. In the event of a death with no eligible survivors, your estate may request reimbursement of Eligible Expenses incurred before your death. The request for claims incurred in the year *prior* to your death must be submitted by April 30 of the year following the year in which the claims were incurred. The request for claims incurred in the year *of* your death must be submitted within six months of the date of death or by April 30 of the calendar year following the year of death, whichever is earlier.

PLAN LIMIT ON BENEFITS

There is an annual limit on the total amount of reimbursements the Plan will pay for all Enrolled Participants under the Merck Drug $0 Copay HRA and Catastrophic Rx HRA, as follows:

- Merck Drug $0 Copay HRA: $10 million in the aggregate
- Catastrophic Rx HRA: $5 million in the aggregate

MORE ABOUT PROCESSING CLAIMS

Reimbursement requests are processed daily:

- If you file a claim form, you can receive your money even faster by faxing your claim form and copies of receipts to the dedicated fax number at **888-211-9900** (although you do have the option of mailing the claim form and copies of receipts to the address listed on the claim form) or uploading your claims on the YSA website, and
- You will be reimbursed by check. However, for faster reimbursement, you may sign up to have reimbursements deposited directly to your bank account. With direct

deposit, these funds are available to you immediately after processing; you do not need to wait for a check to be mailed.

Note: Banking laws do not permit electronic deposit (direct deposit) to international bank accounts. (This does not apply to U.S. territories such as Puerto Rico.)

INFORMATION REQUIRED FOR REIMBURSEMENT

When you file a claim for premium reimbursement, your supporting documentation must include:

- Premium amount(s) paid
- Coverage period for premium payment
- Proof of payment, and
- Type of premium (e.g., medical, prescription drug, dental, vision, etc.).

Common documents may include:

- Bank statements
- Copies of mailed checks
- Statements provided by your insurance carrier, and
- For premium type documentation:
    - Confirmation of elections (you can print these after you enroll for coverage)
    - Premium statement (from your insurance carrier showing the amount you owe for the coming month)
    - Confirmation of coverage (sent to you early each year from one or more carriers, depending on the type(s) of coverage you elect)
    - Explanation of Benefits (EOB)
    - A copy of your insurance card (as long as it describes the premium type and accompanies other information showing the date of payment of coverage period, insurance carrier's name and premium amount)
    - Pension statements (specifying the premium type), and
    - *For Medicare Part B coverage:* your quarterly or annual Social Security statement.

For claims for reimbursement of your eligible out-of-pocket expenses, your supporting documentation must include:

- The type of service

- The date of the service
- The service provider
- Who the service was for, and
- The requested reimbursement amount.

Note: Verbal or handwritten information for general merchandise, illegible receipts, credit card receipts, and statements with a forwarding balance will not be accepted. Submit your claims directly to the Claims Administrator:

Your Spending Account Service Center
P.O. Box 64030
The Woodlands, TX 77387-4030
Fax # **888-211-9900**

ERISA CLAIMS AND APPEALS PROCEDURES

If you file a claim for reimbursement and one or more of your expenses are not reimbursed, you or a person you have designated as your authorized representative may file a claim using the following procedures as provided under the Employee Retirement Income Security Act (ERISA). In this SPD, a claim for reimbursement from the Merck Retiree HRA for Eligible Expenses incurred by an Enrolled Participant is referred to as “your claim.” An “appeal” occurs once your claim has been denied and you submit a written request for review of the denial of your claim.

For consideration, you must send your claim to the Claims Administrator and appeals to the Appeals Reviewer. If you file a claim or appeal, you must do so in writing by U.S. mail or fax. A casual inquiry (even if it is in writing) regarding Merck Retiree HRA eligibility requirements or a casual inquiry about benefits is not treated as a claim or an appeal and is not subject to these claims and appeals procedures.

RESPONDING TO YOUR MERCK RETIREE HRA CLAIM

If the Claims Administrator needs information to process your claim, the Claims Administrator will notify you, in writing, within 30 days after receiving your claim of the specific information required and the date when you can expect a determination. This date will be no later than 45 days after the date you filed your claim for benefits. You will have 45 days to provide the additional information. The determination period to respond to your claim will be suspended as of the date the Claims Administrator sends the notice and will resume again once you have provided the additional information.

If you do not to provide the requested information within the specified timeframe, the Claims Administrator will decide the claim without the requested information.

If the Claims Administrator, due to reasons beyond its control, determines that extra time is required to process your claim, it will notify you in writing of the reasons for the extension and the new due date for its response to your claim. The Claims Administrator will notify you of the extension within 30 days after its initial receipt of your appeal. The new due date will not be later than 45 days after the date you filed your initial appeal.

Once you have filed your claim, the Claims Administrator will notify you of its decision as soon as practical, but no later than 30 days after receipt of your appeal. If you do not follow the required procedures for filing your claim, the Claims Administrator will notify you and explain the proper procedures to follow in filing your claim.

IF YOUR CLAIM IS DENIED

If your claim is denied, in whole or in part, the Claims Administrator will send you a written notice of its decision including:

- The specific reason(s) for the denial of your claim
- Reference to the specific Merck Retiree HRA provision(s) on which the denial is based
- A description of the Merck Retiree HRA's appeals procedures and the time limits under those procedures, including your right to bring a civil action under Section 502(a) of ERISA if your appeal is denied, and
- If applicable, a copy of the internal rule, guideline, or protocol that was relied upon to make the determination for your appeal.

Appealing Your Adverse Determination

If your appeal is denied, you will have 180 days following the receipt of the denial notice to file a written appeal with the Appeals Reviewer, Claims and Appeals Management (CAM), a division of Aon Hewitt. Contact an Aon Retiree Health Exchange representative to request an appeal form.

You may submit your appeal in writing by U.S. mail or fax to the Appeals Reviewer, and they will review the facts, the reasons for the claim decision, and the information you have provided. The Appeals Reviewer will respond in writing within 60 days following the receipt of your appeal. You may submit appeals to:

Claims and Appeals Management (CAM)
Attention: Merck Retiree HRA Appeals
P.O. Box 1407
Lincolnshire, IL 60069-1407

Fax # **847-554-1486**

The following procedures will apply in considering your appeal:

- You may submit written comments, documents, records and other information relevant to your appeal.
- Upon request, you will be provided (free of charge) copies of all the Appeals Reviewer's documents, records and other information relevant to your appeal.
- The review of your appeal will consider all comments, documents, records and other information you submit on the appeal and will not afford deference to the initial denial of your claim.
- The Appeals Reviewer will notify you, in writing, of its decision of your appeal as soon as possible, but no later than 60 days after its receipt of your appeal request. If the Appeals Reviewer determines that an extension of time for processing the claim is needed, it will notify you of the reasons for the extension and the extended due date before the end of the 60-day period.

If Your Appeal Is Denied

If your appeal is denied, you will receive written notice of the decision, including the following information:

- The specific reason(s) for the denial of the appeal
- Reference to the specific Merck Retiree HRA provision on which the denial is based, and
- If applicable, a copy of the internal rule, guideline or protocol that was relied upon to make the appeal determination.

Upon request to the Appeals Reviewer, you will also be provided (free of charge) copies of all of the documents, records and other information relevant to your claim. You will have the right to bring a civil action under ERISA Section 502(a). You must appeal your claim, and that appeal must be denied by the Appeal Reviewer, before you may bring a civil action under ERISA. You and your Plan may also have other voluntary alternative dispute resolution options, such as mediation. One way to find out what may be available is to contact your local U.S. Department of Labor Office and your state insurance regulatory agency.

Deadline for Taking Legal Action

If your appeal is denied and you want to bring legal action under Section 502(a) of ERISA, you must do so by no later than the earlier of:

- One year after the date the denial of your appeal is issued, or
- The last day on which legal action could begin under the applicable statute of limitations under ERISA, including any state statute of limitations.

ADMINISTRATIVE INFORMATION

DISCRETIONARY AUTHORITY OF THE PLAN ADMINISTRATOR

The Plan Administrator has responsibility for the interpretation and construction of the Merck Retiree HRA and final authority for the operation and administration of the Merck Retiree HRA, including its day-to-day operation and administration. The Plan Administrator has the power and the duty to take all actions and to make all decisions necessary or proper to carry out its responsibilities, powers and duties under the Plan. All determinations of the Plan Administrator as to any question involving its responsibilities, powers and duties under the Plan, including interpretation of the Plan or as to any discretionary actions to be taken under the Plan are solely at the discretion of the Plan Administrator and are final, conclusive, and binding on all persons claiming to have any right or interest in or under the Merck Retiree HRA.

