MERCK & CO INC
Form PREM14A
May 21, 2009

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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

Filed by the Registrant þ
Filed by a Party other than the Registrant o
Check the appropriate box:
þ Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
o Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

Merck & Co., Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)
Payment of Filing Fee (Check the appropriate box):
o No fee required.
þ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

Common stock, par value $0.01 per share, of the Registrant

(2) Aggregate number of securities to which transaction applies:

2,108,365,015 the number of shares of common stock of the Registrant outstanding as of May 15, 2009.

(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):

$25.795, pursuant to Exchange Act Rule 0-11(c)(1) and 0-11(a)(4), the average of the high and low prices per share of the Registrant s common stock reported in the consolidated reporting system on May 15, 2009.

(4) Proposed maximum aggregate value of transaction:

$ 54,385,275,562

(5) Total fee paid:

$ 3,034,698, computed in accordance with Exchange Act Rule 0-11(c)(1) and Section 14(g) of the Exchange Act by multiplying the proposed maximum aggregate value of the transaction by .0000558.

o Fee paid previously with preliminary materials.

þ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

$ 3,034,698, a portion of the fee paid in connection with the filing of the Form S-4 referenced below.

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

Form S-4

(3) Filing Party:

Schering-Plough Corporation

(4) Date Filed:

May 20, 2009

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The information in the attached joint proxy statement/prospectus is not complete and may be changed. The registrant may not sell the securities described herein until the registration statement filed with the Securities and Exchange Commission is declared effective. The attached joint proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PRELIMINARY SUBJECT TO COMPLETION, DATED MAY 20, 2009

Dear Shareholders:

The boards of directors of Merck & Co., Inc. and Schering-Plough Corporation have approved a merger agreement providing for the combination of our two companies.

We expect that this combination will create a strong, global healthcare leader uniquely positioned for sustainable long-term growth through:

- scientific innovation, with a combined team of top scientists focused on discovering, developing and delivering innovative treatments for patients around the world;
- a stronger, more diversified product portfolio with an expanded geographic footprint and an industry-leading team of marketing and sales professionals; and
- a strong financial base, to be further strengthened by synergies expected to be recognized from the combination, to support further investments in research and strategic opportunities to build for the future.

In addition, the combined company expects to continue Merck s current practice of paying quarterly dividends of $0.38 per share.

Merck and Schering-Plough will each hold a special meeting of shareholders to consider and vote on a proposal to approve the merger agreement. You will find the notice of meeting, logistics of the proposed combination and details in the attached documents. We encourage you to participate in the governance of your company by voting. Your vote is critical, because we cannot complete the merger unless the shareholders of both Merck and Schering-Plough approve the respective proposals related to the merger.

We enthusiastically support this combination of our companies and join with our boards in recommending that you vote **FOR** the approval of the merger agreement.

Sincerely,	Sincerely,
Richard T. Clark Chairman, President and Chief Executive Officer Merck & Co., Inc.	Fred Hassan Chairman and Chief Executive Officer Schering-Plough Corporation

For a discussion of risk factors which you should consider in evaluating the transaction, see Risk Factors beginning on page 17.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the merger and other transactions described in the attached joint proxy statement/prospectus or the securities to be issued pursuant to the merger under the attached joint proxy statement/prospectus nor have they determined if the attached joint proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

The attached joint proxy statement/prospectus is dated [ ], 2009, and is first being mailed to shareholders on or about [ ], 2009.

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NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
[ ], 2009

The Special Meeting of Shareholders of Schering-Plough Corporation will be held at [ ], on [ ], at [ ]a.m. local time. Directions to the [ ] are available at [ ]. The purposes of the meeting are to vote on the following matters and to transact such other business that may properly come before the meeting:

Consider and act on a proposal to approve the Agreement and Plan of Merger, dated as of March 8, 2009, by and among Merck & Co., Inc., Schering-Plough Corporation, SP Merger Subsidiary One, Inc. (formerly Blue, Inc.), and SP Merger Subsidiary Two, Inc. (formerly Purple, Inc.), as it may be amended (the merger agreement) and the issuance of shares of common stock in the merger contemplated by the merger agreement. The Board recommends a vote **FOR** this proposal.

Approve any adjournment of the Schering-Plough Special Meeting (including, if necessary, to solicit additional proxies if there are not sufficient votes to approve the merger agreement and the issuance of shares of common stock in the merger). The Board recommends a vote **FOR** this proposal.

