Merck Common Stock Fund

Investment Information

Investment Objective & Strategy
Seeks to increase the value of your investments over the long term by investing in the common stock of your employer or its affiliate.

Normally invests primarily in the stock of Merck & Co., Inc., as well as in short-term investments. Your ownership is measured in units of the fund instead of shares of stock. The fund pools your money with that of other employees to buy shares of stock in your employer or its affiliate and an amount of short-term investments designed to allow you to buy or sell without the usual trade settlement period for individual stock transactions. The amount of short-term investments is based upon a target established by Merck’s Management Pension Investment Committee (MPIC), but the actual amount of short-term investments on any given business day will vary with the amount of cash awaiting investment and with participant activity in the fund (contributions, redemptions, exchanges, withdrawals, etc.) The value of your investment will vary depending on the performance of the company, the overall stock market, and the performance and amount of short-term investments held by the fund, less any expenses accrued against the fund.

Fees and Expenses as of 12-31-16
Total Annual Operating Expense 0.0014%

Operations and Management
Inception Date 10-05-95
Performance Inception Date 10-05-95
Total Assets ($mil) 957.88

Disclosure
If you invest a significant portion of your retirement savings in any one company or industry, your savings may not be properly diversified. Although diversification is not a guarantee against loss, it can be an effective strategy to help you manage investment risk. This is neither a mutual fund nor a diversified or managed investment option. Investing in a non-diversified single stock fund involves more risk than investing in a diversified fund. On days of unexpectedly heavy outflows, the fund may not have enough short-term investments for liquidity. If that happens, requests to sell units received by Fidelity before the market close on a business day may not be processed on that day. In that case, requested sales of units will be suspended and, as liquidity is restored, suspended transactions will be processed, generally on a first-in-first-out basis, at the closing price for the processing date. In unusual circumstances, the fund may be closed to purchases or sales. As with any stock, the value of your investment may go up or down depending on how the company’s stock performs in the market. Unit price and return will vary.

Performance

The Fund Inception Date is October 5, 1995, the date the portfolio was implemented. The Performance Inception Date is the earliest date historical returns were available. The performance data represents actual performance since the fund’s inception and does not guarantee future results, which may be lower or higher than the quoted return. The performance is presented net of fees. More current information, including month end performance, is available at www.netbenefits.com/merck.

Portfolio Analysis

Composition as of 03-31-17

<table>
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<tr>
<th>% Assets</th>
<th>U.S. Stocks</th>
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<tbody>
<tr>
<td></td>
<td>Non-U.S. Stocks</td>
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<tr>
<td></td>
<td>Bonds</td>
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</tr>
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<td>Cash</td>
<td>1.0</td>
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<tr>
<td></td>
<td>Other</td>
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</tbody>
</table>

Valuations

- P/E Ratio: 23.89
- P/B Ratio: 4.05
- P/C Ratio: 12.76
- Mkt Cap ($mil): 174453.59

The valuations noted in the Portfolio Analysis section above are those of the company stock itself and not of the Company Stock Account.

Risks

Nondiversification, Equity Securities

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The Investment Profile must be preceded or accompanied by the fund's current prospectus as well as this disclosure statement. The performance data given represents past performance and should not be considered indicative of future results. Principal value and investment return will fluctuate, so that an investor's shares when redeemed may be worth more or less than the original investment. Fund portfolio statistics change over time. The fund is not FDIC-insured, may lose value and is not guaranteed by a bank or other financial institution.

**Best and Worst 3 Month Performance**

Morningstar calculates best and worst 3-month period (in percentage) in-house on a monthly basis.

Best 3-month Period: The highest total return the stock has posted in a consecutive three-month period over the trailing 15 years, or if a fund does not have 15 years of history, it will go back as far as the inception date.

Worst 3-month Period: The lowest total return the stock has posted in a consecutive three-month period over the trailing 15 years, or if a fund does not have 15 years of history, it will go back as far as the inception date.

**Prospectus Gross Expense Ratio**

This is the percentage of fund assets paid for operating expenses and management fees. The expense ratio typically includes the following types of fees: accounting, administrator, advisor, auditor, board of directors, custodial, distribution (12b-1), legal, organizational, professional, registration, shareholder reporting, sub-advisor, and transfer agency. The expense ratio does not reflect the fund's brokerage costs or any investor sales charges. In contrast to the net expense ratio, the gross expense ratio does not reflect any fee waivers in effect during the time period.

Also known as the Total Annual Fund Operating Expense Ratio, Morningstar pulls the prospectus gross expense ratio from the fund's most recent prospectus. Prospectus expense ratios reflect material changes to the expense structure for the current period.

**Total Annual Operating Expense**

This is the percentage of fund assets paid for operating expenses and management fees. The expense ratio typically includes the following types of fees: accounting, administrator, advisor, auditor, board of directors, custodial, distribution (12b-1), legal, organizational, professional, registration, shareholder reporting, sub-advisor, and transfer agency. The expense ratio does not reflect the fund’s brokerage costs or any investor sales charges.