In addition to any implied powers and duties, the specific powers and duties of the Plan Administrator include the power and duty to:

- Determine the eligibility of any individual to participate in the Plan and the amount of contributions, if any, an individual is eligible for under the Merck Retiree HRA
- Determine when, to whom, in what amount and in what form reimbursements are to be made under the Merck Retiree HRA
- Construe and interpret the terms and provisions of the Plan and all documents which relate to the Plan and to decide any and all matters arising thereunder, including the right to remedy possible ambiguities, inconsistencies, or omissions
- Investigate and make such factual or other determinations as will be necessary or advisable for the administration of the Plan or for the determination of benefits under the Plan
- Make and enforce such rules and regulations as it deems necessary or proper for the efficient administration of the Plan
- Review benefit claims and approve or deny any such benefit claims
- Appoint such agents, counsel, accountants, consultants and other persons as may be required to assist in administering the Plan, and
- Allocate and delegate its responsibilities under the Plan and to designate other persons to carry out any of its responsibilities under the Plan, including delegations to the Claims Administrator and Appeals Reviewer.

The Plan Administrator has reserved the right to delegate all or any portion of its authority described on the preceding page to a representative. The Plan Administrator has delegated all of its authority described on the preceding page with respect to authorizing benefit disbursements and adjudicating claims to the Claims Administrator and with respect to appeals for benefits (and handling any resulting lawsuits) to the Appeals Reviewer. That means that the Claims Administrator and the Appeals Reviewer have the sole authority to determine such matters under the Merck Retiree HRA and the Plan Administrator will not and cannot substitute its judgment for that of the Claims Administrator or the Appeals Reviewer on such matters. It also means the Claims Administrator and the Appeals Reviewer have all of the discretion described earlier to the extent it relates to the Claims Administrator's duties under this Plan — for example, regarding eligibility for reimbursement, according to the broad discretion set forth above.

The amounts paid to the Claims Administrator and/or the Appeals Reviewer by the Plan Sponsor, if any, and this Plan are designed to, and do, ensure that neither the Claims Administrator nor the Appeals Reviewer is subject to influence by the Plan Sponsor or its subsidiaries, including but not limited to financial influence, as the Claims Administrator and the Appeals Reviewer act as fiduciaries for the Merck Retiree HRA and the Enrolled Participants. The Plan Sponsor designed this structure to ensure that any court reviewing determinations made by the Claims Administrator or the Appeals Reviewer will defer to their decisions unless the court finds that the determination was both arbitrary and capricious, a highly deferential standard.

DISCRETIONARY AUTHORITY OF APPEALS REVIEWER: CLAIMS AND APPEALS MANAGEMENT (CAM)

Claims and Appeals Management (CAM) as the Appeals Reviewer has been delegated the responsibility for reviewing, and the powers and duty to review, appeals of adverse benefit determinations by the Claims Administrator. The Appeals Reviewer will have the power and the duty to take all actions and to make decisions necessary or proper to carry out its responsibility, powers and duty under the Merck Retiree HRA.

All determinations of the Appeals Reviewer as to any question involving its responsibility, powers and duties under the Plan, including, without limitation, interpretation of the Plan or as to any discretionary items to be taken under the Plan, will be solely at the discretion of the Appeals Reviewer and will be final, conclusive and binding on all persons claiming to have any right or interest in or under the Plan.

Note: Upon appeal, benefits under the Plan will be paid only if the Appeals Reviewer decides, in its discretion, that you are entitled to them.

In addition to any implied powers and duties the Appeals Reviewer has to carry out its responsibilities under the Plan, the Appeals Reviewer also has, in connection with such responsibilities, the power and duty to:

- Construe and interpret the terms and provisions of the Plan and all documents related to the Plan and to decide any and all matters arising under the Plan consistent with its responsibility for review appeals, and
- Investigate and make factual or make other determinations necessary or advisable for the resolution of appeals of adverse determinations.

CLERICAL ERROR

A clerical error or other administrative error does not create benefits under the Merck Retiree HRA. You are responsible for the accuracy of information pertaining to your participation in the Plan. It is your responsibility to confirm the accuracy of statements made by the Company or its designees that are based on such information and to promptly report errors to the Plan Administrator.

Claims and Appeals for Eligibility to Participate in the Merck Retiree HRA

If you or your authorized representative feels that an error has been made concerning your eligibility to participate in the Merck Retiree HRA (e.g., your eligibility to add a dependent, etc.), you or your authorized representative may request reconsideration. All requests for reconsideration shall be submitted in writing to the Plan Administrator at the following address:

Merck Sharp & Dohme Corp.
Attn: Plan Administrator (GSA-HTR)
c/o Merck Benefits Service Center at Fidelity
P.O. Box 770003
Cincinnati, OH 45277-0065

Express Mail address:

Merck Sharp & Dohme Corp.
Attn: Plan Administrator (GSA-HTR)
c/o Merck Benefits Service Center at Fidelity
Mail zone KC1F-L
100 Crosby Parkway
Covington, KY 41015

The Plan Administrator will review your claim and respond to you with a determination. The decision of the Plan Administrator is final and binding.

PLAN FUNDING AND ADMINISTRATION

The Merck Retiree HRA may be funded with assets of certain voluntary employee benefit account trusts (“VEBA Trusts”) maintained by the Company to fund certain health and welfare benefits. The Merck Retiree HRA may also be funded with certain assets held in accounts maintained under certain retirement plans sponsored by the Company. The Merck Retiree HRA may also be funded with the general assets of the Company. For additional information regarding the funding of the Merck Retiree HRA, see the *Merck Retiree HRA Funding Policy*, which can be obtained by contacting the Plan Administrator.

CLAIMS ADMINISTRATOR

YSA acts as a third-party claims administrator (the “Claims Administrator”) that the Company has hired to process claims. The activities of the Claims Administrator include receiving, processing and evaluating your claim, billing the Company for the amount due under your claim and paying your claim. The Claims Administrator does not guarantee the payment of any claims under the Merck Retiree HRA in any contract or insurance policy. Merck is ultimately responsible for the payment of your claims. The Claims Administrator has been delegated the responsibility for reviewing, and the powers and duty to review, initials claims for benefits brought under the Merck Retiree HRA. The Claims Administrator will have the power and the duty to take all actions and to make decisions necessary or proper to carry out its responsibility, powers and duties under the Merck Retiree HRA.

ELECTRONIC MEDIA

The Plan Administrator or its delegate may use electronic media in accordance with ERISA to satisfy all disclosure and recordkeeping obligations imposed on health reimbursement accounts under Title I of ERISA.

FUTURE OF THE MERCK RETIREE HRA/PLAN AMENDMENT AND TERMINATION

The Plan Sponsor reserves the right to amend or terminate the Merck Retiree HRA or any component of the Merck Retiree HRA at any time and for any reason. However, following a “change in control,” as defined in the *Merck & Co., Inc. Change in Control Separation Benefits Plan* (“the Separation Benefits Plan”), certain limitations apply to the ability of Merck & Co., Inc., or its subsidiaries to amend or terminate the Merck Retiree HRA. Amendments may be retroactive; however, no amendment or termination shall reduce the amount of any benefit otherwise payable under the Merck Retiree HRA for claims incurred prior to the effective date of such amendment or termination.

If the Merck Retiree HRA or any component is terminated, you will not be reimbursed for any expenses incurred on or after the Merck Retiree HRA termination date, and you will need to file requests for reimbursement for expenses incurred before the termination date by the filing deadline established by the Plan Administrator. The Claims Administrator will not accept reimbursement requests filed after the deadline. Contributions, if any, that remain credited to the Merck Retiree HRA after timely filed requests for reimbursement have been processed will be the sole property of the applicable VEBA Trust, retirement plan or Merck, subject to the following sentence. If the Plan is terminated and surplus Plan assets, as determined under ERISA, remain after all liabilities have been paid, such surplus shall revert to the Company to the extent permitted under applicable law, unless otherwise stated in the applicable Plan document. If a benefit is terminated and amounts remain that are not ERISA Plan assets, such surplus shall revert to the Plan Sponsor.