Only holders of record of common shares at the close of business on [ ] will be entitled to vote at the meeting or any adjournments or postponements thereof.

For the security of everyone attending the meeting, a shareholder must present both an admission ticket and photo identification to be admitted to the Special Meeting of Shareholders. The process for shareholders to obtain an admission ticket from Schering-Plough s transfer agent, BNY Mellon, is described in the attached joint proxy statement/prospectus on page 44.

Your vote is important. Whether or not you plan to attend the meeting, please vote in advance by proxy in whichever way is most convenient in writing, by telephone or by the Internet.

We appreciate your investment in Schering-Plough. We encourage you to participate in Schering-Plough s governance by voting.

Susan Ellen Wolf
Corporate Secretary and
Vice President Governance

Kenilworth, New Jersey
[ ], 2009

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NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
[ ], 2009

To the Shareholders:

The shareholders of Merck & Co., Inc. will hold a special meeting on [ ], 2009 at [ ] a.m., local time, [at/in] [ ] located at [ ]. The purposes of the meeting are to:

1. Consider and act on a proposal to approve the Agreement and Plan of Merger, dated as of March 8, 2009, by and among Merck & Co., Inc., Schering-Plough Corporation, SP Merger Subsidiary One, Inc. (formerly Blue, Inc.), and SP Merger Subsidiary Two, Inc. (formerly Purple, Inc.), as it may be amended (the merger agreement); and

2. Transact any other business that may properly come before the meeting.

Only shareholders listed on the company s records at the close of business on [ ], 2009 are entitled to vote at the special meeting or at any adjournments or postponements of the special meeting.

We cannot complete the transactions contemplated by the merger agreement unless a quorum (comprised of holders of a majority of the outstanding shares of Merck common stock) is present at the special meeting in person or by proxy, and a majority of the votes cast are cast in favor for approval of the merger agreement.

For more information about the transactions contemplated by the merger agreement, please review carefully the accompanying joint proxy statement/prospectus and the merger agreement attached to it as Annex A.

Your vote is important. Whether or not you plan to attend the special meeting, please vote in advance by proxy in whichever way is most convenient by Internet, telephone or mail.

By Order of the Board of Directors,

Celia A. Colbert
Senior Vice President, Secretary and
Assistant General Counsel

Whitehouse Station, New Jersey
[ ], 2009

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The information in this joint proxy statement/prospectus is not complete and may be changed. The registrant may not sell the securities described herein until the registration statement filed with the Securities and Exchange Commission is declared effective. This joint proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PRELIMINARY SUBJECT TO COMPLETION, DATED MAY 20, 2009

The board of directors of Schering-Plough Corporation (Schering-Plough) and Merck & Co., Inc. (Merck) have approved a merger agreement providing for the combination of the two companies in a stock and cash transaction in which Schering-Plough, renamed Merck & Co., Inc., will continue as the surviving company (referred to in this joint proxy statement/prospectus as New Merck) and Merck will become a wholly owned subsidiary of New Merck.

In the merger, Schering-Plough shareholders will receive $10.50 in cash and 0.5767 of a share of the common stock of the combined company for each share of Schering-Plough common stock they hold and Merck shareholders will receive one share of common stock of the combined company for each share of Merck common stock they hold. The combined company expects to continue Merck s current practice of paying quarterly dividends of $0.38 per share.

A total of [ ] shares of the combined company will be issued to the Merck and Schering-Plough shareholders in the merger. Immediately after the merger, the former shareholders of Merck and Schering-Plough will own approximately 68% and 32%, respectively, of the shares of the combined company, which we expect will be listed on the New York Stock Exchange and traded under the symbol MRK.

For a discussion of risk factors which you should consider in evaluating the transaction, see Risk Factors beginning on page 17.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the merger and other transactions described in this joint proxy statement/prospectus or the securities to be issued pursuant to the merger under this joint proxy statement/prospectus nor have they determined if this joint proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated [l], 2009, and is first being mailed to shareholders on or about [l], 2009.

