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 AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MARCH 23, 1994

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 SECURITIES AND EXCHANGE COMMISSION

 WASHINGTON, D. C. 20549

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 FORM 10-K

 (MARK ONE)

 /X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D)

 OF THE SECURITIES EXCHANGE ACT OF 1934 [Fee Required]

 For the Fiscal Year Ended December 31, 1993

 or

 / / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D)

 OF THE SECURITIES EXCHANGE ACT OF 1934 [No Fee Required]

 For the transition period from to

 COMMISSION FILE NO. 1-3305

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 MERCK & CO., INC.

 P.O. Box 100

 Whitehouse Station, N. J. 08889-0100

 (908) 423-1000

 Incorporated in New Jersey

 I.R.S. Employer

 Identification No. 22-1109110

 SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

 Name of Each Exchange

 Title of Each Class on which Registered

 Common Stock New York and Philadelphia Stock Exchanges

 (no par value)

 Number of shares of Common Stock (no par value) outstanding as of February 28,

1994: 1,255,550,712.

 Aggregate market value of Common Stock (no par value) held by

non-affiliates on December 31, 1993 based on closing price on February 28,

1994: $40,484,000,000.

 Indicate by check mark whether the registrant (1) has filed all reports

required to be filed by Section 13 or 15(d) of the Securities Exchange Act of

1934 during the preceding 12 months (or for such shorter period that the

registrant was required to file such reports), and (2) has been subject to such

filing requirements for the past 90 days. YES X. NO ........

 Indicate by check mark if disclosure of delinquent filers pursuant to Item

405 of Regulation S-K is not contained herein, and will not be contained, to the

best of registrant's knowledge, in definitive proxy or information statements

incorporated by reference in Part III of this Form 10-K or any amendment to this

Form 10-K. [ X ]

 DOCUMENTS INCORPORATED BY REFERENCE:

 Document Part of Form 10-K

 Annual Report to stockholders for the fiscal Parts I and II

 year ended December 31, 1993

 Proxy Statement for the Annual Meeting of Part III

 Stockholders to be held April 26, 1994

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 PART I

ITEM 1. BUSINESS.

 Merck & Co., Inc. is a worldwide organization engaged primarily in the

business of discovering, developing, producing and marketing products and

services for the maintenance or restoration of health. The Company's business is

divided into two industry segments: Human and Animal Health Products and

Services and Specialty Chemical Products. The Human and Animal Health Products

and Services segment includes Medco Containment Services, Inc. ("Medco"), which

was acquired in November 1993. Medco principally provides services designed to

reduce prescription drug benefit costs through managed prescription drug

programs and managed mental health-care services for health benefit plans.

Financial information about industry segments of the Company's business is

incorporated by reference to page 50 of the Company's 1993 Annual Report to

stockholders.

HUMAN AND ANIMAL HEALTH PRODUCTS AND SERVICES SEGMENT

 Human and animal health products include therapeutic and preventive agents

for the treatment of human disorders, which are generally sold by prescription,

and for the control and alleviation of disease in livestock, small animals and

poultry. Human and animal health products also include poultry breeding stock

and crop protection products. This segment contributed $9,987.9 million,

$9,067.6 million and $8,019.5 million to Company sales in 1993, 1992 and 1991,

respectively.

 Human health products include cardiovascular products, of which Vasotec

(enalapril maleate), Mevacor (lovastatin), Zocor (simvastatin), Prinivil

(lisinopril) and Vaseretic (enalapril maleate-hydrochlorothiazide) are the

largest-selling; anti-ulcerants, of which Pepcid (famotidine) and Prilosec

(omeprazole) are the largest-selling; antibiotics, of which Primaxin

(imipenem-cilastatin sodium), Noroxin (norfloxacin) and Mefoxin (cefoxitin

sodium) are the largest-selling; vaccines/biologicals, of which M-M-R II

(measles, mumps and rubella virus vaccine live) and Recombivax HB (hepatitis B

vaccine recombinant) are the largest-selling; ophthalmologicals, of which

Timoptic (timolol maleate) is the largest-selling; anti-inflammatory/analgesic

products, of which Indocin (indomethacin), Clinoril (sulindac) and Dolobid

(diflunisal) are the largest-selling; and other human health products which

include antiparkinsonism products, psychotherapeutics, a muscle relaxant and

Proscar (finasteride), a treatment for symptomatic benign prostate enlargement.

Human health services include health-care cost containment services, principally

managed prescription drug programs.

 Animal health/crop protection products include antiparasitics, of which

Ivomec (ivermectin) for the control of internal and external parasites in

livestock and Heartgard-30 (ivermectin) for the prevention of canine heartworm

disease are the largest-selling; crop protection products, of which

abamectin-based miticides/insecticides are the largest-selling; coccidiostats

for the treatment of poultry disease; and poultry breeding stock.

 The following table shows the sales of various classes of the Company's

human and animal health products and services:

 ($ IN MILLIONS) 1993\* 1992 1991

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 Cardiovasculars........................................ $4,820.8 $4,482.0 $3,804.2

 Anti-ulcerants......................................... 1,324.0 1,043.9 820.6

 Antibiotics............................................ 868.7 942.2 917.7

 Vaccines/biologicals................................... 522.9 485.3 375.1

 Ophthalmologicals...................................... 454.6 457.2 425.2

 Anti-inflammatories/analgesics......................... 336.8 430.5 500.4

 Other human health..................................... 446.8 373.4 381.9

 Other Medco sales...................................... 296.6 -- --

 Animal health/crop protection.......................... 916.7 853.1 794.4

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 Total........................................... $9,987.9 $9,067.6 $8,019.5

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 \* Sales by therapeutic class include Medco sales of Merck products. Medco

sales of non-Merck products and Medco services are included in Other Medco

sales.

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 In November 1993, the Company acquired all of the outstanding shares of

Medco for approximately $6.6 billion. The purchase price consisted of $2.4

billion in cash, 114.0 million common shares with a market value of $3.8 billion

and 36.1 million options valued at $387.1 million, net of tax. Martin J. Wygod,

Chairman of the Board of Directors of Medco and a stockholder of Medco prior to

the merger, was elected to the Board of Directors of the Company effective

November 1993. Medco principally provides services designed to reduce

prescription drug benefit costs through managed prescription drug programs, and

also provides managed mental health-care services. Medco provides these services

to corporations, labor unions, insurance companies, Blue Cross and Blue Shield

organizations, Federal and state employee plans, and health maintenance and

other similar organizations.

 A new human health product cleared for marketing in the United States by

the Federal Food and Drug Administration ("FDA") in November 1993 is Timoptic-XE

(timolol maleate ophthalmic gel-forming solution), a once-a-day treatment to

reduce intraocular pressure in certain glaucoma patients, and sales of the

product began in the United States in January 1994. Also in 1993, the FDA

cleared for marketing the use of Vasotec to reduce the rate of development of

symptomatic heart failure and decrease the need for related hospitalization in

asymptomatic patients with left ventricular dysfunction.

 In May 1993, the Company and Pasteur Merieux Serums & Vaccins ("Pasteur

Merieux"), which is part of the Rhone-Poulenc group, signed an agreement to form

a joint venture to market human vaccines and to collaborate in the development

of new combination vaccines for distribution in the European Union ("EU")

(formerly referred to as the European Community) and the European Free Trade

Association. The establishment of this joint venture, which would be equally

owned by the Company and Pasteur Merieux, is subject to various approvals,

including that of the European Commission.

 Effective April 1992, the Company, through the Merck Vaccine Division, and

Connaught Laboratories, Inc. ("Connaught"), an affiliate of Pasteur Merieux,

agreed to collaborate on the development and marketing of combination pediatric

vaccines and to promote selected vaccines in the United States. The research and

marketing collaboration will enable the companies to pool their resources to

expedite the development of vaccines combining several different antigens to

protect children against a variety of diseases, including Haemophilus influenzae

type b, hepatitis B, diphtheria, tetanus, pertussis and poliomyelitis. In

addition, the Company and Connaught have agreed to promote a number of each

other's vaccine products.

 Effective January 1991, the Company and E. I. du Pont de Nemours and

Company ("Du Pont") entered into a joint venture to form a worldwide

pharmaceutical company for the research, marketing, manufacturing and sale of

pharmaceutical and imaging agent products. Du Pont contributed its entire

worldwide pharmaceutical and radiopharmaceutical imaging agents businesses to

the joint venture and is providing administrative services. The Company's

contribution includes rights to Sinemet (carbidopa-levodopa), Sinemet CR

(sustained-release formulation), Moduretic (amiloride HCl-hydrochlorothiazide),

Prinivil and Prinzide (lisinopril and hydrochlorothiazide) in the United

Kingdom, France, Germany, Italy and Spain, research and development expertise,

development funds, international industry expertise and cash. The joint venture

co-promotes Vasotec in the United States.

 Under separate agreements between the Company and Du Pont for which the

joint venture carries out Du Pont's obligations, commencing in 1993 marketing

applications were submitted worldwide for Cozaar (losartan potassium) and Hyzaar

(losartan potassium and hydrochlorothiazide), the first of a new class of drugs

for treatment of high blood pressure and heart failure. The joint venture has

rights under these agreements to Sinemet and Sinemet CR in North America and

Vaseretic in the United States and Canada.