The Merck Retiree HRA is not and cannot be amended by any verbal representation.

For two years following a “change in control” (as defined in the *Separation Benefits Plan*), the material terms of the Retiree Medical Plan (including the retiree health reimbursement account component described in this SPD), may not be modified in a manner that is materially adverse to Enrolled Participants in the Plan immediately before the “change in control.” During that two-year period, the Company will pay the legal fees and expenses of any participant that prevails on the participant’s claim for relief in an action regarding an impermissible amendment (other than ordinary claims for benefits).

NONASSIGNMENT OF BENEFITS

Assignment or alienation of any reimbursements provided by the Plan will not be permitted or recognized except as otherwise required by applicable law. This means that, except as required by applicable law, reimbursements provided under the Merck Retiree HRA are not subject to sale, assignment, anticipation, alienation, attachment, garnishment, levy, execution or any other form of transfer. Generally, state and local laws will not be recognized unless permitted by or under an applicable federal law, such as ERISA.

ADDITIONAL ADMINISTRATIVE DETAILS

Name of the Plan

Merck Retiree Medical Plan. The Merck Retiree Health Reimbursement Account (HRA) is a component of the Merck Retiree Medical Plan.

Plan Sponsor

Merck Sharp & Dohme Corp.
Attn: Plan Administrator (GSA-HTR)
c/o Merck Benefits Service Center at Fidelity
P.O. Box 770003
Cincinnati, OH 45277-0065

Plan Administrator (and Claims and Appeals Reviewer for Eligibility Claims Only)

Merck Sharp & Dohme Corp.
Attn: Plan Administrator (GSA-HTR)
c/o Merck Benefits Service Center at Fidelity
P.O. Box 770003
Cincinnati, OH 45277-0065

Express Mail:

Mail zone KC1F-L
100 Crosby Parkway
Covington, KY 41015

Telephone: **800-66-MERCK (800-666-3725)**

Claims Administrator for Benefit Claims

Your Spending Account (YSA) Service Center
PO Box 64030
The Woodlands, TX 77387-4030

Fax # **888-211-9900**

Appeals Reviewer for Benefit Appeals

Aon Hewitt — Claims and Appeals Management (CAM)
Attention: Merck Retiree HRA Appeals
P.O. Box 1407
Lincolnshire, IL 60069-1407

Fax # **847-554-1486**

Plan Year

The Plan Year is January 1 to December 31.

Employer Identification Number

The employer identification number (EIN) assigned to the Plan Sponsor by the Internal Revenue Service is 22-1261880.

Plan Type

The Merck Retiree Medical Plan is an employee welfare benefit plan under ERISA.

Plan Number

The three digit plan identification number assigned by Merck is 570.

Agent for Service of Legal Process

Legal process regarding the Merck Retiree Medical Plan may be served on:

> Merck Sharp & Dohme Corp.
> Attn: Benefits and Executive Compensation Legal Group
> 2000 Galloping Hill Road Bldg. K-1, 3rd Floor
> Kenilworth, NJ 07033

Service may also be made on the Plan Administrator named on the preceding page.

YOUR ERISA RIGHTS

As an individual participating in the Merck Retiree HRA, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 ("ERISA"). ERISA provides that all those participating in the Plan are entitled to the following.

RECEIVE INFORMATION ABOUT THE MERCK RETIREE HRA

- Examine, without charge, at the Plan Administrator's office and at other specified locations, all documents governing the Merck Retiree HRA, including insurance contracts, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Merck Retiree HRA, including insurance contracts, and copies of the latest annual report (Form 5500 Series) and updated Summary Plan Description (SPD). The Plan Administrator may make a reasonable charge for the copies.
- Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each Participant with a copy of this summary annual report.

CONTINUE MERCK RETIREE HRA PARTICIPATION

- If there is a loss of coverage under the Merck Retiree HRA as a result of a Qualifying Event, you or your Enrolled Dependents may continue your coverage. You may have to pay for such continuation coverage.
- Review this SPD and the documents governing the Plan on the rules governing your COBRA continuation coverage rights.

ENFORCE YOUR RIGHTS

If your claim under the Merck Retiree HRA is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Merck Retiree HRA documents or the latest annual report from the Merck Retiree HRA and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to

provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim under the Plan that is denied or ignored, in whole or in part, you may file suit in a state or federal court as long as you have first appealed your claim twice (and those appeals were denied) as set forth in this SPD. If it should happen that Plan fiduciaries misuse the Plan's money or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

ASSISTANCE WITH YOUR QUESTIONS

If you have any questions about the HRA, you should contact the Claims Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration (EBSA), U.S. Department of Labor, listed in your telephone directory.

You may also contact the:

> Division of Technical Assistance and Inquiries
> Employee Benefits Security Administration
> U.S. Department of Labor
> 200 Constitution Avenue, N.W.
> Washington, D.C. 20210
>
> By telephone: **866-444-3272**

You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration. Additional information may be obtained from the Department of Labor's website at **http://www.dol.gov/ebsa**.

GLOSSARY

This section defines key words that are frequently used in the SPD. These terms are capitalized throughout the SPD.

Adjusted Service — For a Retiree who had no breaks in service as an employee of the Company, Adjusted Service is a period of time calculated from the employee's original hire date with the Company to the date the employee's employment with the Employer and the Company ends. For an employee who had one or more breaks in service as an employee of the Company, Adjusted Service is a period of time calculated from a date after the employee's original date of hire, which acts to give credit for service with the Company for periods of service with the Company rendered before the breaks in service to the date the employee's employment with the Employer and the Company ends.

No credit is given for service for any of the following:

- While an Excluded Person
- Unless otherwise specifically provided, with a joint venture of Merck & Co., Inc. (or its subsidiaries), or
- Unless otherwise specifically provided, with an acquired entity before the date the entity is acquired by Merck & Co., Inc. (or its subsidiaries). For Legacy Schering Eligible Employees, service with Schering-Plough Corporation and its wholly owned subsidiaries before Nov. 4, 2009 counts toward Adjusted Service.

Appeals Reviewer — Claims and Appeal Management (CAM), a division of Alight.

CAM — Claims and Appeal Management, a division of Alight.

Cash Balance Service — As defined and determined under the Retirement Plan in which the Eligible Employee participates.

Catastrophic Coverage Stage — The last stage of the Medicare Part D (prescription drug) Plan, which is reached after the Medicare Part D participant has left the Donut Hole stage of the Medicare Part D Plan. Once a participant reaches the Catastrophic Coverage Stage, the cost for a generic medication is the greater of a fixed amount ($3.35 per month in 2018) or 5% of the medication's retail cost, and the cost for a brand medication is the greater of a fixed cost ($8.35 in 2018) or 5% of the medication's retail cost. Medicare resets the Catastrophic Coverage Stage each year. If an Enrolled Participant reaches the Catastrophic Coverage Stage in a given calendar year, he/she can submit their out-of-pocket costs for reimbursement through the Catastrophic Rx HRA.

Claims Administrator —Your Spending Account.

COBRA Administrator — Merck Benefits Service Center administered by Fidelity Investments.

Company — Merck & Co., Inc. and its wholly owned subsidiaries.

Copay — A flat dollar amount you pay for certain services.

Credited Service — For Legacy Merck Eligible Employees, as defined and determined under the Retirement Plan in which they each participate.

Dependent Children — See Eligible Dependents.

Domestic Partner/Domestic Partnership — Two people in a Spouse-like relationship who share an ongoing, exclusive, emotionally committed relationship (and intend to do so indefinitely) and meet all of the following criteria:

- Are at least age 18 and mentally competent to enter into a legal contract
- Are not related by blood or adoption to a degree closer than permitted by state law for marriage
- Are not married to another person under statutory or common law of the United States nor in a Domestic Partnership with another person
- Are jointly responsible for each other's welfare, financial and other obligations, and
- Reside together in the same household — and have done so for at least 12 months.