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REFERENCES TO ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates important business and financial information about Merck and Schering-Plough from other documents that are not included in or delivered with this joint proxy statement/prospectus. This information is available for you to review at the Securities and Exchange Commission s (SEC) public reference room located at 100 F Street, N.E., Room 1580, Washington, DC 20549, and through the SEC s website, www.sec.gov. You can also obtain those documents incorporated by reference in this joint proxy statement/prospectus by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

Merck & Co., Inc.
One Merck Drive
P.O. Box 100
Whitehouse Station, NJ 08889
1-800-522-9114
Attention: Stockholder Services Dept, WS3AB-40
www.merck.com/finance

Schering-Plough Corporation
2000 Galloping Hill RoadKenilworth, NJ 07033
1-908-298-7436
Attention: Investor Relations
www.schering-plough.com/investor-relations/index.aspx

If you would like to request documents, please do so no later than [ ], 2009 in order to receive them before the special meetings.

See Where You Can Find More Information beginning on page 155 for more information about the documents referenced in this joint proxy statement/prospectus.

In addition, if you have any questions about the merger, this joint proxy statement/prospectus, voting your shares, would like additional copies of this joint proxy statement/prospectus or need to obtain proxy cards or other information related to the proxy solicitation, you may contact:

IF YOU ARE A MERCK SHAREHOLDER:
Laurel Hill Advisory Group, LLC
100 Wall Street, 22nd Floor
New York, NY 10005
1-888-742-1305

IF YOU ARE A SCHERING-PLOUGH SHAREHOLDER:
Georgeson Shareholder Communications, Inc.
199 Water Street, 26th Floor
New York, NY 10038
1-866-288-2190

For strategic and financial issues:
Alex Kelly
Group Vice President
Global Communications
and Investor Relations
Schering-Plough Corporation
2000 Galloping Hill Road
Mail Stop: K-1-4-4275
Kenilworth, NJ 07033
Phone: (908) 298-7436
Fax: (908) 298-7082

For governance and social issues:
Susan Ellen Wolf
Corporate Secretary and Vice President
Corporate Governance
Schering-Plough Corporation
2000 Galloping Hill Road
Mail Stop: K-1-4-4275
Kenilworth, NJ 07033
Phone: (908) 298-3636
Fax: (908) 298-7303

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QUESTIONS AND ANSWERS ABOUT THE VOTING PROCEDURES FOR THE SPECIAL MEETINGS

Q: What is the proposed transaction for which I am being asked to vote?

A: You are being asked to approve a merger agreement providing for the combination of Merck and Schering-Plough. In the transactions contemplated by the merger agreement, each outstanding Schering-Plough common share (referred to in this joint proxy statement/prospectus as Schering-Plough common stock) will be converted into the right to receive $10.50 in cash and 0.5767 of a share of the common stock of the combined company, which we refer to as New Merck, and each outstanding share of Merck common stock will automatically be converted into one share of the common stock of New Merck.

In order to complete the merger, Merck shareholders must vote to approve the merger agreement and Schering-Plough shareholders must vote to approve the merger agreement and the issuance of shares of common stock of New Merck in the merger. Merck and Schering-Plough will hold separate special shareholders meetings to obtain these approvals. This joint proxy statement/prospectus contains important information about the merger, including the special meetings of the respective shareholders of Merck and Schering-Plough. You should read it carefully and in its entirety. The enclosed proxy card or voting instruction card allows you to vote your shares without attending your company s special meeting.

Your vote is important. We encourage you to vote as soon as possible.

Q: When and where will the special meetings be held?

A: The Merck special meeting is scheduled to be held at [ ] a.m., local time, on [ ], 2009, at [ ]. The Schering-Plough special meeting is scheduled to be held at [ ] a.m., local time, on [ ], 2009, at [ ].

Q: Who is entitled to vote at the Merck and Schering-Plough special meetings?

A: The boards of directors of each of Merck and Schering-Plough has fixed [ ], 2009 as the record date for its respective special meeting. If you were a Merck or Schering-Plough shareholder at the close of business on the record date you are entitled to vote your Merck or Schering-Plough shares at your company s special meeting.

Q: How many votes do I have?

A: You are entitled to one vote at the Merck special meeting for each share of Merck common stock that you owned as of the record date. As of the close of business on the record date, there were approximately [ ] outstanding shares of Merck common stock. As of that date, less than [ ]% of the outstanding shares of Merck common stock were held by the directors and executive officers of Merck.

You are entitled to one vote at the Schering-Plough special meeting for each share of Schering-Plough common stock that you owned as of the record date. As of the close of business on the record date, there were approximately [ ] outstanding shares of Schering-Plough common stock. As of that date, less than [ ]% of the outstanding shares of Schering-Plough common stock were held by the directors and executive officers of Schering-Plough.

