MERCK SUPPLEMENTAL RETURN PROGRAM FOR DIRECT PURCHASING CUSTOMERS
Effective March 21, 2016

These program requirements have been updated to reflect the following changes:

- Renamed the program the Supplemental Return Program for Direct Purchasing Customers.

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These program requirements may be updated at any time. The current version may be accessed at: www.merck.com/supplementalreturns

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Merck Sharp & Dohme Corp., **a subsidiary of Merck & Co., Inc.**, for itself and on behalf of its subsidiaries and/or affiliates, including Cubist Pharmaceuticals LLC and Organon USA, Inc. (collectively, "Manufacturer") will allow limited exceptions to its standard return policy, set forth in its Standard Terms and Conditions of Sale - Pharmaceutical and Vaccine Products, pursuant to this Supplemental Return Program for Direct Purchasing Customers. Manufacturer reserves the right to modify or cancel the Supplemental Return Program for Direct Purchasing Customers at any time.

I. DEFINITIONS

"City, County, State Customer" refers to any outpatient clinic that is owned or operated by a city, county or state government entity. All other Government Customers are ineligible for the Supplemental Return Program for Direct Purchasing Customers.

"Vaccine Business Solution Provider" refers to a contracted customer that purchases Vaccine Products directly from Merck or through an authorized physician distributor in the course of providing vaccine business solutions to providers that would qualify as Health Care Provider Vaccine Purchasing Customers if they purchased Vaccine Products.

"Eligible Customer" means a Health Care Provider Vaccine Purchasing Customer, a Retail Pharmacy Vaccine Purchasing Customer, a City, County, State Customer, or a Vaccine Business Solution Provider.

"Health Care Provider Vaccine Purchasing Customer" means a physician who owns, is employed by, or has contracted with nonpayor outpatient health care facilities; or an advanced practice nurse, nurse midwife, or physician assistant who is authorized pursuant to state law to purchase and administer vaccines, either alone or in tandem with a collaborating physician.

"Retail Pharmacy Vaccine Purchasing Customer" means a retail pharmacy customer.

"Vaccine Product" means a vaccine that Manufacturer sells in the Territory

II. ELIGIBILITY FOR REIMBURSEMENT

A. The Supplemental Return Program for Direct Purchasing Customers is available to Eligible Customers and applies to all Vaccine Products purchased directly from Manufacturer and shipped to a location that is listed as a shipping location on the Eligible Customer's direct Merck purchase account. Vaccine Product purchased under federal contracts such as the U.S. Centers for Disease Control and Prevention (CDC) contract and the Federal Supply Schedule are not eligible for reimbursement under the Supplemental Return Program for Direct Purchasing Customers . Manufacturer reserves the right to request lot numbers to verify that Product returned pursuant to the Supplemental Return Program for Direct Purchasing Customers was purchased directly from Manufacturer and was not purchased under a federal contract.

B. Under the Supplemental Return Program for Direct Purchasing Customers , Eligible Customers may:

1. Return for reimbursement Vaccine Product that has been wasted as a result of patient refusal at the time of administration, a dispensing error, improper storage, or mechanical/power failure.
2. Resolve certain good faith disputes relating to the ordering and distribution of Vaccine Products, such as miscommunication of an order, etc. In addition to the reimbursement provisions described herein, remedies may include extended payment terms.

C. In order to receive reimbursement, an Eligible Customer must:

1. Verify that it has neither sought nor received payment or reimbursement for wasted Vaccine Product that is subject to its request for return reimbursement. For Vaccine Product that is wasted due to a power/mechanical error, Eligible Customers must verify that they do not have insurance to cover the loss;
2. Have purchased and paid for like Vaccine Product (i.e., the same product family and image) within 90 days of the date of the request for return for reimbursement. Manufacturer shall not provide reimbursement for quantities that exceed the amount of like Vaccine Product purchased within 90 days of the request for reimbursement;
3. Have received reimbursement for no more than three (3) returns per Eligible Customer location in the current calendar year under the Supplemental Return Program for Direct Purchasing Customers. Vaccine Product shipped to a location that is not listed on Eligible Customer's direct Merck purchase account is not eligible for the Supplemental Return Program for Direct Purchasing Customers; and
4. Satisfy all other Manufacturer requirements, procedures, and authorizations.

D. All returns pursuant to the Supplemental Return Program for Direct Purchasing Customers are further subject to an aggregate quarterly maximum cap, which, if exceeded, will result in the suspension of the Supplemental Return Program for Direct Purchasing Customers for at least the remainder of the quarter.

III. RETURN INSTRUCTIONS

Customers who wish to return Vaccine Product for reimbursement under the Supplemental Return Program for Direct Purchasing Customers must contact the Merck Vaccine Customer Center at 877-VAX-MERCK (877-829-6372) immediately. The Merck Vaccine Customer Center will provide instructions on how to return the affected Vaccine Product and will arrange for reimbursement.

IV. REIMBURSEMENT

A. The basis for reimbursement shall be the invoice price paid by Eligible Customer (if available). If the invoice is not available, the basis for determining reimbursement will be the lowest price available to the Eligible Customer 24 months before the date that PharmaReturns, Inc. receives the return.

B. No credit will be issued for transportation, service, handling, or processing fees.

C. Manufacturer reserves the right to adjust the amount of reimbursement as it deems appropriate in its sole discretion.

V. 90-DAY PRICE PROTECTION

A. Product returned under the Supplemental Return Program for Direct Purchasing Customers that has experienced a price increase due to an increase in the Manufacturer catalogue price within ninety (90) days prior to the date of the request for return for reimbursement may be repurchased at the original Manufacturer invoice price ("90-Day Price Protection"). This 90-Day Price Protection will be provided as a discount, equal to the difference between the Merck catalog price at the time the order is placed and the original Manufacturer invoice price.

B. Eligible Customers shall comply with the provisions at 42 C.F.R. § 1001.952(h)(1) relating to the reporting of discounts. As a condition of purchasing Product at the original Manufacturer invoice price under the 90-Day Price Protection, Eligible Customer agrees, to the extent required under applicable federal or state laws, to accurately report to private and governmental third-party payers and others the net effective discount price, and any other information that must be disclosed under applicable law, for each Product purchased.

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Should you have any questions relating to this limited exception to Manufacturer's standard return policy, please call the Merck Vaccine Customer Center at 877-VAX-MERCK (877-829-6372).