Eligible Dependents —

- Your Spouse or Domestic Partner — If your Spouse/Domestic Partner is a Non-Eligible Union Employee, then your Spouse/Domestic Partner does not qualify as an Eligible Dependent under the Retiree Medical Plan.
- Your Dependent Children up to the end of the month in which they reach age 26. "Dependent Children" means your:
  - Biological children
  - Stepchildren, including your Spouse's/Domestic Partner's biological children, foster children, legally adopted children and children for whom your Spouse/Domestic Partner is legal guardian, in each case who are not also your biological children, foster children, legally adopted children or children for whom you are legal guardian
  - Foster children
  - Legally adopted children (eligibility begins on the date of placement for adoption or commencement of legal obligation to provide support in anticipation of adoption)

- Children for whom you are legal guardian, and
- Those for whom coverage is required by a Qualified Medical Child Support Order (QMCSO).

While coverage is extended to your children through the last day of the month they reach age 26, this coverage does not extend to your child's Spouse or your child's children, unless they would otherwise meet the definition of Eligible Dependents.

If you are Legacy Merck Retiree Medical Subsidy Eligible and retired before Apr. 1, 2007, you cannot add coverage for a Domestic Partner or a Domestic Partner's Eligible Dependent children.

If You Have a Child with a Disability

If you are an Eligible HRA Retiree and your Dependent Child is physically or mentally disabled and was eligible for coverage under the Group Retiree Medical Plan beyond age 26 and continued to be eligible due to disability, if and when your child meets the eligibility criteria in "Who Is Eligible," he/she may participate in this Plan. The Plan Administrator may require proof of your child's disability from time to time in order to remain eligible for coverage.

Eligible Dependents Who Worked for Merck

If you or your Spouse/Domestic Partner (or your former Spouse/Domestic Partner or his/her Spouse/Domestic Partner) worked for the Company, special provisions apply. See "Merck Couples." If your Eligible Dependents are employees of the Company, they are not eligible for coverage under the Merck Retiree Medical Plan while they continue to be employees of the Company.

KEY POINT — COVERED CHILDREN's SPOUSE/DOMESTIC PARTNER AND CHILDREN ARE NOT ELIGIBLE FOR COVERAGE
While coverage is extended to your children, this coverage does not extend to your child's Spouse/Domestic Partner or your child's children, unless they would otherwise meet the definition of Eligible Dependents.

Eligible Employee — Regular Full-Time Employees, Regular Part-Time Employees, U.S. Expatriates, Merck Temporary Employees and LTD Employees, in each case, who are not Excluded Employees or Excluded Persons.

Eligible HRA Dependent — An Eligible Dependent of a Retiree who is Retiree Medical Subsidy Eligible and meets these eligibility criteria for the Merck Retiree HRA:

- Age 65 or older
- Eligible for Medicare and enrolled in Medicare Part A and Part B, and
- Enrolled in both medical and prescription drug coverage through the Aon Retiree Health Exchange, as follows:
  - Medicare Supplement (Medigap) plan and a Medicare Part D plan,
  - Medicare Advantage plan that includes prescription drug coverage, or
  - Medicare Advantage plan that does not include prescription drug coverage plus a Medicare Part D plan.

Eligible HRA Retiree — A Retiree who is:

- Age 65 or older
- Eligible for Medicare and enrolled in Medicare Part A and Part B
- Enrolled in both medical and prescription drug coverage through the Aon Retiree Health Exchange, as follows:
  - Medicare Supplement (Medigap) plan and a Medicare Part D plan
  - Medicare Advantage plan that includes prescription drug coverage, or
  - Medicare Advantage plan that does not include prescription drug coverage plus a Medicare Part D plan,
- Retiree Medical Subsidy Eligible.

Employer — The wholly owned U.S. subsidiaries of Merck & Co., Inc. other than the following entities that are excluded: Comsort, Inc., HMR Weight Management Services Corp., ILÚM Health Solutions, LLC (formerly known as Healthcare Services & Solutions, LLC), Merck Global Health Innovation Fund, LLC, MRL Cambridge ESC, LLC, MRL San Francisco, LLC and each of their subsidiaries.

Enrolled Dependents — See Enrolled Participants.

Enrolled Participants — Eligible Retirees and Eligible Dependents who have been enrolled and are participating in the Merck Retiree HRA. Where this SPD only refers to Eligible HRA Retirees who have been enrolled in the Merck Retiree HRA, the term Enrolled Retirees will be used. Where this SPD only refers to Eligible HRA Dependents who have been enrolled in the Merck Retiree HRA, the term Enrolled Dependents will be used.

Enrolled Retirees — See Enrolled Participants.

ERISA — Employee Retirement Income Security Act of 1974, as amended.

Excluded Employees — Employees of Comsort, Inc., HMR Weight Management Services Corp., ILÚM Health Solutions, LLC (formerly known as Healthcare Services & Solutions, LLC), Merck Global Health Innovation Fund, LLC, MRL Cambridge ESC, LLC, MRL San Francisco, LLC and each of their subsidiaries, and non-U.S.-based[9] employees (other than International Employees and Localized Employees).

Excluded Persons — A person who is an independent contractor, or agrees or has agreed that he/she is an independent contractor, or has any agreement or understanding with an Employer, or any of its affiliates, that he/she is not an employee or an Eligible Employee, even if he/she previously had been an employee or Eligible Employee or is employed by a temporary or other employment agency, regardless of the amount of control, supervision or training provided by an Employer or its affiliates, or he/she is a "leased employee" as defined under section 414(n) of the Internal Revenue code of 1986, as amended. An Excluded Person is not eligible to participate in the Retiree Medical Plan even if a court, agency or other authority rules that this person is a common-law employee of an Employer or its affiliates.

Group Retiree Medical Plan or Merck Group Retiree Medical Plan — The group medical and prescription drug benefits provided under the Merck Retiree Medical Plan, as applicable, to Retirees and their Eligible Dependents, in each case who are under age 65 or not Medicare-eligible.

International Employee — A non-U.S.-based[9] employee of the wholly owned subsidiaries of Merck & Co., Inc. (excluding Comsort, Inc., HMR Weight Management Services Corp., ILÚM Health Solutions, LLC (formerly known as Healthcare Services & Solutions, LLC), Merck Global Health Innovation Fund, LLC, MRL Cambridge ESC, LLC, MRL San Francisco, LLC and each of their subsidiaries) whose home country is a U.S. territory who is on assignment outside his/her home country and who is not an Excluded Employee or an Excluded Person.

International Retiree — An International Employee who, on the date his/her employment with the Company ends is on assignment outside his/her home country

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[9] A U.S.-based employee is an employee whose home country is designated in Merck's employee database as one of the 50 U.S. states or District of Columbia (and includes employees on temporary international assignment outside one of the 50 U.S. states or District of Columbia) and excludes employees whose home country is designated in Merck's employee database as a U.S. territory (e.g., Puerto Rico, Guam and U.S. Virgin Islands) or a country outside one of the 50 U.S. states or District of Columbia even if the employee is on temporary international assignment in one of the 50 U.S. states, District of Columbia or in a U.S. territory.

and who resides in the U.S. or a U.S. territory, and certain other employees of the Company on assignment outside of their home country on the date their employment with the Company ends, in each case, whom Cigna Global Health Benefits determines in their sole and absolute discretion would be eligible for retiree medical coverage on or after Jan. 1, 2015, under the portion of the Merck Medical, Dental, Life Insurance and Long Term Disability Plan insured by Cigna Global Health Benefits except that the provision of such retiree coverage to such employees would subject the coverage to the non-expatriate provisions of PPACA.

Legacy Merck Eligible Employee — An employee of the Company who is not an Excluded Person and who is coded in the employee database of Merck & Co., Inc. under Infotype 35 with a blank indicator or as S6 Legacy Inspire and is (i) an "Eligible Employee" other than a "U.S. Territory Employee," in each case, as defined in the Merck Medical Plan for Active Employees (ii) a Non-Eligible Union Employee or (iii) a Localized Employee.