Q: What constitutes a quorum?

A: Shareholders who hold at least a majority of the outstanding shares of Merck common stock as of the close of business on the record date and who are entitled to vote must be present, either in person or represented by proxy, in order to constitute a quorum to conduct business at the Merck special meeting.

Shareholders who hold at least a majority of the outstanding shares of Schering-Plough common stock as of the close of business on the record date and who are entitled to vote must be present, either in person or represented by proxy, in order to constitute a quorum to conduct business at the Schering-Plough special meeting.

Q: What vote is required to approve the merger agreement?

A: As long as a quorum is present at the companies respective special meetings, the affirmative vote of a majority of the votes cast at the special meeting is required for each of Merck and Schering-Plough to approve the merger agreement. Moreover, in the case of Schering-Plough, the rules of the New York Stock Exchange require that holders of at least a majority of the outstanding shares of Schering-Plough common stock actually cast votes on the proposal to approve the merger agreement (whether for or against the proposal).

Q: What is the difference between holding shares as a shareholder of record or in street name ?

A: If your shares are registered directly in your name with Merck s transfer agent, Wells Fargo Bank, N.A., or with Schering-Plough s transfer agent, BNY Mellon, as the case may be, you are considered, with respect to those shares, the shareholder of record. If you are a shareholder of record, this joint proxy statement/prospectus and the enclosed proxy card have been sent directly to you by Merck or Schering-Plough.

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. This joint proxy statement/prospectus has been forwarded to you by your broker, bank or nominee who is considered, with respect to those shares, the shareholder of record. As the beneficial owner of shares held in street name, you have the right to direct your broker, bank or nominee how to vote your shares by using the voting instruction card included with this joint proxy statement/prospectus or by following their instructions for voting by telephone or the Internet.

Q: How do I vote?

A: In order to ensure that your vote is recorded, please submit your proxy or voting instructions as instructed below as soon as possible even if you plan to attend your company s special meeting in person.

Mail. You can vote by mail by completing, signing, dating and mailing your proxy card or voting instruction card in the postage-paid envelope included with this joint proxy statement/prospectus.

Vote by Telephone or Internet. If you are a shareholder of record (that is, if you hold your shares in your own name), you may vote by telephone (toll-free) or the Internet by following the instructions on your proxy and voting instruction card. If your shares are held in the name of a bank, broker or other holder of record (that is, in street name), and if the bank or broker offers telephone and Internet voting, you will receive instructions from them that you must follow in order for your shares to be voted. If you vote by telephone or the Internet, you do not need to return your proxy and voting instruction card.

In addition, all shareholders may vote in person at their company s special 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 held in street name, 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.

Q: How will my proxy be voted?

A: If you vote by Internet, by telephone or by completing, signing, dating and mailing your proxy card or voting instruction card, your shares will be voted in accordance with your instructions. If you are a shareholder of record and you sign, date, and return your proxy card but do not indicate how you want to vote or do not indicate that you wish to abstain, your shares will be voted in favor of the approval of the merger agreement.

Q: Who can attend the Merck and Schering-Plough special meetings?

A: All Merck shareholders as of the record date may attend the Merck special meeting but must have an admission ticket. If you are a shareholder of record, the ticket attached to the proxy card will admit you

and one guest. If you are a beneficial owner of Merck shares held in street name, you may request a ticket by writing to the following address:

Office of the Secretary
WS 3AB-05, Merck & Co., Inc.
P.O. Box 100
Whitehouse Station, NJ 08889-0100

or by faxing your request to 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, bank or nominee to fax your ticket request and proof of ownership in order to avoid any mail delays.

All Schering-Plough shareholders as of the record date may attend the Schering-Plough special meeting with an admission ticket and a photo identification. To get an admission ticket, Schering-Plough shareholders must write to Schering-Plough s transfer agent, BNY Mellon, using the following address:

BNY Mellon Shareowner Services
480 Washington Boulevard
29th Floor
Jersey City, NJ 07310
Attn: Ann-Marie Webb

If you are a record shareholder (your shares are held in your name), you must list your name exactly as it appears on your stock ownership records from BNY Mellon. If you hold shares through a bank, broker or trustee, you must also include a copy of your latest bank or broker statement showing your ownership.

