

MERCK & CO INC  
Form DEF 14A  
March 09, 2004  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**  
**(Amendment No. \_\_)**

Filed by the Registrant  Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials

.. Soliciting Material Pursuant to §240.14a-12

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**MERCK & CO., INC.**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

.. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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Raymond V. Gilmartin  
Chairman, President & Chief Executive Officer

Merck & Co., Inc.  
One Merck Drive  
P.O. Box 100  
Whitehouse Station, NJ 08889-0100

March 9, 2004

Dear Stockholders:

It is my pleasure to invite you to Merck's 2004 Annual Meeting of Stockholders. We will hold the meeting on Tuesday, April 27, 2004, at 2:00 p.m., in the Edward Nash Theatre at Raritan Valley Community College, Route 28 and Lamington Road, North Branch, New Jersey. During the Annual Meeting, we will discuss each item of business described in the Notice of Annual Meeting and Proxy Statement and give a report on the Company's business operations. There will also be time for questions.

This booklet includes the Notice of Annual Meeting and Proxy Statement. The Proxy Statement provides information about Merck in addition to describing the business we will conduct at the meeting.

We hope you will be able to attend the Annual Meeting. Whether or not you expect to attend, please vote your shares using any of the following methods: vote by telephone or the Internet, as described in the instructions you receive; complete, sign and date the proxy card or voting instruction card and return it in the prepaid envelope; or vote in person at the meeting.

Sincerely,

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Notice of Annual Meeting of Stockholders

April 27, 2004

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To the Stockholders:

The stockholders of Merck & Co., Inc. will hold their Annual Meeting on Tuesday, April 27, 2004, at 2:00 p.m., in the Edward Nash Theatre at Raritan Valley Community College, Route 28 and Lamington Road, North Branch, New Jersey. The purposes of the meeting are to:

elect five directors;

consider and act upon a proposal to ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent auditors for 2004;

consider and act upon a proposal to amend the Restated Certificate of Incorporation to declassify the Board of Directors;

consider and act upon a stockholder proposal concerning management compensation;

consider and act upon a stockholder proposal concerning extension of prescription drug patents;

consider and act upon a stockholder proposal concerning ethical and social performance of the Company;

consider and act upon a stockholder proposal concerning use of shareholder resources for political purposes;

consider and act upon a stockholder proposal concerning a report related to the global HIV/AIDS pandemic; and

transact such other business as may properly come before the meeting.

Only stockholders listed on the Company's records at the close of business on February 24, 2004 are entitled to vote.

By order of the Board of Directors,

*CELIA A. COLBERT*

Vice President, Secretary and

Assistant General Counsel

March 9, 2004



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**Merck & Co., Inc.**

P. O. Box 100

Whitehouse Station, New Jersey 08889-0100

(908) 423-1000

March 9, 2004

**Proxy Statement**

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**QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING**

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**Q: Why did I receive this proxy statement?**

**A:** The Board of Directors is soliciting your proxy to vote at the Annual Meeting because you were a stockholder at the close of business on February 24, 2004, the record date, and are entitled to vote at the meeting.

This proxy statement and 2003 annual report, along with either a proxy card or a voting instruction card, are being mailed to stockholders beginning March 9, 2004. The proxy statement summarizes the information you need to know to vote at the Annual Meeting. You do not need to attend the Annual Meeting to vote your shares.

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**Q: What is the difference between holding shares as a stockholder of record and as a beneficial owner?**

**A:** If your shares are registered directly in your name with Merck's transfer agent, Wells Fargo Bank, N.A., you are considered, with respect to those shares, the stockholder of record. The proxy statement, annual report and proxy card have been sent directly to you by Merck.

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name. The proxy statement and annual report have been forwarded to you by your broker, bank or nominee who is considered, with respect to those shares, the stockholder of record. As the beneficial owner, you have the right to direct your broker, bank or nominee how to vote your shares by using the voting instruction card included in the mailing or by following their instructions for voting by telephone or the Internet.

