Merck To Cut 8,500 Jobs

WHITEHOUSE STATION, N.J. (AP) — Drugmaker Merck said that it plans to cut another 8,500 jobs as part of a plan to reduce its annual costs by about $2.5 billion by the end of 2015. In addition, Merck will move its headquarters from Whitehouse Station, N.J., to existing facilities in Kenilworth, N.J. The company had previously planned to close its Whitehouse Station building and move its headquarters to Summit, N.J., but it determined it could save more money by closing both the Summit and Whitehouse Station locations. The move is expected to begin next year and be finished by 2015. Merck has been based in Whitehouse Station since 1992.

The latest workforce reductions come on top of about 7,500 in previously announced job cuts. The two rounds of cuts means it is slashing about 20 percent of its workforce, currently at about 81,000 people. Merck & Co. said the cost cuts will allow it to better target its investments on the areas with the most potential for returns. Of the $2.5 billion in cost savings, the company says it expects to realize $1 billion by the end of 2014. Most of savings are expected to come from marketing and administrative expenses and research and development.

The company backed its adjusted 2013 profit prediction of between $3.45 and $3.55 per share. Charges related to the restructuring program are expected to total between $900 million and $1.1 billion for the year. Merck shares rose $1.31, or 2.8 percent, to $48.92 in premarket trading. That is near the upper end of its 52-week range of $40.02 to $50.16.

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