**Morningstar Ratings**

The Morningstar Rating™ for funds, or “star rating”, is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product’s monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-60 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns.

While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

For private funds, the Morningstar Rating presented is hypothetical, because Morningstar does not independently analyze private funds. Rather, the rating is assigned as a means to compare these funds with the universe of mutual funds that Morningstar rates. The evaluation of this investment does not affect the retail mutual fund data published by Morningstar.

**Morningstar Return**

The Morningstar Return rate a fund’s performance relative to other managed products in its Morningstar Category. It is an assessment of a product’s excess return over a risk-free rate (the return of the 90-day Treasury Bill) in comparison with the products in its Morningstar Category. In each Morningstar category, the top 10% of products earn a High Morningstar Return (High), the next 22.5% Above Average (+ Avg), the middle 35% Average (Avg), the next 22.5% Below Average (- Avg), and the bottom 10% Low (Low). Morningstar Return is measured for up to three time periods (three, five, and 10 years). These separate measures are then weighted and averaged to produce an overall measure for the product. Products with less than three years of performance history are not rated.

**Morningstar Risk**

Morningstar Risk evaluates a fund's downside volatility relative to that of other products in its Morningstar Category. It is an assessment of the variations in monthly returns, with an emphasis on downside variations, in comparison with the products in its Morningstar category. In each Morningstar category, the top 10% of products with the lowest measured risk are described as Low Risk (Low), the next 22.5% Below Average (- Avg), the middle 35% Average (Avg), the next 22.5% Above Average (+ Avg), and the top 10% High (High).

Morningstar Risk is measured for up to three time periods (three, five, and 10 years). These separate measures are then weighted and averaged to produce an overall measure for the product. Products with less than three years of performance history are not rated.

**Morningstar Style Box™**

The Morningstar Style Box™ reveals a fund’s investment style as of the date noted on this report.

For equity funds the vertical axis shows the market capitalization of the long stocks owned and the horizontal axis shows investment style (value, blend, or growth).

For fixed-income funds, the vertical axis shows the credit quality of the long bonds owned and the horizontal axis shows interest rate sensitivity as measured by a bond's effective duration.

Morningstar seeks credit rating information from fund companies on a periodic basis (e.g., quarterly). In compiling credit rating information Morningstar accepts credit ratings reported by fund companies that have been issued by all Nationally Recognized Statistical Rating Organizations (NRSROs). For a list of all NRSROs, please visit http://www.sec.gov/divisions/marketreg/ratingagency.htm. Additionally, Morningstar accepts foreign credit ratings from widely recognized or registered rating agencies. If two rating organizations/agencies have rated a security, fund companies are to report the lower rating; if three or more organizations/agencies have rated a security, fund companies are to report the median rating, and in cases where there are more than two organization/agency ratings and a median rating does not exist, fund companies are to use the lower of the two middle ratings.

PLEASE NOTE: Morningstar, Inc. is not itself an NRSRO nor does it issue a credit rating on the fund. An NRSRO or rating agency ratings can change from time-to-time.

For credit quality, Morningstar combines the credit rating information provided by the fund companies with an average default rate calculation to come up with a weighted-average credit quality. The weighted-average credit quality is currently a letter that roughly corresponds to the scale used by a leading NRSRO. Bond funds are assigned a style box placement of “low”, “medium”, or “high” based on their average credit quality. Funds with a low credit quality are those whose weighted-average credit quality is determined to be less than “BBB-”; medium are those less than “AA-”, but greater or equal to “BBB-”; and high are those with a weighted-average credit quality of “AA-” or higher. When classifying a bond portfolio, Morningstar first maps the NRSRO credit ratings of the underlying holdings to their respective default rates (as determined by Morningstar’s analysis of actual historical default rates). Morningstar then averages these default rates to determine the average default rate for the entire bond fund. Finally, Morningstar maps this average default rate to its corresponding credit rating along a convex curve.

For interest-rate sensitivity, Morningstar obtains from fund companies the average effective duration. Generally, Morningstar classifies a fixed-income fund's interest-rate sensitivity based on the effective duration of the Morningstar Core Bond Index (MCBI), which is currently three years. The classification of Limited will be assigned to those funds whose average effective duration is between 25% to 75% of MCBI's average effective duration; funds whose effective duration is between 75% to 125% of the MCBI will be classified as Moderate; and those that are at 125% or greater of the average effective duration of the MCBI will be classified as Extensive.

For municipal bond funds, Morningstar also obtains from fund companies the average effective duration. In these cases static breakpoints are utilized. These breakpoints are as follows: (i) Limited: 4.5 years or less; (ii) Moderate: more than 4.5 years but less than 7 years; and (iii) Extensive: more than 7 years. In addition, for non-US taxable and non-US domiciled fixed income funds static duration breakpoints are used: (i) Limited: less than or equal to 3.5 years; (ii) Moderate: greater than 3.5 and less than equal to 6 years; (iii) Extensive: greater than 6 years.