Legacy Merck Retiree Medical Subsidy Eligible — You are Legacy Merck Retiree Medical Subsidy Eligible if you are (or were) a Legacy Merck Eligible Employee on the date your employment with the Employer and the Company ends (or ended) and:

If you are not a Localized Employee and your employment with the Employer and the Company ended before Jan. 1, 2003 (before Jan. 1, 2004 if you are a Non-Eligible Union Employee), and you are not rehired by the Company on or after Jan. 1, 2003 (on or after Jan. 1, 2004 if you are a Non-Eligible Union Employee), and on the date your employment ended:

- Other than due to disability retirement under the Retirement Plan:
  - If you were hired or rehired on or after Jan. 1, 1989, you were at least age 55 with at least 10 years of Credited Service accrued under the Retirement Plan
  - If you were hired before Jan. 1, 1989, and did not experience a break in service thereafter, you were either:
    - At least age 55 with at least 10 years of Credited Service accrued under the Retirement Plan, or
    - At least age 65, regardless of length of service, and
  - Your employment ended on the last day of a month and you completed all the paperwork required for retirement by the Plan Administrator by the deadline established by the Plan Administrator.
- Due to disability retirement under the Retirement Plan:
  - If you were hired or rehired on or after Jan. 1, 1989, you had at least 10 years of Credited Service accrued under the Retirement Plan

- If you were hired before Jan. 1, 1989, and did not experience a break in service thereafter, you were either:
  - At least age 55 with at least 10 years of Credited Service accrued under the Retirement Plan or
  - At least age 65, regardless of length of service, and
  - Your employment ended on any day of a month and you completed all the paperwork required for retirement by the Plan Administrator by the deadline established by the Plan Administrator.

If you are not a Localized Employee and your employment with the Employer and the Company ends (or ended) on or after Jan. 1, 2003 (on or after Jan. 1, 2004 if you are a Non-Eligible Union Employee), and before Jan. 1, 2013, and on the date your employment ends (or ended):

- Other than due to disability retirement under the Retirement Plan:
  - You were at least age 55 with at least 10 years of Adjusted Service from age 40 (for certain groups, Adjusted Service prior to age 40 counts; see next page), and
  - Your employment ended on the last day of a month and you completed all the paperwork required for retirement by the Plan Administrator by the deadline established by the Plan Administrator.
- Due to disability retirement under the Retirement Plan:
  - You had at least 10 years of Adjusted Service from age 40 (for certain groups, Adjusted Service prior to age 40 counts; see next page), and
  - Your employment ended on any day of a month and you completed all the paperwork required for retirement by the Plan Administrator by the deadline established by the Plan Administrator.

If your employment with the Employer and the Company ends (or ended) on or after Jan. 1, 2013 (on or after Jan. 1, 2015, if you are a Localized Employee), and on the date your employment ends (or ended):

- Other than due to disability retirement under the Retirement Plan:
  - You were at least age 55 with at least 10 years of Adjusted Service from age 40 (for certain groups, Adjusted Service prior to age 40 counts; see next page).
- Due to disability retirement under the Retirement Plan:
  - Your employment ended before Jan. 1, 2017, you had at least 10 years of Adjusted Service from age 40 (for certain groups, Adjusted Service prior to age 40 counts; see next page).
  - Your employment ends on or after Jan. 1, 2017, you had at least 10 years of Adjusted Service including service prior to age 40.

Adjusted Service prior to age 40 counts if:

- You were an employee of the Company on, and at least age 50 as of, Jan. 1, 2003 (Jan. 1, 2004 if you are a Non-Eligible Union Employee), and you do not have a break in service with the Company after Jan. 1, 2003 (Jan. 1, 2004, if you are a Non-Eligible Union Employee), and before you are at least age 55 with at least 10 years of Adjusted Service, or
- You had a break in service with the Company after age 45 and before April 1, 2002, had returned to work at the Company by, and were an employee of the Company as of April 1, 2002, and did not have a break in service with the Company after April 1, 2002.

If your employment with the Company (including its subsidiaries) ends (or ended) on or after Jan. 1, 2003 but before Jan. 1, 2017 (on or after Jan. 1, 2004, if you are a Non-Eligible Union Employee and on or after Jan.1, 2015, if you are a Localized Employee), due to disability retirement under the Retirement Plan, and on that date you do (or did) not have at least 10 Years of Adjusted Service from age 40 but you have (or had) at least 10 years of Credited Service under the Retirement Plan:

- You will not be eligible for benefits as Legacy Merck Retiree Medical Subsidy Eligible under the Group Retiree Medical Plan
- If your employment ended or ends on or after Jan. 1, 2013 but before Jan. 1, 2017 (on or after Jan. 1, 2015, if you are a Localized Employee), and you are at least age 50 with at least five years of Adjusted Service, you will be Retiree Medical Access Eligible, and
- If your employment ended or ends on or after Jan. 1, 2013 but before Jan. 1, 2017 (on or after Jan. 1, 2015, if you are a Localized Employee), and you are not Retiree Medical Access Eligible or if you are not a Localized Employee and it ended before Jan. 1, 2013, you may be eligible for medical benefits under the Merck Employee Medical Plan on the same terms and conditions, as they may be amended from time to time, as the medical benefits available to an Eligible Employee receiving long-term disability benefits under a plan sponsored by the Plan Sponsor. For a description of those benefits, see the SPD applicable to the Merck Employee Medical Plan.

For Certain Separated Employees. You may also be considered Legacy Merck Retiree Medical Subsidy Eligible under the Retiree Medical Plan if (i) you were a Legacy Merck Eligible Employee on the date your employment with the Employer and the Company ended, (ii) your employment ended due to workforce restructuring (e.g., reorganization or general reduction in force) by the Company, (iii) if you are not a Localized Employee, as a result of your termination of employment by the Company you received separation benefits under a Company-sponsored separation

plan that included eligibility for retiree medical benefits or you are Retiree Healthcare Bridge Eligible, (iv) if you are a Localized Employee, you are Retiree Healthcare Bridge Eligible, and (v) you signed, and did not revoke, a general release of claims. If you are not a Localized Employee, see the materials provided to you as part of your separation package for information on eligibility for retiree medical benefits.

For Certain Localized Employees. If you are a Localized Employee and your employment with the Company ended before Jan. 1, 2015, you are not Legacy Merck Retiree Medical Subsidy Eligible.

For Certain Employees Whose Employment Ended Due to the Sale of Merck's Consumer Care Business. You may also be considered Legacy Merck Retiree Medical Subsidy Eligible under the Retiree Medical Plan if (i) you were a Legacy Merck Eligible Employee on the date your employment with the Employer and the Company ended, (ii) your employment ended as determined by the Employer as a direct result of the sale of the Company's consumer care business to Bayer AG on Oct. 1, 2014, (iii) you accepted an offer of employment with Bayer AG or you are eligible for separation benefits under the Merck & Co., Inc. U.S. Separation Benefits Plan because the offer from Bayer AG was outside certain geographic parameters and you declined it, (iv) you will be at least age 52 by Dec. 31, 2015, (v) you would have had at least 10 years of Cash Balance Service had your employment with the Employer and the Company continued until Dec. 31, 2015, and (vi) you signed, and did not revoke, a general release of claims.

For Certain Surviving Dependents. Surviving Eligible Dependents of the following Legacy Merck Eligible Employees are considered Legacy Merck Retiree Medical Subsidy Eligible: (i) a Legacy Merck Eligible Employee who on his/her date of death met the age and service requirements to be considered Legacy Merck Retiree Medical Subsidy Eligible and (ii) a Legacy Merck Eligible Employee who dies on or after Jan. 1, 2017, and on his/her date of death has at least 25 years of service. Surviving Eligible Dependents of Retirees who were Legacy Merck Retiree Medical Subsidy Eligible on their date of death are also considered Legacy Merck Retiree Medical Subsidy Eligible.

Legacy OBS Retirees — Union and non-union U.S.-based[10] employees of Organon BioSciences (OBS) or an OBS affiliate employed by OBS or an OBS affiliate on

[10] A U.S.-based employee is an employee whose home country is designated in Merck's employee database as one of the 50 U.S. states or District of Columbia (and includes employees on temporary international assignment outside one of the 50 U.S. states or District of Columbia) and excludes employees whose home country is designated in Merck's employee database as a U.S. territory (e.g., Puerto

Nov. 20, 2007, and who when employment with the Employer and the Company ends (or ended), are eligible for the retiree medical benefits described in this SPD. Legacy OBS Retirees are coded in the employee database of Merck & Co. Inc. under Infotype 35 equal to S1 Legacy Organon or S2 Legacy Intervet.