 In January 1993, the Company and Johnson & Johnson finalized an agreement

to extend into Europe the U.S. joint venture that was formed in 1989. This new

European extension is intended to market and sell over-the-counter

pharmaceutical products in Europe. In October 1991, as a first step toward the

establishment of the European business, the two companies acquired certain

assets of Woelm Pharma G.m.b.H., a leading German self-medication business owned

by Rhone-Poulenc Rorer, including a topical cough/cold product, two laxatives

and a line of vitamins. In January 1993, the Company contributed its existing

over-the-counter medication business in Spain to a new joint venture company. In

September 1993, Johnson & Johnson and the Company established a new company in

the United Kingdom to market the Company's and Johnson & Johnson's

over-the-counter medications. In January 1994, the Company and Johnson & Johnson

acquired all

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of the stock of Laboratoires J.P. Martin, a leading self-medication business in

France. In January 1993, the Company submitted a New Drug Application ("NDA") to

the FDA for an over-the-counter form of the Company's ulcer medication Pepcid,

to be marketed in the United States by the joint venture. Beginning January

1993, marketing approval applications for over-the-counter Pepcid were filed in

15 European countries and 3 other countries, in addition to the U.S. filing. In

February 1994, the marketing license for an over-the-counter formulation of

Pepcid was cleared in the United Kingdom.

 In 1982, the Company entered into an agreement with AB Astra ("Astra") to

develop and market Astra products in the United States. Currently, under the

first phase of the agreement, the Company markets three Astra products,

Prilosec, Plendil (felodipine) and Tonocard (tocainide hydrochloride), in

exchange for a royalty. An NDA which had been submitted to the FDA in January

1993 for Roxiam (remoxipride), an Astra product being developed for the

treatment of acute and chronic schizophrenia, was withdrawn in January 1994.

 In July 1993, the Company's total sales of Astra products reached the level

that triggered the first step in the establishment of a separate entity to

market Astra products under the Company's agreement with Astra. The Company is

now building the infrastructure and developing various capabilities to develop

and market Astra products within a separate company. The Company expects to

fully transfer its Astra-related business and assets to the joint venture

company owned by the Company and Astra by early 1995. Astra has the right to

obtain a 50 percent ownership of the business and assets transferred by

compensating the Company with a payment roughly equivalent to U.S. sales of

Astra products over a 12-month period beginning September 1, 1993. The result of

these actions is not expected to have a significant impact on financial results

in the near term.

 In 1992, the Company entered into agreements to (i) establish a new

manufacturing, sales and promotion entity in Turkey; (ii) restructure Merck

Human Health Division operations in Taiwan; (iii) acquire a 100 percent interest

in its Mexican subsidiary, Laboratorios Prosalud, which engages in the

manufacture, marketing, promotion and sale of the Company's human

pharmaceutical, animal health and crop protection products in Mexico; and (iv)

develop and market with CSL Limited of Australia combination pediatric vaccines

in Australia, New Zealand and major markets in the Far East. In 1992, the

Company entered into agreements to acquire certain assets of TTV Limited and

Mervest Limited, the entities formerly used to market the Company's product line

in the People's Republic of China. In 1992, a new entity was established in Hong

Kong for the purpose of carrying on the Company's business in China via

representative offices in Beijing, Shanghai and Guangzhou. In 1993, 1992 and

1991, the Company established local organizations for sales and promotion in the

Russian Federation, the Ukraine, the Czech and Slovak republics, Slovenia,

Bulgaria, Romania, Poland and Hungary.

 Competition -- The markets in which this segment's business is conducted

are highly competitive. Such competition involves an intensive search for

technological innovations and the ability to market these innovations

effectively. With its long-standing emphasis on research and development, the

Company is well prepared to compete in the search for technological innovations.

Additional resources to meet competition include quality control, flexibility to

meet exact customer specifications, an efficient distribution system and a

strong technical information service. The Company is active in acquiring and

marketing products through joint ventures and licenses and has been expanding

its sales and marketing efforts to further address changing industry conditions.

However, the introduction of new products and processes by competitors may

result in price reductions and product replacements, even for products protected

by patents. For example, the number of compounds available to treat each disease

entity has increased during the past several years and has resulted in slowing

the growth in sales of certain of the Company's products.

 In addition, particularly in the area of human pharmaceutical products,

legislation enacted in all states allows, encourages or, in a few instances, in

the absence of specific instructions from the prescribing physician, mandates

the use of "generic" products (those containing the same active chemical as an

innovator's product) rather than "brand-name" products. Governmental and other

pressures toward the dispensing of generic products have reduced significantly

the sales of certain of the Company's products no longer protected by patents,

such as Clinoril and Aldomet (methyldopa), and slowed the growth of certain

other products. In 1992, the Company formed a new division, West Point Pharma,

to market the generic form of its product

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Dolobid. In 1993, West Point Pharma began marketing an additional 11 off-patent

Company drugs in more than 20 different packages. See also the description of

the effect upon competition of the Drug Price Competition and Patent Term

Restoration Act of 1984 ("PTRA") on page 6. It is generally the Company's

position to limit individual product price increases of its pharmaceutical

products in the United States to the Consumer Price Index plus 1 percent on an

annual basis.

 Medco's pharmacy benefit management business is highly competitive. Medco

competes with other pharmacy benefit managers, retail prescription drug claims

processors, other mail service pharmacies, insurance companies, chain pharmacies

and other providers of health-care and/or administrators of health-care

programs. Medco competes primarily on the basis of its ability to design and

administer innovative programs which contain a plan sponsor's overall

prescription drug costs, its flexibility in handling integrated prescription

drug programs resulting from its ability to dispense drugs through mail service

and act as retail prescription drug manager, and the sophistication and quality

of its systems, procedures and services.

 Distribution -- Human health products are sold primarily to drug

wholesalers and retailers, hospitals, clinics, governmental agencies, managed

health-care providers such as health maintenance organizations and other

institutions. Customers for animal health/crop protection products include

veterinarians, distributors, wholesalers, retailers, feed manufacturers,

veterinary suppliers and laboratories. Marketing support is provided by

professional representatives who call on physicians, hospitals, veterinarians

and others throughout the world. This promotional activity is supplemented by

direct mail and journal advertising. Medco markets its health-care cost

containment services to plan sponsors principally through internal marketing and

sales personnel.

 Raw Materials -- Raw materials and supplies are normally available in

quantities adequate to meet the needs of this segment.

 Government Regulation and Investigation -- The pharmaceutical industry is

subject to global regulation by country, state and local agencies. Of particular

importance is the FDA in the United States, which administers requirements

covering the testing, approval, safety, effectiveness, manufacturing, labeling

and marketing of prescription pharmaceuticals. In many cases, the FDA

requirements have increased the amount of time and money necessary to develop

new products and bring them to market in the United States, although revised

regulations are designed to reduce somewhat the time for approval of new

products. In 1992, the Prescription Drug User Fee Act was passed, under which

the FDA will collect revenues through user fees. The FDA has pledged to devote

these revenues to its process for reviewing and approving applications for new

drugs, antibiotics and biological products.

 In recent years, an increasing number of legislative proposals have been

introduced or proposed in Congress and in some state legislatures that would

effect major changes in the health-care system, either nationally or at the

state level. In November 1993, President Clinton's Health Security Act was

introduced into Congress with moderate Democratic sponsorship. The Clinton plan

would guarantee to all Americans health insurance coverage for a

Federally-determined set of benefits, which includes pharmaceuticals. The plan

is highly regulatory and mandates that employers offer and fund health insurance

coverage for their employees. Among other things, the plan also provides for (1)

the Secretary of Health and Human Services to establish an Advisory Council on

Breakthrough Drugs to make recommendations to the Secretary as to the

reasonableness of new drug prices and (2) a mandatory 17 percent rebate on

outpatient pharmaceuticals reimbursed by Medicare. Also pending in Congress is

the Cooper/Grandy Managed Competition Act of 1993, a bipartisan health-care

reform bill, which relies primarily on market-based competition and insurance

reform to reduce health-care costs. The debate to reform the health-care system

is expected to be protracted and intense. Although the Company is positioned to

do business in a managed competition environment and respond to evolving market

forces, it cannot predict the outcome or effect of legislation resulting from

the reform process.

 For some years the pharmaceutical industry has been under Federal and state

oversight with the new drug approval system, drug safety, advertising and

promotion, drug purchasing and reimbursement programs and formularies variously

under review. The Company believes that it will continue to be able to bring new

drugs to market in this regulatory environment. One Federal initiative to

contain costs is the prospective payment

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system, established under the Social Security Amendments of 1983 to hold down

the growth of Medicare payments to hospitals, which provides a flat rate for

reimbursement to hospitals in advance of the care for patients. The system

establishes a number of patient classifications -- Diagnosis Related Groups

("DRG's"). A hospital receives the flat rate as full payment for each Medicare

patient treated within a given DRG regardless of whether the hospital's actual

costs are higher or lower than the flat rate. This system and other cost-cutting

programs have caused hospitals and other customers of the Company to be more

cost conscious in their treatment programs and to implement cost-containment

measures, including cost containment for the drugs they administer.