**Q: What is householding and how does it affect me?**

**A:** Merck has adopted the process called householding for mailing the annual report and proxy statement in order to reduce printing costs and postage fees. Householding means that stockholders who share the same last name and address will receive only one copy of the annual report and proxy statement, unless we receive contrary instructions from any stockholder at that address. Merck will continue to mail a proxy card to each stockholder of record.

If you prefer to receive multiple copies of the proxy statement and annual report at the same address, additional copies will be provided to you promptly upon request. If you are a stockholder of record, you may contact us by writing to Merck Stockholder Services, P.O. Box 100, Whitehouse Station, NJ 08889-0100 or by calling our toll-free number 1-800-613-2104. Eligible stockholders of record receiving multiple copies of the annual report and proxy statement can request householding by contacting Merck in the same manner.

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If you are a beneficial owner, you can request additional copies of the proxy statement and annual report or you can request householding by notifying your broker, bank or nominee.

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**Q. Can I access the proxy statement and annual report on the Internet instead of receiving paper copies?**

**A:** This proxy statement and the 2003 annual report are located on Merck's web site. Most stockholders can access future proxy statements and annual reports on the Internet instead of receiving paper copies in the mail.

If you are a stockholder of record, you can choose this option by marking the appropriate box on your proxy card or by following the instructions if you vote by telephone or the Internet. If you choose to access future proxy statements and annual reports on the Internet, you will receive a proxy card in the mail next year with instructions containing the Internet address for those materials. Your choice will remain in effect until you advise us otherwise.

If you are a beneficial owner, please refer to the information provided by your broker, bank or nominee for instructions on how to elect to access future proxy statements and annual reports on the Internet. Most beneficial owners who elect electronic access will receive an e-mail message next year containing the Internet address for access to the proxy statement and annual report.

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**Q: What am I voting on?**

**A:** Election of five directors: Mr. Peter C. Wendell, Dr. William G. Bowen, Mr. William M. Daley, Dr. Thomas E. Shenk and Mr. Wendell P. Weeks;

Ratification of the appointment of PricewaterhouseCoopers LLP as independent auditors for 2004; and

Proposal to amend the Restated Certificate of Incorporation to declassify the Board of Directors.

The Board recommends a vote **FOR** each of the nominees to the Board of Directors, **FOR** the ratification of the appointment of PricewaterhouseCoopers LLP as independent auditors for 2004 and **FOR** the proposal to amend the Restated Certificate of Incorporation to declassify the Board of Directors.

You will also vote on the following stockholder proposals:

a proposal concerning management compensation;

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a proposal concerning extension of prescription drug patents;

a proposal concerning ethical and social performance of the Company;

a proposal concerning use of shareholder resources for political purposes; and

a proposal concerning a report related to the global HIV/AIDS pandemic.

The Board recommends a vote **AGAINST** the stockholder proposals.

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**Q: What is the voting requirement to elect the directors and to approve each of the proposals?**

**A:** In the election of directors, the five persons receiving the highest number of affirmative votes will be elected. The ratification of the appointment of PricewaterhouseCoopers LLP as independent auditors and approval of the stockholder proposals each require the affirmative vote of a majority of the votes cast. If you are present or represented by proxy at the Annual Meeting and you abstain, your abstention, as well as

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broker non-votes, are not counted as votes cast on any matter to which they relate. Approval of the proposal to amend the Restated Certificate of Incorporation to declassify the Board of Directors requires approval of 80 percent of the shares outstanding entitled to vote. If the New York Stock Exchange considers this proposal to be routine, brokers will have discretionary authority to vote shares in the absence of voting instructions from beneficial owners. Abstentions on this vote are not counted as votes cast.

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### **Q: How many votes do I have?**

**A:** You are entitled to one vote for each share of Common Stock that you hold, except for the election of directors. Because you may cumulate your votes in the election of directors, you are entitled to as many votes as equal the number of shares held by you at the close of business on the record date, multiplied by the number of directors to be elected.