Legacy Schering Eligible Employee — An employee of the Company who is not an Excluded Person and who is coded in the employee database of Merck & Co., Inc. under Infotype 35 as S1 Legacy Organon, S2 Legacy Intervet or S5 Legacy Schering-Plough and is (i) an “Eligible Employee” other than a “U.S. Territory Employee,” in each case, as defined in the Merck Medical Plan for Active Employees, (ii) Non-Eligible Union Employee or (iii) a Localized Employee.

Legacy Schering Retiree Medical Subsidy Eligible — You are Legacy Schering Retiree Medical Subsidy Eligible if you are (or were) a Legacy Schering Eligible Employee on the date your employment with the Employer and the Company ends (or ended) and:

- If you are not a Localized Employee and your employment with the Employer and the Company ends (or ended) before Jan. 1, 2013, and on the date your employment ends (or ended) you were at least age 55 with at least 10 years of Adjusted Service, or
- If your employment with the Employer and the Company ends (or ended) on or after Jan. 1, 2013 (on or after Jan. 1, 2015, if you are a Localized Employee), and on the date your employment ends (or ended) you are at least age 55 with at least 10 years of Adjusted Service from age 40 (for certain groups, Adjusted Service prior to age 40 counts; see below).

Adjusted Service prior to age 40 counts if:

- You were an employee of the Company, and at least age 50 with at least five years of Adjusted Service on Dec. 31, 2012, and you do not have a break in service before you reach age 55 with at least 10 years of Adjusted Service.

For Certain Separated Employees. You may also be considered Legacy Schering Retiree Medical Subsidy Eligible under the Retiree Medical Plan if you are not a Localized Employee and are involuntarily terminated (other than for misconduct and other than in connection with PTP or ITP) and eligible for severance benefits due to a “Termination Due to Change in Control” as defined in the Schering-Plough

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Rico, Guam and U.S. Virgin Islands) or a country outside one of the 50 U.S. states or District of Columbia even if the employee is on temporary international assignment in one of the 50 U.S. states, District of Columbia or in a U.S. territory.

Severance Benefit Plan amended and restated Nov. 3, 2009, on or after Nov. 3, 2009, and on or before Dec. 31, 2011, and:

- You sign the required general release of claims against the Company and its affiliates, and
- You are at least age 50 by Dec. 31, 2010, or your termination date, if later.

In addition, you are also eligible for retiree medical coverage if you are not a Localized Employee and you meet all of the following criteria:

- You were involuntarily terminated (other than for misconduct) between Jan. 1, 2008 and Dec. 31, 2009 in connection with the Productivity Transformation Program (PTP) or the Integration Transformation Program (ITP)
- You signed the required general release of claims against the Company and its affiliates
- You were at least age 53 on your date of termination, and
- You had completed at least eight years of vesting service under the Retirement Plan when your employment ended.

You may also be considered Legacy Schering Medical Subsidy Eligible under the Retiree Medical Plan if (i) you were a Legacy Schering Eligible Employee on the date your employment with the Employer and the Company ended, (ii) your employment ended due to workforce restructuring (e.g., reorganization or general reduction in force) by the Company, (iii) if you are not a Localized Employee, your employment ended on or after Jan. 1, 2012, and as a result of your termination of employment by the Company you received separation benefits under the Merck Separation Benefits Program for U.S.-based[11] employees (or any successor thereto) that included eligibility for retiree medical benefits or you are Retiree Healthcare Bridge Eligible, (iv) if you are a Localized Employee, you are Retiree Healthcare Bridge Eligible and (v) you signed, and did not revoke, a general release of claims. If you are not a Localized Employee, see the materials provided to you as part of your separation package for information on eligibility for retiree medical benefits.

[11] A U.S.-based employee is an employee whose home country is designated in Merck's employee database as one of the 50 U.S. states or District of Columbia (and includes employees on temporary international assignment outside one of the 50 U.S. states or District of Columbia) and excludes employees whose home country is designated in Merck's employee database as a U.S. territory (e.g., Puerto Rico, Guam and U.S. Virgin Islands) or a country outside one of the 50 U.S. states or District of Columbia even if the employee is on temporary international assignment in one of the 50 U.S. states, District of Columbia or in a U.S. territory.

For Certain Localized Employees. If you are a Localized Employee and your employment with the Company ended before Jan. 1, 2015, you are not Legacy Schering Medical Subsidy Eligible.

For Certain Employees Whose Employment Ended Due to the Sale of Merck's Consumer Care Business. You may also be considered Legacy Schering Retiree Medical Subsidy Eligible under the Retiree Medical Plan if (i) you were a Legacy Schering Eligible Employee on the date your employment with the Employer and the Company ended, (ii) your employment ended as determined by the Employer as a direct result of the sale of the Company's consumer care business to Bayer AG on Oct. 1, 2014, (iii) you accepted an offer of employment with Bayer AG or you are eligible for separation benefits under the Merck & Co., Inc. U.S. Separation Benefits Plan because the offer from Bayer AG was outside certain geographic parameters and you declined it, (iv) you will be at least age 52 by Dec. 31, 2015, (v) you would have had at least 10 years of Cash Balance Service had your employment with the Employer and the Company continued until Dec. 31, 2015, and (vi) you signed, and did not revoke, a general release of claims.

For Certain Surviving Dependents. Surviving Eligible Dependents of the following Legacy Schering Eligible Employees are considered Legacy Schering Retiree Medical Subsidy Eligible: (i) a Legacy Schering Eligible Employee who on his/her date of death met the age and service requirements to be considered Legacy Schering Retiree Medical Subsidy Eligible and (ii) a Legacy Schering Eligible Employee who dies on or after Jan. 1, 2017, and on his/her date of death has at least 25 years of service. Surviving Eligible Dependents of Retirees who were Legacy Schering Retiree Medical Subsidy Eligible on their date of death are also considered Legacy Schering Retiree Medical Subsidy Eligible.

Localized Employees — Former U.S.-based[12] employees of the wholly owned subsidiaries of Merck & Co., Inc. (excluding Comsort, Inc., HMR Weight Management Services Corp., ILÚM Health Solutions, LLC (formerly known as Healthcare Services & Solutions, LLC), Merck Global Health Innovation Fund, LLC, MRL Cambridge ESC, LLC, MRL San Francisco, LLC and each of their subsidiaries) who are employed outside the U.S. by Merck & Co., Inc. or its wholly owned subsidiaries as local employees either at the end of their assignment as a U.S. Expatriate or due to a one-way transfer from the U.S. who are not Excluded Employees or Excluded Persons and who are participants in the Retirement Plan for

[12] U.S.-based excludes U.S. territories (e.g., Puerto Rico, Guam, U.S. Virgin Islands).

Salaried Employees of MSD, the Retirement Plan for Hourly Employees of MSD, the Legacy Schering Retirement Plan or the Retirement Account Plan for the Organon BioSciences U.S. Affiliates, or any successor to such plans.

Merck — Merck Sharp & Dohme Corp.

Merck $0 Copay Drug List — A list of Merck-brand drugs without a generic equivalent, as determined by the Plan Sponsor, that are eligible for reimbursement of associated out-of-pocket costs from the Merck Drug $0 Copay HRA. The Merck $0 Copay Drug List is updated by Dec. 31 each year for use the following calendar year (Jan. 1-Dec. 31). If a Merck-brand drug is on the list as of Jan. 1, it remains on the list for the full following calendar year, even if a generic equivalent becomes available during that calendar year.

Merck Retiree HRA — The health reimbursement component of the Merck Retiree Medical Plan that provides reimbursement benefits to Retirees who are Retiree Medical Subsidy Eligible and their Eligible Dependents, in each case who are age 65 or older and Medicare-eligible as described in this SPD.

Merck Retiree Medical Plan — The plan that provides:

- Group retiree medical benefits to Retirees and their Eligible Dependents each of whom are either under age 65 or not Medicare-eligible, and
- A health reimbursement account to Retirees who are Retiree Medical Subsidy Eligible and their Eligible Dependents each of whom are at least age 65 and Medicare-eligible.

Non-Eligible Union Employee — An employee of Merck Sharp & Dohme Corp. who is a member of the United Steelworkers Union Local 10-00086 (or its predecessor).