 Additionally, Congress and the regulatory agencies have sought to reduce

the cost of drugs paid for with Federal funds. In 1990, the Company initiated

its Equal Access to Medicines Program ("EAMP") on its single source products,

under which it generally offered its "best price" discount to state Medicaid

programs that grant open access to the Company's products. The Omnibus Budget

Reconciliation Act of 1990 ("OBRA") largely reflects the Company's best price

approach. As a result of a national agreement, effective January 1, 1991, signed

by the Company with the Secretary of Health and Human Services and administered

by the Health Care Financing Administration ("HCFA") pursuant to OBRA, Medicaid

received a minimum rebate of 12.5 percent off average manufacturer's price

("AMP") through September 30, 1992, received a minimum rebate of 15.7 percent

off AMP through 1993, and will receive a minimum rebate of 15.4 percent off AMP

through 1994, on the Company's outpatient drugs reimbursed under Medicaid. In

conjunction with implementation of the Federal program under OBRA, the Company's

separate EAMP agreements with individual states have been permitted to lapse or

have been terminated. Effective in 1992, the terms of the Federal HCFA rebate

agreement were generally substituted for the EAMP agreements.

 In January 1992, the Company announced that it would provide discounts on

its single-source prescription medicines to non-profit health centers for the

poor that are Federally funded under sections 329-330 of the Public Health

Service Act that qualify for the Company's program and agree to assure access to

the Company's drugs. The discounts were largely based on those that the Company

provided Medicaid under the Federal "best price" legislation. The discounts were

ultimately provided to such centers for single-source, out-patient prescription

drugs (not reimbursed by Medicaid) purchased directly from the Company by the

centers for their patients.

 The Federal Veterans Health Care Act of 1992 was enacted on November 4,

1992, superceding the Company's Public Health Service initiative and mandating

Medicaid rebate-equivalent discounts on covered outpatient drugs purchased by

certain Public Health Service entities and "disproportionate share hospitals"

(hospitals meeting certain qualification criteria). The Act further mandates

minimum discounts of 24 percent off non-Federal AMP to the Veterans

Administration, Federal Supply Schedule and certain other Federal sector

purchasers on their pharmaceutical drug purchases.

 The Company encounters similar regulatory and legislative issues in most of

the foreign countries where it does business. There, too, the primary thrust of

governmental inquiry and action is toward determining drug safety and

effectiveness, often with mechanisms for controlling the prices of prescription

drugs and the profits of prescription drug companies. The EU has adopted

directives concerning the classification, labeling, advertising and wholesale

distribution of medicinal products for human use. The Company's policies and

procedures are already consistent with the substance of these directives;

consequently, it is believed that they will not have any material effect on the

Company's business.

 The Company is subject to the jurisdiction of various regulatory agencies

and is, therefore, subject to potential administrative action. Such actions may

include product recalls, seizures of products and other civil and criminal

sanctions. Under certain circumstances, the Company may deem it advisable to

initiate product recalls voluntarily. Although it is difficult to predict the

ultimate effect of these activities and legislative, administrative and

regulatory requirements and proposals, the Company believes that its development

of new and improved products should enable it to compete effectively within this

environment.

 There are extensive Federal and state regulations applicable to the

practice of pharmacy and the administration of managed health-care programs.

Each state in which Medco operates a pharmacy has laws and regulations governing

its operation and the licensing of and standards of professional practice by its

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pharmacists. These regulations are issued by an administrative body in each

state (typically, a pharmacy board), which is empowered to impose sanctions for

non-compliance.

 Patents, Trademarks and Licenses -- Patent protection is considered, in the

aggregate, to be of material importance in the Company's marketing of human and

animal health products in the United States and in most major foreign markets.

Patents may cover products per se, pharmaceutical formulations, processes for or

intermediates useful in the manufacture of products or the uses of products.

Protection for individual products extends for varying periods in accordance

with the date of grant and the legal life of patents in the various countries.

The protection afforded, which may also vary from country to country, depends

upon the type of patent and its scope of coverage.

 Patent portfolios developed for products introduced by the Company normally

provide marketing exclusivity. This is the case with products in the United

States such as Timoptic, Mefoxin, Timolide (timolol

maleate-hydrochlorothiazide), Ivomec, Tonocard in its oral form, Mevacor,

Vasotec, Primaxin, Noroxin, Prilosec in its oral form, Vaseretic, PedvaxHIB (the

Company's pediatric vaccine for prevention of Haemophilus influenzae type b

infections), Pepcid, Zocor, Plendil, Chibroxin (norfloxacin) and Proscar.

Prinivil is subject to a license to a third party and is not marketed

exclusively by the Company.

 Product patent protection in the United States has expired for the

following human and animal pharmaceutical products: Diuril (chlorothiazide),

Aldomet, Aldoril (methyldopa and hydrochlorothiazide), TBZ and Thibenzole

(thiabendazole), Amprol (amprolium), Blocadren (timolol maleate), Flexeril

(cyclobenzaprine hydrochloride), Moduretic, Decadron (dexamethasone), Indocin,

Clinoril, Dolobid, HydroDiuril (hydrochlorothiazide), Triavil (amitriptyline

hydrochloride-perphenazine) and Sinemet.

 While the expiration of a product patent normally results in the loss of

marketing exclusivity for the covered product, commercial benefits may continue

to be derived from: (i) later-granted patents on processes and intermediates

related to the most economical method of manufacture of the active ingredient of

such product; (ii) patents relating to the use of such product; (iii) patents

relating to special compositions and formulations; and (iv) marketing

exclusivity that may be available under the PTRA. The effect of product patent

expiration also depends upon many other factors such as the nature of the market

and the position of the product in it, the growth of the market, the

complexities and economics of the process for manufacture of the active

ingredient of the product and the requirements of new drug provisions of the

Federal Food, Drug and Cosmetic Act or similar laws and regulations in other

countries.

 The PTRA in the United States permits restoration of up to five years of

the patent term for new products to compensate for patent term lost during the

regulatory review process. Additionally, under the PTRA new chemical entities

approved after September 24, 1984 receive a period of five years' exclusivity

from the date of NDA approval, during which time an "abbreviated NDA" or "paper

NDA" may not be submitted to the FDA. Similarly, in the case of non-new chemical

entities approved after September 24, 1984, the applications for which include

the new data of clinical investigations conducted or sponsored by the applicant

essential to approval, no abbreviated NDA or paper NDA may become effective

before three years from NDA approval. However, the PTRA has also resulted in a

general increase in the number and use of generic products marketed in the

United States because the regulatory requirements for approval of generic

versions of off-patent pioneer drugs have significantly lessened. Additionally,

the PTRA has increased the incentive for abbreviated NDA applicants to challenge

the validity of the United States patents claiming pioneer drugs because such a

challenge could result in an earlier effective approval date for the generic

version of the pioneer drug and a six-month period during which other generic

versions of the pioneer drug could not be marketed.

 In Japan, a patent term restoration law, which was enacted in 1988,

provides, under specific conditions, up to five years of additional patent life

for pharmaceuticals. In 1992, the Council of the European Communities published

a regulation which created supplementary protection certificates for medicinal

products. Thus, as of January 1993, certain medicinal products sold in the EU

became eligible for up to five years of market exclusivity after patent

expiration. However, this market exclusivity will expire throughout the EU 15

years after the first product approval in the EU. In February 1993, Canada

enacted Bill C91 which significantly modified Canadian patent law by eliminating

compulsory licensing of pharmaceutical products

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after December 20, 1991. Thus, patented pharmaceutical products will have market

exclusivity for the full 20-year patent life in Canada.

 The North American Free Trade Agreement was passed in November 1993. This

agreement requires Mexico to improve its patent law to meet international

standards and to provide full patent protection to pharmaceutical products. The

General Agreement on Tariff and Trade negotiations were concluded in December

1993. This agreement requires developing countries to upgrade their intellectual

property laws to meet minimum international standards and to provide full patent

protection for pharmaceutical products not later than the end of a ten-year

transition period.

 The Generic Animal Drug and Patent Term Restoration Act, enacted in

November 1988, provides for the extension of term of patents claiming new animal

drugs approved after enactment. This legislation also establishes a process by

which generic versions of new animal drugs can be approved via an Abbreviated

New Animal Drug Application procedure. The provisions of this legislation, in

general, are parallel to those found in the PTRA covering human health products.

 Worldwide, all of the Company's important products are sold under

trademarks that are considered in the aggregate to be of material importance.

Trademark protection continues in some countries as long as used; in other

countries, as long as registered. Registration is for fixed terms and can be

renewed indefinitely.

 Royalties received during 1993 on patent and know-how licenses and other

rights amounted to $63.2 million. The Company also paid royalties amounting to

$230.7 million in 1993 under patent and know-how licenses it holds.

SPECIALTY CHEMICAL PRODUCTS SEGMENT

 The Company's specialty chemical products have a wide variety of

applications such as use in health care, food processing, oil exploration,

paper, textiles and personal care. This segment contributed $510.3 million,

$594.9 million and $583.2 million to Company sales in 1993, 1992, and 1991,

respectively. The decrease in 1993 sales in this segment is attributable to the

Company's sale in June 1993 of the Calgon Water Management business for $307.5

million to English China Clays plc.

 Competition -- The markets in which this segment's business is conducted

are highly competitive. An important factor in such competition is the degree of

success in the search for technological innovations. The introduction of new

products and processes by competitors may render the Company's products obsolete

and may result in price reductions and product replacements. With its

long-standing emphasis on research and development, the Company is well prepared

to compete in the search for technological innovations and in the conception of

expanded applications for existing products. Additional resources utilized by

the Company to meet competition include quality control, flexibility to meet

exact customer specifications, an efficient distribution system and a strong

technical information service.