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### **Q: How do I cumulate my votes in the election of directors?**

**A:** In connection with the cumulative voting feature for the election of directors, you are entitled to as many votes as equal the number of shares held by you at the close of business on the record date, multiplied by the number of directors to be elected. You may cast all of your votes for a single nominee or apportion your votes among any two or more nominees. For example, when five directors are to be elected, a holder of 100 shares may cast 500 votes for a single nominee, apportion 100 votes to each of five nominees or apportion 500 votes in any other manner by so noting in the space provided on the proxy card. Beneficial owners should contact their broker, bank or nominee to cumulate votes for directors. The cumulative voting feature for the election of directors is also available by voting in person at the Annual Meeting; it is not available by telephone or the Internet.

You may withhold votes from any or all nominees. Except for the votes that stockholders of record withhold from any or all nominees, the persons named in the proxy card will vote such proxy **FOR** and, if necessary, will exercise their cumulative voting rights to elect the nominees as directors of the Company.

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### **Q: How do I vote?**

**A:** You may vote using any of the following methods:

**Proxy card or voting instruction card.** Be sure to complete, sign and date the card and return it in the prepaid envelope. If you are a stockholder of record and you return your signed proxy card but do not indicate your voting preferences, the persons named in the proxy card will vote **FOR** the election of directors, the ratification of the appointment of PricewaterhouseCoopers LLP as independent auditors for 2004 and the proposal to amend the Restated Certificate of Incorporation to declassify the Board of Directors and **AGAINST** the stockholder proposals on your behalf.

**By telephone or the Internet.** The telephone and Internet voting procedures established by Merck for stockholders of record are designed to authenticate your identity, to allow you to give your voting instructions and to confirm that these instructions have been properly recorded.

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The availability of telephone and Internet voting for beneficial owners will depend on the voting processes of your broker, bank or nominee. Therefore, we recommend that you follow the voting instructions in the materials you receive.

**In person at the Annual Meeting.** All stockholders may vote in person at the Annual Meeting. You may also be represented by another person at the meeting by executing a proper proxy designating that person. If you are a beneficial owner of shares, you must obtain a legal proxy from your broker, bank or nominee and present it to the inspectors of election with your ballot when you vote at the meeting.

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**Q: What can I do if I change my mind after I vote my shares?**

**A:** If you are a stockholder of record, you may revoke your proxy at any time before it is voted at the Annual Meeting by:

    sending written notice of revocation to the Secretary of the Company;

    submitting a new, proper proxy by telephone, Internet or paper ballot after the date of the revoked proxy; or

    attending the Annual Meeting and voting in person.

If you are a beneficial owner of shares, you may submit new voting instructions by contacting your broker, bank or nominee. You may also vote in person at the Annual Meeting if you obtain a legal proxy as described in the answer to the previous question.

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**Q: Who will count the vote?**

**A:** Representatives of IVS Associates, Inc. will tabulate the votes and act as inspectors of election.

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**Q: What shares are included on the proxy card?**

**A:** The shares on your proxy card represent shares registered in your name as well as shares in the Merck Stock Investment Plan.

However, the proxy card does not include shares held for participants in the Merck & Co., Inc. Employee Savings and Security Plan, Merck & Co., Inc. Employee Stock Purchase and Savings Plan, Hubbard LLC Employee Savings Plan, Merck Puerto Rico Employee Savings and Security Plan, Merck Frosst Canada Inc. Stock Purchase Plan ( Merck Frosst Plan ), MSD Employee Share Ownership Plan, Merial 401(k) Savings Plan ( Merial Plan ) and Medco Health Solutions, Inc. 401(k) Savings Plan. Instead, these participants will receive from plan trustees separate voting instruction cards covering these shares. If voting instructions are not received from participants in the Merck Frosst Plan, the plan trustee will vote the shares in accordance with the recommendations of the Board of Directors. If voting instructions are not received from participants in the Merial Plan, the plan trustee will vote the shares in the same proportion as it votes shares for which voting instructions are received. Trustees for the other plans will not vote shares for which no voting instructions are received from plan participants.