Plan — Merck Retiree Health Reimbursement Account (HRA).

Plan Administrator — Merck Sharp & Dohme Corp. or its delegate.

Plan Sponsor — Merck Sharp & Dohme Corp.

Plan Year — The calendar year, Jan. 1 through Dec. 31, on which the records of the plan are kept.

Qualified Beneficiary — For the purposes of COBRA:

- A Retiree and associated Spouse and Eligible Dependents who are eligible for continuation coverage under COBRA because of their status on the day before a Qualifying Event, and

- An individual covered by a group health plan, or a dependent of such an individual, as of the day before a Qualifying Event takes place.

Qualified Medical Child Support Order (QMCSO) — Any judgment, decree or order issued (including a settlement established under state law, which has the force and effect of law in that state) that creates, recognizes or assigns to a child the right to receive benefits for which you are eligible under the Retiree Medical Plan and that the Plan Administrator determines to be qualified under applicable law.

Qualifying Event (COBRA) — Events that cause an individual to lose group health coverage. The type of Qualifying Event determines who the Qualified Beneficiaries are for that event and the period of time that a plan must offer continuation coverage. Qualifying Events are:

- **Retiree:** A proceeding in bankruptcy with respect to the Company
- **Spouse of a Retiree**:
  - A proceeding in bankruptcy with respect to the Company, or
  - Divorce or legal separation from your Spouse (in states where legal separation equals divorce). Note: If both you and your former Spouse are former Merck employees who are Enrolled Participants, divorce or legal separation will not entitle you to COBRA coverage because divorce does not cause you to lose coverage under the Plan.
- **Eligible Dependent Child of a Retiree**:
  - A proceeding in bankruptcy with respect to the Company
  - Divorce or legal separation (in states where legal separation equals divorce) of the Retiree. Note: If your parents are both former Merck employees, their divorce or legal separation will not entitle you to COBRA coverage because divorce does not cause you to lose coverage under the Plan, or
  - You lose eligibility for coverage as a Dependent Child under the Plan.

Retiree — Collective term for participants who are Legacy Merck Subsidy Eligible, Legacy Schering Subsidy Eligible, Retiree Medical Access Eligible or an International Retiree — You are considered a Retiree for purposes of the Retiree Medical Plan (but not necessarily for purposes of any other benefit plan sponsored by Merck & Co., Inc. or its subsidiaries) if you are Legacy Merck Subsidy Eligible, Legacy Schering Subsidy Eligible, Retiree Medical Access Eligible or an International Retiree.

Retiree Healthcare Bridge Eligible — If your employment with the Employer and the Company ends on or after Jan. 1, 2013 (on or after Jan. 1, 2015, for Localized Employees), and you are a “Separated Retirement Eligible Employee” who as of

your “Separation Date” is not Retiree Medical Subsidy Eligible and who as of Dec. 31 of the year in which your Separation Date occurs (i) if your Separation Date occurs in 2013 you are (or if employment had continued until Dec. 31 of the year in which your Separation Date occurs would be) at least age 50 with at least 10 years of “Cash Balance Service,” or (ii) if your Separation Date occurs in 2014 you are (or if employment had continued until Dec. 31 of the year in which your Separation Date occurs would be) at least age 51 with at least 10 years of Cash Balance Service, or (iii) if your Separation Date occurs in 2015 or thereafter you are (or if employment had continued until Dec. 31 of the year in which your Separation Date occurs would be) at least age 52 with at least 10 years of Cash Balance Service. Terms in quotes are as defined in the separation materials provided to Eligible Employees (other than Localized Employees or International Employees). If you are a Localized Employee with a termination date on or after Jan. 1, 2015, the terms in quotes are as defined in the separation materials that would have applied to you had you been repatriated to the U.S. before your employment ended and had your employment continued until Dec. 31 of the year in which your termination date occurred, you would be at least age 52 and have at least 10 years of Cash Balance Service. Localized Employees with a termination date before Jan. 1, 2015, and International Retirees are not Retiree Healthcare Bridge Eligible.

For Certain Employees Whose Employment Ended Due to the Sale of Merck’s Consumer Care Business. You may also be considered Retiree Healthcare Bridge Eligible under the Retiree Medical Plan if (i) you were an Eligible Employee on the date your employment with the Employer and the Company ended, (ii) your employment ended as determined by the Employer as a direct result of the sale of the Company’s consumer care business to Bayer AG on Oct. 1, 2014, (iii) you accepted an offer of employment with Bayer AG or you are eligible for separation benefits under the Merck & Co., Inc. U.S. Separation Benefits Plan because the offer from Bayer AG was outside certain geographic parameters and you declined it, (iv) you will be at least age 52 by Dec. 31, 2015, (v) you would have had at least 10 years of Cash Balance Service had your employment with the Employer and the Company continued until Dec. 31, 2015, and (vi) you signed, and did not revoke, a general release of claims.

Retiree Medical Access Eligible —

- **For Legacy Merck Eligible Employees**, you are Retiree Medical Access Eligible if you are not Legacy Merck Retiree Medical Subsidy Eligible, your employment ends before Jan. 1, 2017, you are under age 65 or not Medicare-eligible , you were enrolled for Unsubsidized Group Retiree Medical coverage under the Retiree Medical

Plan on Jan. 1, 2017, or you were not enrolled for Unsubsidized retiree medical coverage on Jan. 1, 2017 because you were enrolled for medical coverage under COBRA under the Company-sponsored medical plan and you enroll for Unsubsidized group retiree medical coverage under the Group Retiree Medical Plan when first eligible, and if your employment ended on or after Jan. 1, 2013 (Jan. 1, 2015, if you are a Localized Employee), and on that date you were at least age 50 and had at least five years of Adjusted Service (including service before and after age 40) on the date your employment ended but you are not Legacy Merck Retiree Medical Subsidy Eligible.

- **For Legacy Schering Eligible Employees**, you are Retiree Medical Access Eligible if you are not Legacy Schering Retiree Medical Subsidy Eligible, your employment ends before Jan. 1, 2017, you are under age 65 or not Medicare-eligible, you were enrolled for Unsubsidized Group Retiree Medical coverage under the Retiree Medical Plan on Jan. 1, 2017, or you were not enrolled for Unsubsidized retiree medical coverage on Jan. 1, 2017 because you were enrolled for medical coverage under COBRA under the Company-sponsored medical plan and you enroll for Unsubsidized group retiree medical under the Group Retiree Medical Plan when first eligible and

  (i) if your employment ended on or after Jan. 1, 2013 (Jan. 1, 2015, if you are a Localized Employee), and on that date you were at least age 50 and had at least five years of Adjusted Service (including service before and after age 40) on the date your employment ended but you are not Legacy Schering Retiree Medical Subsidy Eligible or

  (ii) you are not a Localized Employee and if your employment ended on or after June 1, 2006, but before Jan 1, 2013, and on that date you were at least age 55 with at least five years of Adjusted Service on the date your employment ended but not Retiree Medical Subsidy Eligible or

  (iii) you are not a Localized Employee and if you were involuntarily terminated between Jan. 1, 2008 and Dec. 31, 2009, in connection with PTP or ITP, and you were at least age 53 on your termination date with at least three years of Adjusted Service and you signed (and did not revoke) a general release.

- **Certain Surviving Eligible Dependents.** You are also Retiree Medical Access Eligible if you are a surviving Eligible Dependent of a Retiree who was Retiree Medical Access Eligible on the Retiree's date of death.

Retiree Medical Subsidy Eligible — The collective term for participants who are either Legacy Merck Retiree Medical Subsidy Eligible or Legacy Schering Retiree Medical Subsidy Eligible. Retiree Medical Subsidy Eligible also includes surviving Eligible Dependents of a Retiree who was Retiree Medical Subsidy Eligible on the

Retiree's date of death. If you are Retiree Medical Subsidy Eligible, the Company shares in the cost for retiree medical coverage.

Retirement Plan — The Merck US Pension Plan or the Retirement Plan for Hourly Employees of MSD, as applicable, or any successor to such plans.

Spouse — The person recognized as your legal spouse under statutory or common law of the United States.

Subsidized — The Company shares the cost of retiree medical coverage with you.