 Distribution -- Sales of products and related services are made to

industrial users, health-care providers and distributors.

 Raw Materials -- Raw materials and supplies are normally available in

quantities sufficient to meet the needs of this segment.

 Patents and Trademarks -- Although the Company has United States and

foreign patents on apparatus, products, uses and processes relating to specialty

chemical products, the patent protection afforded is not considered material in

the aggregate. Worldwide, all of the Company's important products are sold under

trademarks. Trademark protection continues in some countries as long as used; in

other countries, as long as registered. Registration is for fixed terms and can

be renewed indefinitely. Trademarks are considered in the aggregate to be of

material importance.

RESEARCH AND DEVELOPMENT

 The Company's business is characterized by the introduction of new products

or new uses for existing products through a strong research and development

program. Approximately 6,400 people are employed in the Company's research

activities. Expenditures for the Company's research and development programs

were

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$1,172.8 million in 1993, $1,111.6 million in 1992 and $987.8 million in 1991

and are expected to exceed $1.3 billion in 1994, an increase of 12 percent over

1993. These increases reflect the Company's ongoing commitment to research over

a broad range of therapeutic areas and clinical development in support of new

products. Total expenditures for the period 1980 through 1993 exceeded $8.5

billion with a compound annual growth rate of 14 percent. Costs incurred by the

joint ventures in which the Company participates, totalling $311.3 million in

1993, are not included in the Company's consolidated research and development

expenses.

 The Company maintains a number of long-term exploratory and fundamental

research programs in biology and chemistry as well as research programs directed

toward product development. Projects related to human and animal health are

being carried on in various fields such as bacterial and viral infections,

cardiovascular functions, cancer, diabetes, inflammation, ulcer therapy, kidney

function, mental health, the nervous system, ophthalmic research, prostate

therapy, the respiratory system, bone diseases, animal nutrition and production

improvement, endoparasitic and ectoparasitic diseases and poultry genetics.

Other programs are in the areas of food additives and wound dressings.

 In the development of human and animal health products, industry practice

and government regulations in the United States and most foreign countries

provide for the determination of effectiveness and safety of new chemical

compounds through animal tests and controlled clinical evaluation. Before a new

drug may be marketed in the United States, recorded data on the experience so

gained are included in the NDA, biological Product License Application or the

New Animal Drug Application to the FDA for the approval required. The

development of certain other products, such as insecticides and food additives,

is also subject to government regulations covering safety and efficacy in the

United States and many foreign countries. There can be no assurance that a

compound that is the result of any particular program will obtain the regulatory

approvals necessary for it to be marketed.

 A potential new product for the Human and Animal Health segment resulting

from this research and development program for which a Product License

Application was submitted to the FDA in 1992 is Varivax (live attenuated

chickenpox vaccine), a vaccine for the prevention of chickenpox. In January

1994, the FDA's External Advisory Committee on Biologics favorably reviewed

Varivax. In 1993, the Company submitted NDAs for an over-the-counter form of the

Company's ulcer medication Pepcid, to be marketed by the Johnson & Johnson -

Merck Consumer Pharmaceuticals Co., and for Trusopt (dorzolamide hydrochloride),

a treatment to reduce intraocular pressure associated with glaucoma, Cozaar and

Hyzaar.

EMPLOYEES

 At the end of 1993, the Company had 47,100 employees worldwide, with 30,200

employed in the United States, including Puerto Rico. Approximately 26 percent

of the Company's worldwide employees are represented by various collective

bargaining groups. In 1993, the Company offered a voluntary retirement program

in areas of the Company where it was determined that a reduction in workforce

was appropriate.

ENVIRONMENTAL MATTERS

 The Company believes that it is in compliance in all material respects with

applicable environmental laws and regulations. The Company has maintained a

leadership role in supporting environmental initiatives and fostering pollution

prevention by actions including the elimination of, or application of best

available technology to, air emissions of carcinogens or suspect carcinogens by

the Company, which was accomplished in 1993. Projects are currently underway to

reduce all environmental releases of toxic chemicals by 90 percent by the end of

1995. In 1993, the Company incurred capital expenditures of approximately $122.4

million for environmental control facilities. Capital expenditures for this

purpose are forecasted to exceed $400.0 million for the years 1994 through 1998.

In addition, the Company's operating and maintenance expenditures for pollution

control were approximately $40.0 million in 1993. Expenditures for this purpose

for the years 1994 through 1998 are forecasted to exceed $200.0 million. The

Company is also remediating environmental contamination resulting from past

industrial activity at certain of its sites. Remediation expenditures were $26.3

million in 1993 and are estimated at $170.0 million for the years 1994 through

1998. The Company has been accruing for these costs. Management does not believe

that these expenditures should ultimately result in

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a material adverse effect on the Company's financial position, results of

operations, liquidity or capital resources.

GEOGRAPHIC AREA INFORMATION

 The Company's operations outside the United States are conducted primarily

through subsidiaries. Sales by subsidiaries outside the United States were 44

percent of sales in 1993 and 46 percent of sales in 1992 and 1991.

 The Company's worldwide business is subject to risks of currency

fluctuations, governmental actions and other governmental proceedings abroad.

The Company does not regard these risks as a deterrent to further expansion of

its operations abroad. However, the Company closely reviews its methods of

operations, particularly in less developed countries, and adopts strategies

responsive to changing economic and political conditions.

 The ongoing integration of the European market is impacting businesses

operating within the EU, particularly on businesses such as the Company's that

maintain research facilities, manufacturing plants and marketing and sales

organizations in several different countries in the EU. The Company is in the

process of rationalizing its operations within the EU so as to continue to meet

the needs of its customers in the most efficient manner possible. The Company

believes it will continue to be well positioned to compete successfully in this

market, although it is not now possible to predict the extent to which the

Company might be affected in the future by this development.

 Financial information about geographic areas of the Company's business is

incorporated by reference to page 50 of the Company's 1993 Annual Report to

stockholders.

ITEM 2. PROPERTIES.

 The Company's corporate headquarters is located in Whitehouse Station, New

Jersey. The human and animal health business is conducted through divisional or

subsidiary headquarters located in Montvale, New Jersey; Rahway, New Jersey;

Walpole, New Hampshire; West Point, Pennsylvania; and Woodbridge, New Jersey.

Divisional or subsidiary headquarters in San Diego, California and St. Louis,

Missouri are used in the Specialty Chemical Products segment. Principal research

facilities for human and animal health products are located in Rahway and West

Point and for specialty chemical products in San Diego and St. Louis. The

Company also has production facilities for human and animal health products at

12 locations in the United States and for specialty chemical products at 4

locations in the United States. Branch warehouses are conveniently located to

serve markets throughout the country. Medco operates its primary businesses

through owned or leased facilities in various locations throughout the United

States. Outside the United States, through subsidiaries, the Company owns or has

an interest in manufacturing plants or other properties in most major countries

of the free world.

 Capital expenditures for 1993 were $1,012.7 million compared with $1,066.6

million for 1992. In the United States, these amounted to $759.7 million for

1993 and $784.0 million for 1992. Abroad, such expenditures amounted to $253.0

million for 1993 and $282.6 million for 1992.

 The Company and its subsidiaries own their principal facilities and the

manufacturing plants under titles which they consider to be satisfactory. The

Company considers that its properties are in good operating condition and that

its machinery and equipment have been well maintained. Plants for the

manufacture of products for both segments are suitable for their intended

purposes and have capacities adequate for current and projected needs for

existing Company products. Some capacity of the human and animal health products

plants is being converted, with any needed modification, to the requirements of

newly introduced and future products.

ITEM 3. LEGAL PROCEEDINGS.

 The Company, including Medco, is party to in excess of 20 antitrust suits

(some of which purport to be class actions) instituted by retail pharmacies,

alleging conspiracies in restraint of trade and challenging the pricing and

purchasing practices of the Company and Medco, respectively. A significant

number of other pharmaceutical companies have also been sued in the same or

similar litigation. The Company, including

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Medco, was also sued prior to the Company's merger with Medco by a retail

pharmacy, which sought and continues to seek an injunction of the merger (the

"merger case"). Most of these actions, except for the merger case and several

actions pending in California state court, have been consolidated for pretrial

purposes in the United States District Court for the Northern District of

Illinois ("Illinois Federal Court"). A number of similar antitrust complaints

were filed subsequent to the consolidation, and the Company will request

consolidation and transfer of these actions to Illinois Federal Court. While it

is not feasible to predict the outcome of these proceedings, in the opinion of

the Company, such proceedings should not ultimately result in any liability

which would have a material adverse effect on the Company.