Q: Can I change my vote after I have submitted a proxy or voting instruction card?

A: Yes. If you are a shareholder of record you can change your vote at any time before your proxy is voted at your special meeting. You can do this in one of three ways:

you can send a signed notice of revocation to the Secretary of Merck or the Corporate Secretary of Schering-Plough, as appropriate;

you can submit a revised proxy bearing a later date by Internet, telephone or mail as described above; or

you can attend your company s special meeting and vote in person, which will automatically cancel any proxy previously given, or you may revoke your proxy in person, but your attendance alone will not revoke any proxy that you have previously given.

If you choose either of the first two methods, you must submit your notice of revocation or your new proxy no later than the beginning of the applicable special meeting. If you are a beneficial owner of shares held in street name, you may submit new voting instructions by contacting your broker, bank or nominee. You may also vote in person at the special meeting if you 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.

Additional information on changing your vote is located on page 40 for Merck and on page 45 for Schering-Plough.

Q: As a participant in Merck s 401(k) or similar employee retirement plan(s), how do I vote shares held in my plan account?

A: If you are a participant 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) or Merial 401(k) Savings Plan (Merial Plan), you should have received separate proxy voting instruction cards from the plan trustees and you have the right to provide voting directions to the plan trustee by submitting your voting instruction card for those shares of Merck common stock that are held by your plan and allocated to your plan account on the approval of the merger agreement.

Q: If I am a participant in one of the Merck retirement plans mentioned above, what happens if the plan trustee does not receive voting instructions from me?

A: If voting instructions are not received from participants in the Merck Frosst Plan, the plan trustee will vote the shares in accordance with the recommendation of the Merck 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 from plan participants.

If voting instructions are not received from participants in the plans other than the Merck Frosst Plan and the Merial Plan mentioned above, trustees for the other plans will not vote shares for which no voting instructions are received from plan participants.

Q: As a participant in Schering-Plough s employees savings plans, how do I vote shares held in my plan account?

A: If you are a current or former Schering-Plough employee with shares credited to an account under the Schering-Plough employees savings plan or the Schering-Plough Puerto Rico employees retirement savings plan, you will receive a proxy and voting instruction card.

If you do not give voting instructions to the plan trustee by mailing your proxy and voting instruction card or voting by telephone or the Internet, the trustee will vote shares you hold in the employees savings plan or in the Puerto Rico employees retirement savings plan in the same proportion as shares held in that plan for which voting instructions were timely received. To allow sufficient time for the trustee to vote your shares under either plan, your voting instructions must be received by 5:00 p.m. (Eastern Time) on [ ], 2009.

Q: When do you expect the merger to be completed?

A: Schering-Plough and Merck are working to complete the merger in the fourth quarter of 2009. However, the merger is subject to various regulatory approvals and other conditions, and it is possible that factors outside the control of both companies could result in the merger being completed at a later time, or not at all. There may be a substantial amount of time between the respective Schering-Plough and Merck special meetings and the completion of the merger. Schering-Plough and Merck hope to complete the merger as soon as reasonably practicable.

Q: Should I send in my share certificates now?

A: No. If you hold Schering-Plough share certificates, after we have completed the transaction, we will send you written instructions informing you how to exchange your share certificates. If you hold Merck share certificates, your share certificates will automatically represent an equal number of shares in New Merck after completion of the transaction.

Q: Who can answer any questions I may have about the special meeting or the transaction?

A: Merck shareholders may call Laurel Hill Advisory Group, LLC toll-free at 1-888-742-1305 and banks and brokers may call collect at 1-917-338-3181 with any questions they may have.

For logistical questions, such as how to exchange shares, Schering-Plough shareholders may call Georgeson Shareholder Communications, Inc. toll-free at 1-866-288-2190 and banks and brokers may call 1-212-440-9800 with any questions they may have.