Subsidy Group — A group of similarly situated people based on certain factors, such as date of retirement, age, service and legacy company at retirement as determined by the Plan Sponsor in its sole discretion. Each Enrolled Participant in a particular Subsidy Group receives the same HRA allocation. Your Subsidy Group is set when you first begin participating in the Plan and will remain the same while you participate in the Plan. See the "Appendix" for factors that determine the Subsidy Groups.

Tax-Qualified Domestic Partner — A Domestic Partner who can be claimed as a dependent on the Retiree's tax return under federal income tax rules.

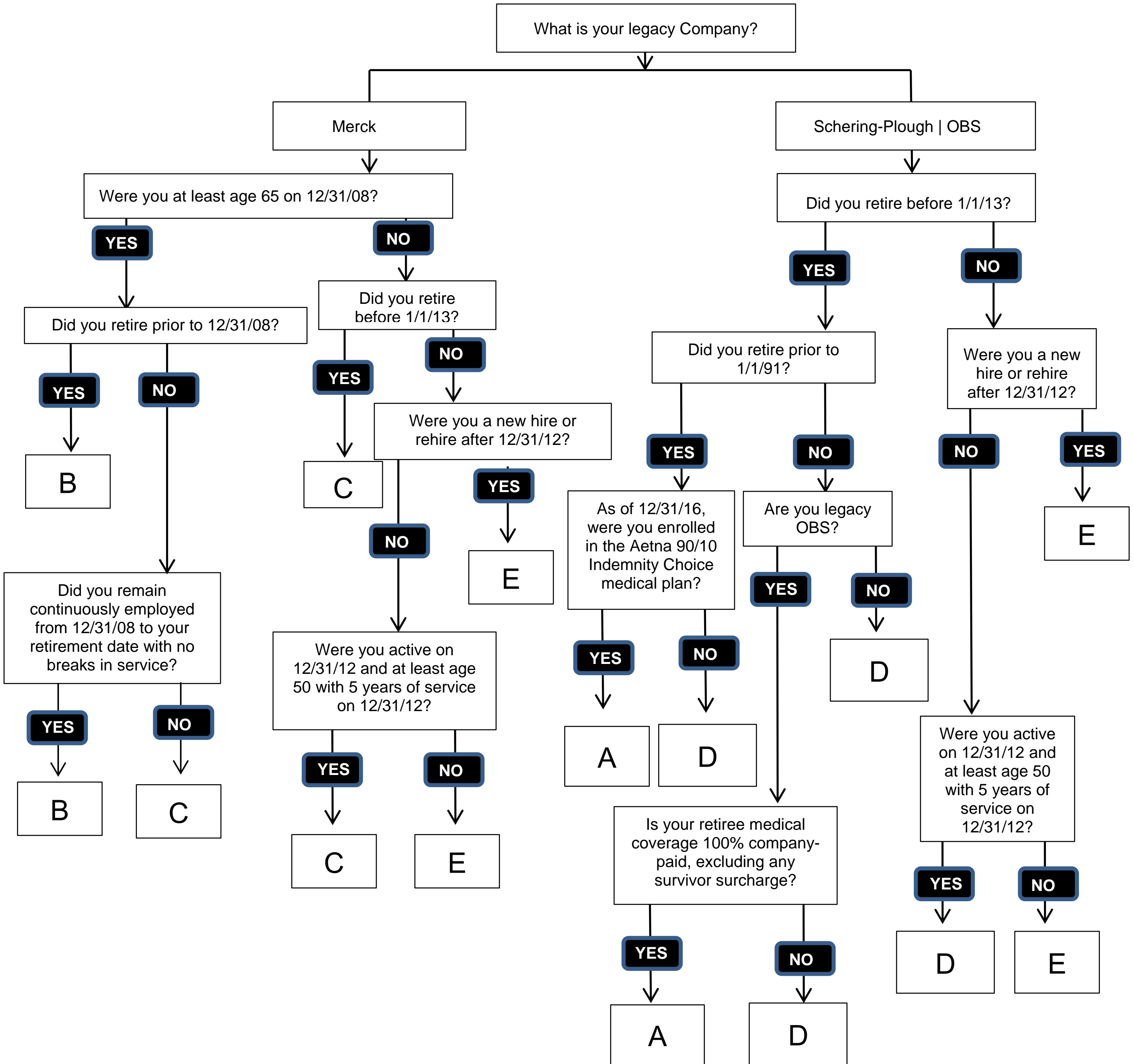
True Out-of-Pocket Maximum (TrOOP) — TrOOP costs are those prescription costs that can be used to calculate when you exit the donut hole (or coverage gap) of your Medicare Part D (prescription drug) coverage and enter the Catastrophic Coverage Stage of your Medicare Part D coverage. TrOOP includes the amount of your initial deductible (if any) and your copayments or coinsurance during the initial coverage stage. While in the donut hole, it includes what you pay when you fill a prescription and of the 65% donut hole discount on brand drugs, it includes the 50% donut hole discount paid by the drug manufacturer. The additional 15% donut hole discount on brand drugs and the 56% donut hole discount on generics do not count toward TrOOP as they are paid by your Medicare Part D plan. TrOOP also includes payments made for your drugs by any of the following programs or organizations: "Extra Help" from Medicare; Indian Health Service; AIDS drug assistance programs; most charities; and most State Pharmaceutical Assistance Programs (SPAPs).

Unsubsidized — You pay the full cost of retiree medical coverage.

YSA —Your Spending Account.

APPENDIX

Your Subsidy Group determines the amount of your annual HRA contribution from the Company. The flowchart below helps you determine which Subsidy Group you are in and is based on “you” being the Merck retiree. Your Subsidy Group is set when you are first enrolled in the Plan and will remain unchanged throughout your participation in the Plan.



The chart below shows the total annual HRA contribution for each Subsidy Group. If you become eligible for the HRA mid-year, your annual HRA Contribution will be prorated to reflect the number of months remaining in that calendar year.

Subsidy Group	Subsidy Group Description[13]	Annual HRA Contribution					
		For Retiree			For Spouse / Domestic Partner / Dependents		
		Base Credit	Grandfathered Credit	Total	Base Credit	Grandfathered Credit	Total
A	**Legacy Schering/OBS Great Grandfather**	$1,200	$3,200	**$4,400**	$800	$3,200	**$4,000**
B	**Legacy Merck Great Grandfather**	$1,200	$1,800	**$3,000**	$800	$1,800	**$2,600**
C	**Legacy Merck Grandfather**	$1,200	$600	**$1,800**	$800	$600	**$1,400**
D	**Legacy Schering/OBS Grandfather**	$1,200	$600	**$1,800**	$800	$600	**$1,400**
E	**Non-Grandfather**	$1,200	$0	**$1,200**	$800	$0	**$800**

[13] The Subsidy Group Descriptions are general terms used to describe the general classes of retirees (and dependents and survivors) that are eligible for the specific HRA contributions associated with that particular Subsidy Group. They are not defined terms under the Plan.

KEY POINT — CALCULATION OF HRA CONTRIBUTION FOR MERCK COUPLES

If you are part of a Merck couple and both you and your Spouse or Domestic Partner retired prior to Dec. 31, 2016, and are both eligible for the Aon Retiree Health Exchange as of Mar. 1, 2017, there is a special transition rule about how to determine your Subsidy Group and calculate your HRA contribution. The HRA contribution will be determined based on your status as a retiree and your status as a Spouse or Domestic Partner, and you will receive the greater contribution and be assigned the associated Subsidy Group, even if one of you was covered as a dependent when you were enrolled in the Merck Group Retiree Medical Plan. This is a one-time calculation of your Subsidy Group. If your HRA contribution is greater as a Spouse or Domestic Partner, you will continue to be assigned that Subsidy Group and receive the corresponding HRA contribution as long as you are eligible for the Merck Retiree HRA.

If you are part of a Merck couple but both of you are not retired prior to Dec. 31, 2016, and both are not eligible for the Aon Retiree Health Exchange as of Mar. 1, 2017, your Subsidy Group and HRA contribution will be determined based on your Subsidy Group determined by your status as a retiree (and not the Spouse or Domestic Partner of a retiree) in the table on the preceding page.

The information contained herein has been provided by Merck & Co., Inc. and is solely the responsibility of Merck & Co., Inc. (and its subsidiaries).