 The Company is a party to a number of proceedings brought under the

Comprehensive Environmental Response, Compensation and Liability Act, commonly

known as Superfund. These proceedings seek to require the operators of hazardous

waste disposal facilities, transporters of waste to the sites and generators of

hazardous waste disposed of at the sites to clean up the sites or to reimburse

the Government for cleanup costs. The Company has been made a party to these

proceedings as an alleged generator of waste disposed of at the sites. In each

case, the Government alleges that the defendants are jointly and severally

liable for the cleanup costs. Although joint and several liability is alleged,

these proceedings are frequently resolved so that the allocation of cleanup

costs among the parties more nearly reflects the relative contributions of the

parties to the site situation. The Company's potential liability varies greatly

from site to site. For some sites the potential liability is de minimis and for

others the costs of cleanup have not yet been determined. While it is not

feasible to predict the outcome of many of these proceedings brought by state

agencies or private litigants, in the opinion of the Company, such proceedings

should not ultimately result in any liability which would have a material

adverse effect on the Company. The Company has accrued for these costs and such

accruals do not include any reduction for anticipated recoveries of cleanup

costs from former site owners or operators or other recalcitrant potentially

responsible parties.

 In March 1991, the Company reached agreement with the New Jersey Department

of Environmental Protection ("DEP") to settle a proceeding, commenced in

September 1989, regarding alleged violations by the Company of discharge

limitations in two permits for its Rahway, New Jersey site. The agreement

provided for the Company to pay a fine of $575,188 for alleged past violations

and enter into a consent order under which it will undertake specific

operational and equipment improvements to its Rahway facility's discharges of

waste water and storm water. The consent order also provided for payment to DEP

of stipulated penalties for discharge permit violations occurring after June

1990 until the improvements to the site's discharge system are complete,

scheduled in the consent order to be no later than November 1, 1994. The Company

has paid approximately $420,000 in additional stipulated penalties for discharge

violations occurring after June 30, 1990.

 A consent decree was entered into in July 1993 between Kelco Division and

the State of California in settlement of allegations by the State that Kelco's

San Diego facility had violated its wastewater discharge permit pH limits. The

consent decree provides that Kelco will pay penalties of $200,000 for alleged

past violations and that the San Diego facility will continuously monitor its

wastewater discharges to the sewerage authority and will demonstrate continuous

compliance with its permit pH limits for a period of one year. The consent

decree also provides that the definition of "continuous compliance" will not

include exceedences whose monthly total does not exceed 1 percent of the

operating time of the system. The facility has already undertaken improvements

to its wastewater discharge system that will improve the quality and control of

the discharges.

 There are various other legal proceedings, principally product liability

and intellectual property suits, which are pending against the Company. While it

is not feasible to predict the outcome of these proceedings, in the opinion of

the Company, all such proceedings are either adequately covered by insurance or,

if not so covered, should not ultimately result in any liability which would

have a material adverse effect on the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

 Not applicable.

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EXECUTIVE OFFICERS OF THE REGISTRANT (AS OF MARCH 1, 1994)

P. ROY VAGELOS -- Age 64

 July, 1993 -- Chairman of the Board, President and Chief Executive Officer

 January, 1993 -- Chairman of the Board and Chief Executive Officer

 April, 1986 -- Chairman of the Board, President and Chief Executive Officer

DAVID W. ANSTICE -- Age 45

 January, 1994 -- President, Human Health-Europe

 January, 1993 -- Senior Vice President, Merck Human Health Division

 (MHHD)-Europe

 April, 1991 -- Senior Vice President, MHHD and President, U.S. Human Health

 July, 1989 -- Vice President, Marketing, Merck Sharp & Dohme Division

 August, 1988 -- Vice President, International Human Health Marketing, Merck

 Sharp & Dohme International Division

MICHAEL G. ATIEH -- Age 40

 January, 1994 -- Vice President, Public Affairs

 April, 1990 -- Treasurer

 August, 1988 -- Vice President, Government Relations

CELIA A. COLBERT -- Age 37

 November, 1993 -- Secretary and Assistant General Counsel

 September, 1993 -- Secretary

 February, 1993 -- Secretary, New Products Committee

 October, 1992 -- Counsel, Corporate Staff

 May, 1991 -- Associate Counsel, Corporate Staff

 November, 1988 -- Senior Attorney, Corporate Staff

STEVEN M. DARIEN -- Age 51

 April, 1990 -- Vice President, Human Resources

 May, 1989 -- Vice President, Worldwide Personnel

 February, 1985 -- Vice President, Employee Relations

CAROLINE DORSA -- Age 34

 January, 1994 -- Treasurer

 July, 1993 -- Executive Director, Customer Marketing, U. S. Human Health

 (USHH)

 June, 1992 -- Executive Director, Pricing and Strategic Planning, USHH

 April, 1990 -- Executive Director, Financial Evaluation and Analysis

 June, 1989 -- Director, Pension and Benefits Investment

 January, 1989 -- Manager, Pension and Benefits Investment

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JERRY T. JACKSON -- Age 52

 January, 1994 -- Executive Vice President -- responsible for marketing and

 sales operations outside of the United States and Canada and the

 activities of Merck AgVet and Merck Vaccine Divisions and the Astra/Merck

 Group

 January, 1993 -- Executive Vice President and President, Merck Human Health

 Division -- responsible for worldwide human health business

 April, 1991 -- Senior Vice President -- responsible for activities of Merck

 AgVet and Merck Vaccine Divisions, Merck Specialty Chemicals and Merck

 Consumer Healthcare Groups and liaison with AB Astra and The Du Pont Merck

 Pharmaceutical Company

 August, 1988 -- President, Merck Sharp & Dohme International Division

BERNARD J. KELLEY -- Age 52

 December, 1993 -- President, Merck Manufacturing Division (MMD)

 August, 1993 -- Senior Vice President, Operations, MMD

 September, 1991 -- Senior Vice President, Administration, Planning and

 Quality, MMD

 September, 1989 -- Vice President, Business Affairs, Merck AgVet Division

 July, 1986 -- President, Hubbard Farms, Inc.

RICHARD J. LANE -- Age 42

 January, 1994 -- President, Human Health-North America

 January, 1993 -- Senior Vice President, Merck Human Health Division (MHHD)

 and President, U.S. Human Health

 April, 1991 -- Senior Vice President, MHHD-Europe

 October, 1990 -- Vice President, Merck Sharp & Dohme (Europe) Inc. and

 Managing Director, Merck Sharp & Dohme Limited

 January, 1990 -- Executive Director, Marketing, Merck Sharp & Dohme Limited

 January, 1987 -- Executive Director, Marketing Planning, Merck Sharp &

 Dohme Division

JUDY C. LEWENT -- Age 45

 December, 1993 -- Senior Vice President and Chief Financial Officer --

 responsible for financial and public affairs functions and philanthropic

 activities

 June, 1993 -- Senior Vice President, Chief Financial Officer and Controller

 January, 1993 -- Senior Vice President and Chief Financial Officer

 April, 1990 -- Vice President, Finance and Chief Financial Officer

 October, 1987 -- Vice President and Treasurer

HENRI LIPMANOWICZ -- Age 55

 January, 1994 -- President, Human Health-Mid-Intercontinental Region

 (MIR)/Japan

 June, 1991 -- Senior Vice President, MIR, Merck Human Health Division

 April, 1989 -- Vice President, Mid-Europe, Merck Sharp & Dohme

 International Division (MSDI)

 October, 1981 -- Vice President, Economic and Strategic Planning, MSDI

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PER G. H. LOFBERG -- Age 46

 January, 1994 -- President, Merck-Medco U.S. Managed Care Division

 April, 1991 -- Senior Executive Vice President, Strategic Planning and

 Marketing, Medco Containment Services, Inc. (Medco)

 Prior to April, 1991, Mr. Lofberg was an executive officer of Medco for

 more than five years.

MARY M. MCDONALD -- Age 49

 January, 1993 -- Senior Vice President and General Counsel

 April, 1991 -- Vice President and General Counsel

 May, 1990 -- Assistant General Counsel and Counsel, Merck Sharp & Dohme

 International Division

 November, 1986 -- Assistant General Counsel, Corporate Staff

PETER E. NUGENT -- Age 51

 September, 1993 -- Vice President, Controller

 July, 1989 -- Vice President, Corporate Taxes

 December, 1987 -- Director -- Senior Tax Counsel

EDWARD M. SCOLNICK -- Age 53

 December, 1993 -- Executive Vice President, Science and Technology and

 President, Merck Research Laboratories (MRL) -- responsible for worldwide

 research function and activities of Merck Manufacturing Division and

 computer resources

 January, 1993 -- Executive Vice President and President, MRL -- responsible

 for worldwide research function and activities of Merck AgVet Division and

 computer resources

 April, 1991 -- Senior Vice President and President, MRL -- responsible for

 worldwide research function and activities of Merck Frosst Canada, Inc.

 May, 1985 -- President, Merck Sharp & Dohme Research Laboratories Division

FRANCIS H. SPIEGEL, JR. -- Age 58

 December, 1993 -- Executive Vice President -- responsible for human

 resources, internal auditing and corporate planning, development and

 licensing functions, activities of the Merck Consumer Healthcare Group,

 Kelco Division and liaison with The Du Pont Merck Pharmaceutical Company

 January, 1993 -- Executive Vice President -- responsible for human

 resources, internal auditing and corporate planning, development and

 licensing functions, activities of the Merck Consumer Healthcare Group and

 liaison with The Du Pont Merck Pharmaceutical Company

 April, 1991 -- Senior Vice President -- responsible for financial, human

 resources, internal auditing and corporate planning, development and

 licensing functions

 October, 1987 -- Senior Vice President -- responsible for financial,

 internal auditing and corporate planning, development and licensing

 functions

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PAUL C. SUTHERN -- Age 42

 November, 1992 -- President and Chief Operating Officer, Medco Containment

 Services, Inc. (Medco)

 December, 1991 -- Assistant to the Chairman, Medco

 Prior to December 1991, Mr. Suthern was Vice President -- Operations of

 Medco for more than five years

MARTIN J. WYGOD -- Age 54

 January, 1993 -- Chairman of the Board, Medco Containment Services, Inc.