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**Q: What constitutes a quorum?**

**A:**



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As of the record date, 2,224,499,576 shares of Merck Common Stock were issued and outstanding. A majority of the outstanding shares, present or represented by proxy, constitutes a quorum for the purpose of adopting proposals at the Annual Meeting. If you submit a properly executed proxy, then you will be considered part of the quorum.

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**Q: Who can attend the Annual Meeting?**

**A:** All stockholders as of the record date may attend the Annual Meeting but must have an admission ticket. If you are a stockholder of record, the ticket attached to the proxy card will admit you and one guest. If you are a beneficial owner, you may request a ticket by writing to the Office of the Secretary, WS 3AB-05, Merck & Co., Inc., P.O. Box 100, Whitehouse Station, New Jersey 08889-0100 or by faxing your request to

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908-735-1224. You must provide evidence of your ownership of shares with your ticket request, which you can obtain from your broker, bank or nominee. We encourage you or your broker to fax your ticket request and proof of ownership in order to avoid any mail delays.

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**Q: Are there any stockholders who own more than 5 percent of the Company's shares?**

**A:** No stockholder owns more than 5 percent of Company shares. However, according to a filing made with the Securities and Exchange Commission on February 17, 2004, Fidelity, through its funds, subsidiaries and institutional accounts, owns 4.998 percent of the Company's outstanding Common Stock.

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**Q: When are the stockholder proposals due for the 2005 Annual Meeting?**

**A:** In order to be considered for inclusion in next year's proxy statement, stockholder proposals must be submitted in writing to Celia A. Colbert, Vice President, Secretary and Assistant General Counsel, WS 3A-65, Merck & Co., Inc., One Merck Drive, Whitehouse Station, NJ 08889-0100 and received at this address by November 9, 2004.

If we receive notice after January 23, 2005 of a stockholder's intent to present a proposal at the Company's 2005 Annual Meeting, we will have the right to exercise discretionary voting authority with respect to such proposal, if presented at the meeting, without including information regarding such proposal in our proxy materials.

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**Q: What happens if a nominee for director is unable to serve as a director?**

**A:** If any of the nominees becomes unavailable for election, which we do not expect, votes will be cast for such substitute nominee or nominees as may be designated by the Board of Directors, unless the Board of Directors reduces the number of directors.

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**Q: How much did this proxy solicitation cost?**

**A:** Georgeson Shareholder Communications, Inc. has been hired by the Company to assist in the distribution of proxy materials and solicitation of votes for \$22,000, plus reasonable out-of-pocket expenses. Additional fees may be incurred in order to facilitate adoption of the proposal to amend the Restated Certificate of Incorporation to declassify the Board of Directors, which requires an affirmative vote of 80 percent of the outstanding shares entitled to vote. Employees, officers and directors of the Company may also solicit proxies. We will reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to the owners of Common Stock.

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**Q: What is the Company's Web address?**

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**A:** The Merck home page is [www.merck.com](http://www.merck.com). You may also go directly to [www.merck.com/about/corporategovernance](http://www.merck.com/about/corporategovernance) for the following information:

Restated Certificate of Incorporation of Merck & Co., Inc.

By-Laws of Merck & Co., Inc.

Policies of the Board a statement of Merck s corporate governance principles

Merck Board Committee Charters Audit Committee, Committee on Corporate Governance, Compensation and Benefits Committee, Executive Committee, Finance Committee, and Committee on Public Policy and Social Responsibility

Stockholder Communications with the Board

Merck Code of Conduct *Our Values and Standards*

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**1. ELECTION OF DIRECTORS**

Five directors are to be elected by stockholders at this Annual Meeting. The Board is currently divided into three classes and the terms of the remaining directors expire in 2005 or 2006. If the Proposal to Amend the Restated Certificate of Incorporation to Declassify the Board of Directors (the Declassification Amendment), as more fully described beginning on page 33 of this proxy statement, is approved by stockholders at this Annual Meeting, all nominees will serve for one year terms expiring at the 2005 Annual Meeting of Stockholders. If the Declassification Amendment is not approved, one nominee will serve a one-year term expiring in 2005 and four nominees will serve three-year terms expiring in 2007.