 (Medco)

 Mr. Wygod has been Chairman of the Board of Medco for more than five years.

 Mr. Wygod also has been Chief Executive Officer of Medco for more than

 five years, other than January 1993 through October 1993.

 All officers listed above serve at the pleasure of the Board of Directors.

None of these officers was selected pursuant to any arrangement or understanding

between the officer and the Board. There are no family relationships among the

officers listed above except that Martin J. Wygod and Paul C. Suthern are

brothers-in-law.

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 PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER

MATTERS.

 The information required for this item is incorporated by reference to

pages 39 and 52 of the Company's 1993 Annual Report to stockholders.

ITEM 6. SELECTED FINANCIAL DATA.

 The information required for this item is incorporated by reference to the

data for the last five fiscal years of the Company included under Results for

Year and Year-End Position in the Selected Financial Data included on page 52 of

the Company's 1993 Annual Report to stockholders.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS

OF OPERATIONS.

 The information required for this item is incorporated by reference to

pages 32 through 39 of the Company's 1993 Annual Report to stockholders.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

 (A) FINANCIAL STATEMENTS

 The consolidated balance sheet of Merck & Co., Inc. and subsidiaries as of

December 31, 1993 and 1992, and the related consolidated statements of income,

retained earnings and cash flows for each of the three years in the period ended

December 31, 1993 and the report dated January 25, 1994 of Arthur Andersen &

Co., independent public accountants, are incorporated by reference to pages 40

through 50 and page 51 of the Company's 1993 Annual Report to stockholders.

 (B) SUPPLEMENTARY DATA

 Selected quarterly financial data for 1993 and 1992 are incorporated by

reference to page 39 of the Company's 1993 Annual Report to stockholders.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND

FINANCIAL DISCLOSURE.

 Not applicable.

 PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

 The required information on directors and nominees is incorporated by

reference to pages 2 (beginning with the caption "Election of Directors")-5 of

the Company's Proxy Statement for the Annual Meeting of Stockholders to be held

April 26, 1994. Information on executive officers is set forth in Part I of this

document on pages 11-14.

ITEM 11. EXECUTIVE COMPENSATION.

 The information required for this item is incorporated by reference to

pages 7 and 13-18 of the Company's Proxy Statement for the Annual Meeting of

Stockholders to be held April 26, 1994.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

 The information required for this item is incorporated by reference to

pages 8-9 of the Company's Proxy Statement for the Annual Meeting of

Stockholders to be held April 26, 1994.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

 The information required for this item is incorporated by reference to page

7 (under the caption "Relationships with Outside Firms") of the Company's Proxy

Statement for the Annual Meeting of Stockholders to be held April 26, 1994.

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 PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

 (A) DOCUMENTS FILED AS PART OF THIS FORM 10-K

 (i) Financial Statements:

 Consolidated statement of income for the years ended

 December 31, 1993, 1992 and 1991

 Consolidated statement of retained earnings for the years

 ended December 31, 1993, 1992 and 1991

 Consolidated balance sheet, December 31, 1993 and 1992

 Consolidated statement of cash flows for the years ended

 December 31, 1993, 1992 and 1991

 Notes to financial statements

 Report of independent public accountants

 This information is incorporated by reference to the Company's 1993 Annual

Report to stockholders, as noted on page 15 of this document.

 (ii) Financial Statement Schedules:

 Report of independent public accountants on schedules

 II -- Amounts receivable from related parties and underwriters,

 promoters and employees other than related parties for the

 years ended December 31, 1993, 1992 and 1991

 V -- Property, plant and equipment for the years ended December

 31, 1993, 1992 and 1991

 VI -- Accumulated depreciation of property, plant and equipment

 for the years ended December 31, 1993, 1992 and 1991

 IX -- Short-term borrowings for the years ended December 31,

 1993, 1992 and 1991

 The registrant is primarily an operating company and all of the

subsidiaries included in the consolidated financial statements filed are wholly

owned except for minority interests in six consolidated subsidiaries.

 Schedules other than those listed above are omitted because they are either

not required, not applicable or the information is included in the consolidated

financial statements or notes thereto.

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 (B) EXHIBITS

 EXHIBIT

 NUMBER DESCRIPTION METHOD OF FILING

 2 -- Agreement and Plan of Merger By and Incorporated by reference to

 Among Merck & Co., Inc., M Acquisition Registration Statement on Form

 Corp. and Medco Containment Services, S-4 (No. 33-50667)

 Inc., as amended

 3(a) -- Restated Certificate of Incorporation of \*

 Merck & Co., Inc. (May 6, 1992)

 3(b) -- By-Laws of Merck & Co., Inc. (as amended Incorporated by reference to Form

 November 22, 1988) 10-K Annual Report for the

 fiscal year ended December 31,

 1988

 10(a) -- Executive Incentive Plan (as amended \*

 effective May 6, 1992)

 10(b) -- 1981 Incentive Stock Option Plan \*

 (as amended effective May 6, 1992)

 10(c) -- 1981 Nonqualified Stock Option Plan (as \*

 amended effective May 6, 1992)

 10(d) -- 1987 Incentive Stock Plan (as amended \*

 effective May 6, 1992)

 10(e) -- 1991 Incentive Stock Plan (as adopted on Incorporated by reference to Form

 April 23, 1991) 10-K Annual Report for the

 fiscal year ended December 31,

 1991

 10(f) -- Non-Employee Directors Stock Option Plan \*

 (as adopted on April 28, 1992 and

 restated May 6, 1992)

 10(g) -- Supplemental Retirement Plan (as amended Incorporated by reference to Form

 effective December 1, 1991) 10-K Annual Report for the

 fiscal year ended December 31,

 1991

 10(h) -- Retirement Plan for the Directors of \*

 Merck & Co., Inc. (as adopted on

 September 22, 1987, effective April

 29, 1987)

 10(i) -- Plan for Deferred Payment of Directors' Filed with this document

 Compensation (as amended effective

 April 27, 1993)

 10(j) -- Medco 1991 Class B Stock Option Plan, as \*\*

 amended

 10(k) -- Medco Class A 1983 Non-Qualified Stock \*\*

 Option Plan

 10(l) -- Form of Stock Option Agreement each \*\*

 dated October 14, 1992 between Medco

 and Per G.H. Lofberg and Paul C.

 Suthern (together with a list showing

 the number of options held by each)

 10(m)-- Stock Option Agreement made as of \*\*

 October 14, 1992 between Medco and

 Martin J. Wygod

 10(n) -- Second Amended and Restated Employment \*\*\*

 Agreement between Martin J. Wygod and

 Medco dated December 8, 1992

 10(o) -- Employment Agreement between Per G.H. \*\*\*

 Lofberg and Medco dated April 1, 1993

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 EXHIBIT

 NUMBER DESCRIPTION METHOD OF FILING

 10(p) -- Employment Agreement between Paul C. \*\*\*

 Suthern and Medco dated January 1,

 1993

 10(q) -- Letter Agreement between Medco and \*\*\*

 Martin J. Wygod dated July 27, 1993

 10(r) -- Letter Agreement between Medco and Per \*\*\*

 G.H. Lofberg dated July 27, 1993

 10(s) -- Letter Agreement between Medco and Paul C. \*\*\*

 Suthern dated July 27, 1993

 11 -- Computation of Earnings per common share Filed with this document

 12 -- Computation of Ratios of Earnings to Filed with this document

 Fixed Charges

 13 -- 1993 Annual Report to stockholders (only Filed with this document

 those portions incorporated by

 reference in this document are deemed

 "filed")

 21 -- List of subsidiaries Filed with this document

 24 -- Power of Attorney and Certified Filed with this document

 Resolution of Board of Directors

- ---------------

 \* Incorporated by reference to Form 10-K Annual Report for the fiscal year

 ended December 31, 1992.

 \*\* Incorporated by reference to Post Effective Amendment No. 1 to Registration

 Statement on Form S-8 to Form S-4 Registration Statement (No. 33-50667).

\*\*\* Incorporated by reference to Form 10-K Annual Report of Medco Containment

 Services, Inc. for the fiscal year ended June 30, 1993.

 None of the instruments defining the rights of holders of long-term debt of

the Company and its subsidiaries (Exhibit Number 4) are being filed since the

total amount of securities authorized under any of such instruments taken

individually does not exceed 10 percent of the total assets of the Company and

its subsidiaries on a consolidated basis. The Company agrees to furnish a copy

of such instruments to the Commission upon request.

 Copies of the exhibits may be obtained by stockholders upon written request

directed to the Stockholder Services Department, Merck & Co., Inc., P.O. Box

100--WS 3AB-40, Whitehouse Station, New Jersey 08889-0100 accompanied by check

in the amount of $5.00 payable to Merck & Co., Inc. to cover processing and

mailing costs.

 (C) REPORTS ON FORM 8-K

 During the three-month period ending December 31, 1993, one report was

filed on Form 8-K, under Item 2 - Acquisition or Disposition of Assets, relative

to the acquisition of Medco Containment Services, Inc. This report was dated

November 18, 1993 and filed December 3, 1993, and amended February 1, 1994.