The Board has recommended as nominees for election Mr. Peter C. Wendell, Dr. William G. Bowen, Mr. William M. Daley, Dr. Thomas E. Shenk and Mr. Wendell P. Weeks. Mr. Wendell was elected to the Board effective September 23, 2003 and Mr. Weeks was elected effective February 24, 2004, both to serve until this Annual Meeting and to stand for election by stockholders at the meeting. All other candidates have previously been elected by stockholders. After the election of five directors at the Annual Meeting, the Company will have thirteen directors, including the eight continuing directors whose present terms extend beyond the meeting. Information on the nominees and continuing directors follows.

<b>Name, Age and</b>	<b>Business Experience and Other Directorships</b>
<b>Year First</b>	<b>or Significant Affiliations</b>
<b>Elected Director</b>	<b>or Significant Affiliations</b>
<b>Nominees</b>	
<i>For a term expiring in 2005</i>	
	General Partner, Sierra Ventures (technology-oriented venture capital firm) for more than five years; Chairman, Princeton University Investment Co. since 2002
	Trustee, Princeton University; Faculty, Stanford University Graduate School of Business
Peter C. Wendell	
Age 53	
2003	
<i>For terms expiring in 2005 (Expiring in 2007 if the Declassification Amendment is not approved at this Annual Meeting)</i>	
	President, The Andrew W. Mellon Foundation (philanthropic foundation) for more than five years
	Director, American Express Company; Member, Board of Overseers, Teachers Insurance and Annuity Association of America-College Retirement Equities Fund; Chair, Board of Trustees, Ithaka (a non-profit information technology organization)
William G. Bowen, Ph.D.	
Age 70	

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<b>Name, Age and</b>	
<b>Year First</b>	<b>Business Experience and Other Directorships</b>
<b><u>Elected Director</u></b>	<b><u>or Significant Affiliations</u></b>
<p>William M. Daley</p> <p>Age 55</p> <p>2002</p>	<p>President, SBC Communications, Inc. (diversified telecommunications) since December 2001; Vice Chairman, Evercore Capital Partners L.P. (January to November 2001); Chairman, Vice President Albert Gore's 2000 presidential election campaign (June to December 2000); Secretary of Commerce (January 1997 to June 2000)</p> <p>Director, Boston Properties; Member, Council on Foreign Relations; Trustee, Loyola University</p>
<p>Thomas E. Shenk, Ph.D.</p> <p>Age 57</p> <p>2001</p>	<p>Elkins Professor (since 1984) and Chairman (since 1996), Department of Molecular Biology, Princeton University; Investigator, Howard Hughes Medical Institute (1989 to 1999)</p> <p>Director, Cell Genesys, Inc.; Fellow, American Academy of Arts and Sciences; Member, American Academy of Microbiology and National Academy of Sciences and its Institute of Medicine</p>
<p>Wendell P. Weeks</p> <p>Age 44</p> <p>2004</p>	<p>President and Chief Operating Officer since April 2002, President, Optical Communications (2001 to 2002) and Executive Vice President, Optical Communications (1999 to 2001), Corning Incorporated (diverse technology company in the telecommunications, information display and advanced materials industries)</p> <p>Director, Corning Incorporated</p>
<b>Directors Whose Terms Expire in 2005</b>	
<p>Raymond V. Gilmartin</p> <p>Age 63</p> <p>1994</p>	<p>Chairman of the Board, President and Chief Executive Officer of the Company for more than five years</p> <p>Director, General Mills, Inc. and Microsoft Corporation; Chairman, International Federation of Pharmaceutical Manufacturers Associations; Executive Committee, Council on Competitiveness and Pharmaceutical Research and Manufacturers of America; Member, The Business Council and The Business Roundtable</p>