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 REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON SCHEDULES

To Merck & Co., Inc.:

 We have audited, in accordance with generally accepted auditing standards,

the consolidated financial statements included in Merck & Co., Inc.'s 1993

Annual Report to stockholders incorporated by reference in this Form 10-K, and

have issued our report thereon dated January 25, 1994. Our audits were made for

the purpose of forming an opinion on those basic financial statements taken as a

whole. The schedules listed in Item 14 are the responsibility of the Company's

management and are presented for purposes of complying with the Securities and

Exchange Commission's rules and are not part of the basic financial statements.

These schedules have been subjected to the auditing procedures applied in the

audits of the basic financial statements and, in our opinion, fairly state in

all material respects the financial data required to be set forth therein in

relation to the basic financial statements taken as a whole.

 ARTHUR ANDERSEN & CO.

New York, New York

January 25, 1994

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 SCHEDULE II

 MERCK & CO., INC. AND SUBSIDIARIES

 SCHEDULE II -- AMOUNTS RECEIVABLE FROM RELATED PARTIES

 AND UNDERWRITERS, PROMOTERS AND EMPLOYEES OTHER THAN RELATED PARTIES

 ($ IN MILLIONS)

 BALANCE AT

 DEDUCTIONS END

 BALANCE AT ----------------------------- OF PERIOD(2)

 BEGINNING OF AMOUNTS AMOUNTS ------------

 NAME OF DEBTOR PERIOD ADDITIONS(1) COLLECTED WRITTEN-OFF CURRENT

 --------------- ------------ ------------ ------------ ------------ ------------

Year Ended

December 31, 1993:

 J. Valesio (a)......................... -- $ .5 -- -- --

 R. Vanderveer (b)...................... -- .5 -- -- --

 R. Frankel (c)......................... -- .4 -- -- --

 C. Tisone (d).......................... -- .2 -- -- --

 M. Horst (e)........................... -- .2 -- -- --

 R. Jones (f)........................... -- .2 -- -- $ .2

 R. Pepper (g).......................... -- .2 -- -- .2

 R. Holland (h)......................... -- .2 -- -- --

 D. Kline (i)........................... -- .1 $ .1 -- --

 W. Vellon (j).......................... -- .1 -- -- --

 -- --- -- -- --

 -- $2.6 $ .1 -- $ .4

 -- -- -- -- --

 -- -- -- -- --

Year Ended

December 31, 1992:

 A. Butler (k).......................... $ .1 -- $ .1 -- --

 -- -- -- -- --

 -- -- -- -- --

Year Ended

December 31, 1991:

 J. Mukamal (l)......................... $ .2 -- $ .2 -- --

 A. Butler (k).......................... -- $ .1 -- -- $ .1

 -- -- -- -- --

 $ .2 $ .1 $ .2 -- $ .1

 -- -- -- -- --

 -- -- -- -- --

 NAME OF DEBTOR NONCURRENT

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Year Ended

December 31, 1993:

 J. Valesio (a)......................... $ .5

 R. Vanderveer (b)...................... .5

 R. Frankel (c)......................... .4

 C. Tisone (d).......................... .2

 M. Horst (e)........................... .2

 R. Jones (f)........................... --

 R. Pepper (g).......................... --

 R. Holland (h)......................... .2

 D. Kline (i)........................... --

 W. Vellon (j).......................... .1

 ---

 $2.1

 ---

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Year Ended

December 31, 1992:

 A. Butler (k).......................... --

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Year Ended

December 31, 1991:

 J. Mukamal (l)......................... --

 A. Butler (k).......................... --

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(1) 1993 additions are a result of the Medco acquisition on November 18, 1993.

(2) Does not include applicable accrued interest.

(a) Represents a loan to an officer collateralized by his principal residence

 with interest at 6%, payable no later than July 13, 1997.

(b) Represents a loan to an officer collateralized by stock options with

 interest at 6%. Payable with the proceeds on the date or dates on which the

 officer sells all or part of Medical Marketing Group common stock or the

 exercise of Medical Marketing Group stock options.

(c) Represents a loan to an officer which is collateralized by his principal

 residence with interest at 10%, payable no later than May 4, 2005.

(d) Represents loans to an officer collateralized by shares of the Company's

 common stock, payable on April 30, 1996.

(e) Represents a loan to an officer collateralized by his principal residence

 with interest at 6.5%, payable no later than September 4, 1997.

(f) Represents a loan to an officer which is collateralized by stock options

 with interest at 6% and payable on demand.

(g) Represents a loan to an officer collateralized by stock options with

 interest at 6% and payable on demand.

(h) Represents a loan to an officer collateralized by stock options with

 interest at 6%, payable no later than May 11, 1998.

(i) Represents a loan to an officer collateralized by stock options with

 interest at 6%, repaid on December 27, 1993.

(j) Represents a loan to an employee which is collateralized by his principal

 residence with interest at 7% and payable over 30 years ending December 1,

 2022.

(k) Represents a loan to purchase stock which was payable in February 1992 with

 interest at 8%. The loan was fully repaid in February 1992.

(l) Represents a loan to purchase stock which was payable in March 1991 with

 interest at 10%. The loan was fully repaid in January 1991.

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 SCHEDULE V

 MERCK & CO., INC. AND SUBSIDIARIES

 SCHEDULE V -- PROPERTY, PLANT AND EQUIPMENT

 ($ IN MILLIONS)

 RETIRE-

 BALANCE AT ADDITIONS MENTS OTHER BALANCE

 BEGINNING AT COST OR SALES CHANGES AT END

 CLASSIFICATION OF PERIOD (a) (b) (c) OF PERIOD

 -------------- ---------- --------- -------- -------- ---------

Year ended December 31, 1993:

 Land.................................. $ 210.3 $ 7.3 $ 7.9 $ 2.8 $ 212.5

 Buildings............................. 2,122.1 363.2 124.3 25.1 2,386.1

 Machinery, Equipment and Office

 Furnishings......................... 3,435.0 581.7 338.8 91.1 3,769.0

 Construction in Progress.............. 763.5 60.5 24.0 5.2 805.2

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 Total......................... $6,530.9 $1,012.7 $ 495.0 $ 124.2 $7,172.8

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Year ended December 31, 1992:

 Land.................................. $ 195.7 $ 12.1 $ -- $ 2.5 $ 210.3

 Buildings............................. 1,483.3 647.7 11.0 2.1 2,122.1

 Machinery, Equipment and Office

 Furnishings......................... 3,002.2 569.1 141.7 5.4 3,435.0

 Construction in Progress.............. 925.6 (162.3) -- .2 763.5

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 Total......................... $5,606.8 $1,066.6 $ 152.7 $ 10.2 $6,530.9

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Year ended December 31, 1991:

 Land.................................. $ 169.5 $ 29.2 $ 3.0 -- $ 195.7

 Buildings............................. 1,258.4 229.0 4.1 -- 1,483.3

 Machinery, Equipment and Office

 Furnishings......................... 2,660.6 393.6 52.0 -- 3,002.2

 Construction in Progress.............. 542.0 389.7 6.1 -- 925.6

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 Total......................... $4,630.5 $1,041.5 $ 65.2 -- $5,606.8

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 (a) Additions, at cost, to construction in progress are net of transfers to

 other plant and equipment classifications for those construction

 projects completed during the year.

 (b) 1993 and 1992 include sales of assets related to divestitures and 1993

 includes dispositions associated with restructurings.

 (c) Represents balances at date of acquisition for assets acquired and

 accounted for as a purchase transaction.

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 SCHEDULE VI

 MERCK & CO., INC. AND SUBSIDIARIES

 SCHEDULE VI -- ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

 ($ IN MILLIONS)

 ADDITIONS

 BALANCE AT CHARGED TO BALANCE

 BEGINNING COSTS AND RETIREMENTS AT END

 CLASSIFICATION OF PERIOD EXPENSES OR SALES(a) OF PERIOD

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Year ended December 31, 1993:

 Buildings.............................................. $ 556.7 $ 84.8 $ 104.8 $ 536.7

 Machinery, Equipment and Office Furnishings............ 1,703.1 263.6 225.2 1,741.5

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 Total.......................................... $2,259.8 $ 348.4 $ 330.0 $2,278.2

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Year ended December 31, 1992:

 Buildings.............................................. $ 501.7 $ 71.4 $ 16.4 $ 556.7

 Machinery, Equipment and Office Furnishings............ 1,600.6 218.9 116.4 1,703.1

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 Total.......................................... $2,102.3 $ 290.3 $ 132.8 $2,259.8

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Year ended December 31, 1991:

 Buildings.............................................. $ 447.7 $ 55.6 $ 1.6 $ 501.7

 Machinery, Equipment and Office Furnishings............ 1,461.1 187.1 47.6 1,600.6

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 Total.......................................... $1,908.8 $ 242.7 $ 49.2 $2,102.3

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 (a) 1993 and 1992 include sales of assets related to divestitures and 1993

 includes dispositions associated with restructurings.

NOTE: Depreciation is provided over the estimated lives of the assets,

 principally using the straight-line method. The estimated useful lives are

 10 to 50 years for Buildings, and 3 to 20 years for Machinery, Equipment

 and Office Furnishings.

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 SCHEDULE IX

 MERCK & CO., INC. AND SUBSIDIARIES

 SCHEDULE IX -- SHORT-TERM BORROWINGS

 ($ IN MILLIONS)

 WEIGHTED

 AVERAGE MAXIMUM AVERAGE WEIGHTED

 INTEREST MONTH-END MONTH-END AVERAGE

 BALANCE RATE BALANCE BALANCE INTEREST

 AT AT OUTSTANDING OUTSTANDING RATE

 END OF END OF DURING DURING DURING

 CLASSIFICATION PERIOD PERIOD THE YEAR THE YEAR THE YEAR(a)

- -------------------------------------------- -------- -------- ----------- ---------- -----------

Year ended December 31, 1993:

 Commercial Paper and Medium-Term

 Notes................................. $1,596.8 3.0% $ 2,137.2 $ 998.7 3.2%

 Bank Borrowings in foreign

 currencies(b)......................... 73.4 10.3% $ 118.4 85.2 9.3%

 Other(c)................................ 34.1 4.9% $ 36.6 34.2 4.3%

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 $1,704.3 3.4% $1,118.1 3.7%

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Year ended December 31, 1992:

 Commercial Paper and Medium-Term

 Notes................................. $ 609.3 3.4% $ 810.2 $ 394.8 3.5%

 Bank Borrowings in foreign

 currencies(b)......................... 76.3 10.8% $ 159.9 105.1 10.7%

 Other(c)................................ 42.4 4.4% $ 42.4 30.4 4.7%

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 $ 728.0 4.2% $ 530.3 5.0%

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Year ended December 31, 1991:

 Notes with Bank Trust Departments and

 Commercial Paper...................... $ 65.0 4.9% $ 883.6 $ 428.2 6.2%

 Bank Borrowings in foreign

 currencies(b)......................... 123.8 8.3% $ 123.8 62.5 9.7%

 Other(b)(c)............................. 29.2 5.2% $ 29.5 28.7 6.9%

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 $ 218.0 6.9% $ 519.4 6.7%

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 (a) The weighted average interest rates were calculated on the basis of

 month-end borrowings.

 (b) Amounts exclude the current portion of long-term debt.

 (c) Principally short-term tax-exempt borrowings and U.S. dollar

 denominated borrowings.

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 SIGNATURES

 PURSUANT TO THE REQUIREMENTS OF SECTION 13 OR 15(D) OF THE SECURITIES

EXCHANGE ACT OF 1934, THE REGISTRANT HAS DULY CAUSED THIS REPORT TO BE SIGNED ON

ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED.

 MERCK & CO., INC.

Dated: March 22, 1994

 By P. ROY VAGELOS

 (CHAIRMAN OF THE BOARD,

 PRESIDENT AND CHIEF

 EXECUTIVE OFFICER)

 By /s/ CELIA A. COLBERT

 CELIA A. COLBERT

 (ATTORNEY-IN-FACT)

 PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934, THIS

REPORT HAS BEEN SIGNED BELOW BY THE FOLLOWING PERSONS ON BEHALF OF THE

REGISTRANT AND IN THE CAPACITIES AND ON THE DATE INDICATED.

 SIGNATURES TITLE DATE

 P. ROY VAGELOS Chairman of the Board,

 President and Chief Executive

 Officer; Principal Executive

 Officer; Director

 JUDY C. LEWENT Senior Vice President and Chief

 Financial Officer; Principal

 Financial Officer

 PETER E. NUGENT Vice President, Controller;

 Principal Accounting Officer

 H. BREWSTER ATWATER, JR. March 22, 1994

 DEREK BIRKIN

 LAWRENCE A. BOSSIDY

 WILLIAM G. BOWEN

 CAROLYNE K. DAVIS

 LLOYD C. ELAM Directors

 CHARLES E. EXLEY, JR.

 WILLIAM N. KELLEY

 RUBEN F. METTLER

 RICHARD S. ROSS

 DENNIS WEATHERSTONE

 MARTIN J. WYGOD

 CELIA A. COLBERT, BY SIGNING HER NAME HERETO, DOES HEREBY SIGN THIS

DOCUMENT PURSUANT TO POWERS OF ATTORNEY DULY EXECUTED BY THE PERSONS NAMED,

FILED WITH THE SECURITIES AND EXCHANGE COMMISSION AS AN EXHIBIT TO THIS

DOCUMENT, ON BEHALF OF SUCH PERSONS, ALL IN THE CAPACITIES AND ON THE DATE

STATED, SUCH PERSONS INCLUDING A MAJORITY OF THE DIRECTORS OF THE COMPANY.

 By /s/ CELIA A. COLBERT

 CELIA A. COLBERT

 (ATTORNEY-IN-FACT)

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 CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

 As independent public accountants, we hereby consent to the incorporation

of our reports included in or incorporated by reference in this Form 10-K, into

the Company's previously filed Registration Statements on Form S-8 (Nos.

33-21087, 33-21088, 33-36101, 33-40177 and 33-51235), on Form S-4 (No. 33-50667)

and on Form S-3 (Nos. 33-39349, 33-60322 and 33-51785). It should be noted that

we have not audited any financial statements of the Company subsequent to

December 31, 1993 or performed any audit procedures subsequent to the date of

our reports.

 ARTHUR ANDERSEN & CO.

New York, New York

March 22, 1994

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 EXHIBIT INDEX

 EXHIBIT

 NUMBER DESCRIPTION METHOD OF FILING

 2 -- Agreement and Plan of Merger By and Incorporated by reference to

 Among Merck & Co., Inc., M Acquisition Registration Statement on Form

 Corp. and Medco Containment Services, S-4 (No. 33-50667)

 Inc., as amended

 3(a) -- Restated Certificate of Incorporation of \*

 Merck & Co., Inc. (May 6, 1992)

 3(b) -- By-Laws of Merck & Co., Inc. (as amended Incorporated by reference to Form

 November 22, 1988) 10-K Annual Report for the

 fiscal year ended December 31,

 1988

 10(a) -- Executive Incentive Plan (as amended \*

 effective May 6, 1992)

 10(b) -- 1981 Incentive Stock Option Plan \*

 (as amended effective May 6, 1992)

 10(c) -- 1981 Nonqualified Stock Option Plan (as \*

 amended effective May 6, 1992)

 10(d) -- 1987 Incentive Stock Plan (as amended \*

 effective May 6, 1992)

 10(e) -- 1991 Incentive Stock Plan (as adopted on Incorporated by reference to Form

 April 23, 1991) 10-K Annual Report for the

 fiscal year ended December 31,

 1991

 10(f) -- Non-Employee Directors Stock Option Plan \*

 (as adopted on April 28, 1992 and

 restated May 6, 1992)

 10(g) -- Supplemental Retirement Plan (as amended Incorporated by reference to Form

 effective December 1, 1991) 10-K Annual Report for the

 fiscal year ended December 31,

 1991

 10(h) -- Retirement Plan for the Directors of \*

 Merck & Co., Inc. (as adopted on

 September 22, 1987, effective April

 29, 1987)

 10(i) -- Plan for Deferred Payment of Directors' Filed with this document

 Compensation (as amended effective

 April 27, 1993)

 10(j) -- Medco 1991 Class B Stock Option Plan, as \*\*

 amended

 10(k) -- Medco Class A 1983 Non-Qualified Stock \*\*

 Option Plan

 10(l) -- Form of Stock Option Agreement each \*\*

 dated October 14, 1992 between Medco

 and Per G.H. Lofberg and Paul C.

 Suthern (together with a list showing

 the number of options held by each)

 10(m)-- Stock Option Agreement made as of \*\*

 October 14, 1992 between Medco and

 Martin J. Wygod

 10(n) -- Second Amended and Restated Employment \*\*\*

 Agreement between Martin J. Wygod and

 Medco dated December 8, 1992

 10(o) -- Employment Agreement between Per G.H. \*\*\*

 Lofberg and Medco dated April 1, 1993

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 EXHIBIT

 NUMBER DESCRIPTION METHOD OF FILING

 10(p) -- Employment Agreement between Paul C. \*\*\*

 Suthern and Medco dated January 1,

 1993

 10(q) -- Letter Agreement between Medco and \*\*\*

 Martin J. Wygod dated July 27, 1993

 10(r) -- Letter Agreement between Medco and Per \*\*\*

 G.H. Lofberg dated July 27, 1993

 10(s) -- Letter Agreement between Medco and Paul C. \*\*\*

 Suthern dated July 27, 1993

 11 -- Computation of Earnings per common share Filed with this document

 12 -- Computation of Ratios of Earnings to Filed with this document

 Fixed Charges

 13 -- 1993 Annual Report to stockholders (only Filed with this document

 those portions incorporated by

 reference in this document are deemed

 "filed")

 21 -- List of subsidiaries Filed with this document

 24 -- Power of Attorney and Certified Filed with this document

 Resolution of Board of Directors

- ---------------

 \* Incorporated by reference to Form 10-K Annual Report for the fiscal year

 ended December 31, 1992.

 \*\* Incorporated by reference to Post Effective Amendment No. 1 to Registration

 Statement on Form S-8 to Form S-4 Registration Statement (No. 33-50667).

\*\*\* Incorporated by reference to Form 10-K Annual Report of Medco Containment

 Services, Inc. for the fiscal year ended June 30, 1993.