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Name, Age and Year First Elected Director	Business Experience and Other Directorships or Significant Affiliations
Anne M. Tatlock Age 64 2000	Chairman (since June 2000) and Chief Executive Officer (since September 1999), Fiduciary Trust Company International (global asset management services); President, Fiduciary Trust Company International (1994 to 2000)  Director, Franklin Resources, Inc. and Fortune Brands, Inc.; Trustee, American Ballet Theatre Foundation, The Andrew W. Mellon Foundation, The Conference Board, Cultural Institutions Retirement Systems, Howard Hughes Medical Institute, The Mayo Foundation, Teagle Foundation and Vassar College
Samuel O. Thier, M.D. Age 66 1994	Professor of Medicine and Professor of Health Care Policy, Harvard Medical School since 1994; President (April 1997 through December 2002) and Chief Executive Officer (July 1996 through December 2002), Partners HealthCare System, Inc.  Director, Charles River Laboratories, Inc. and Federal Reserve Bank of Boston; Fellow, American Academy of Arts and Sciences; Master, American College of Physicians; Member, Institute of Medicine of the National Academy of Sciences and Board of Overseers, Teachers Insurance and Annuity Association of America-College Retirement Equities Fund; Trustee, Boston Museum of Science, Cornell University, The Commonwealth Fund and WGBH Public Television
<b>Directors Whose Terms Expire in 2006</b>	
Lawrence A. Bossidy Age 69 1992	Retired; Chairman (July 2001 to June 2002), Chief Executive Officer (July 2001 to February 2002) (also Chairman and Chief Executive Officer from December 1999 to April 2000), Honeywell International Inc.; Chairman and Chief Executive Officer, AlliedSignal, Inc. (1991 to 1999)  Director, J.P. Morgan Chase & Co. and Berkshire Hills Bancorp, Inc.; Member, The Business Council and The Business Roundtable
Johnnetta B. Cole, Ph.D. Age 67 1994	President, Bennett College for Women since July 2002; Presidential Distinguished Professor, Emory University (September 1998 through August 2001)  Fellow, American Academy of Arts and Sciences and American Anthropological Association; Member, Council on Foreign Relations and National Council of Negro Women; Chair, Board of Trustees, United Way of America; Trustee, The Carter Center





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<b>Name, Age and</b>	
<b>Year First</b>	<b>Business Experience and Other Directorships</b>
<b>Elected Director</b>	<b>or Significant Affiliations</b>
<p>William B. Harrison, Jr.</p> <p>Age 60</p> <p>1999</p>	<p>Chairman and Chief Executive Officer (since December 2001), President and Chief Executive Officer (January to December 2001), J.P. Morgan Chase &amp; Co. (financial services); Chairman and Chief Executive Officer (January through December 2000), President and Chief Executive Officer (June through December 1999), Vice Chairman (1991 to December 1999), The Chase Manhattan Corporation</p> <p>Member, The Business Council, The Business Roundtable, The Financial Services Forum and The Financial Services Roundtable</p>
<p>William N. Kelley, M.D.</p> <p>Age 64</p> <p>1992</p>	<p>Professor of Medicine, Biochemistry and Biophysics, University of Pennsylvania School of Medicine since 2000; Chief Executive Officer, University of Pennsylvania Health System, Dean of the School of Medicine and Executive Vice President, University of Pennsylvania (1989 to 2000)</p> <p>Director, Beckman Coulter, Inc. and GenVec, Inc.; Fellow, American Academy of Arts and Sciences; Master, American College of Physicians; Member, American Philosophical Society and Institute of Medicine of the National Academy of Sciences; Trustee, Emory University</p>
<p>Heidi G. Miller, Ph.D.</p> <p>Age 50</p> <p>2000</p>	<p>Executive Vice President (since March 2002) and Chief Financial Officer (since May 2002), Bank One Corporation (bank holding and financial services company); Vice Chairman, Marsh Inc. (January 2001 to March 2002); Senior Executive Vice President, Chief Financial Officer and Director, Priceline.com (February to November 2000); Chief Financial Officer, Citigroup (1998 to 2000)</p> <p>Director, General Mills, Inc.</p>

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**Independence of Directors**