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For other questions that Schering-Plough shareholders may have, the officers leading the Schering-Plough Shareholder Engagement Program remain your contacts:

For Strategic and Financial Issues:

Alex Kelly
Group Vice President
Global Communications and
Investor Relations
Schering-Plough Corporation
2000 Galloping Hill Road
Mail Stop: K-1-4-4275
Kenilworth, NJ 07033
Phone: (908) 298-7436
Fax: (908) 298-7082

For Governance and Social Issues:

Susan Ellen Wolf
Corporate Secretary and Vice President Corporate Governance
Schering-Plough Corporation
2000 Galloping Hill Road
Mail Stop: K-1-4-4525
Kenilworth, NJ 07033
Phone: (908) 298-3636
Fax: (908) 298-7303

SUMMARY

This summary highlights selected material information from this joint proxy statement/prospectus and may not contain all of the information that is important to you. To understand the merger agreement fully and for a more complete description of the legal terms of the merger agreement, you should carefully read this entire joint proxy statement/prospectus and the other documents to which we have referred you, including the complete merger agreement included with this joint proxy statement/prospectus as Annex A. See Where You Can Find More Information beginning on page 155.

References to we or our and other first person references in this joint proxy statement/prospectus refer to both Schering-Plough and Merck, before completion of the merger. We refer to the combined company in this joint proxy statement/prospectus as New Merck, or the combined company.

Parties to the Merger Agreement

Merck & Co., Inc.

Merck is a global research-driven pharmaceutical company that discovers, develops, manufactures and markets a broad range of innovative products to improve human and animal health. Merck s operations are principally managed on a products basis and are comprised of two reportable segments: the pharmaceutical segment and the vaccines and infectious diseases segment. The pharmaceutical segment includes products consisting of therapeutic and preventive agents, sold by prescription, for the treatment of human disorders and sold by Merck primarily to drug wholesalers and retailers, hospitals, government agencies and managed health care providers such as health maintenance organizations, pharmacy benefit managers and other institutions. The vaccines and infectious diseases segment includes human health vaccine products consisting of preventative pediatric, adolescent and adult vaccines, primarily administered at physician offices, and infectious disease products consisting of therapeutic agents for the treatment of infection sold primarily to drug wholesalers and retailers, hospitals and government agencies.

Merck common stock (NYSE: MRK) is listed on the NYSE. The principal executive offices of Merck are located at One Merck Drive, Whitehouse Station, NJ 08889, and its telephone number is (908) 423-1000.

Additional information about Merck and its subsidiaries is included in the documents incorporated by reference into this joint proxy statement/prospectus. See Where You Can Find More Information on page 155.

Schering-Plough Corporation

Schering-Plough is a global innovation-driven, science-based health care company with leading prescription pharmaceutical, animal health and consumer health care products. Schering-Plough has business operations in more than 140 countries. Through its own biopharmaceutical research and collaborations with partners, Schering-Plough creates therapies that help save and improve lives around the world. Schering-Plough applies its research and development platform to prescription pharmaceuticals, animal health and consumer health care products. The prescription pharmaceuticals segment discovers, develops, manufactures and markets human pharmaceutical products. Within the prescription pharmaceuticals segment, Schering-Plough has a broad range of research projects and marketed products in six therapeutic areas: cardiovascular, central nervous system, immunology and infectious disease, oncology, respiratory and women s health. The animal health segment discovers, develops, manufactures and markets animal health products, including vaccines. The consumer health care segment develops, manufactures and markets over-the-counter (OTC), footcare and sun care products.

Schering-Plough common stock (NYSE: SGP) is listed on the NYSE. The principal executive offices of Schering-Plough are located at 2000 Galloping Hill Road, Kenilworth, NJ 07033, and its telephone number is (908) 298-4000.

Additional information about Schering-Plough and its subsidiaries is included in the documents incorporated by reference into this joint proxy statement/prospectus. See Where You Can Find More Information on page 155.

SP Merger Subsidiary One, Inc.

SP Merger Subsidiary One, Inc., formerly known as Blue, Inc. and which is sometimes referred to in this joint proxy statement/prospectus as Merger Sub 1, is a wholly owned subsidiary of Schering-Plough formed solely for the purpose of implementing the Schering-Plough merger. It has not carried on any activities or operations to date, except for those activities incidental to its formation and undertaken in connection with the transactions contemplated by the merger agreement.

The principal executive offices of SP Merger Subsidiary One, Inc. are located at 2000 Galloping Hill Road, Kenilworth, NJ 07033, and its telephone number is (908) 298-4000.

SP Merger Subsidiary Two, Inc.

SP Merger Subsidiary Two, Inc., formerly known as Purple, Inc. and which is sometimes referred to in this joint proxy statement/prospectus as Merger Sub 2, is a wholly owned subsidiary of Schering-Plough formed solely for the purpose of implementing the Merck merger. It has not carried on any activities or operations to date, except for those activities incidental to its formation and undertaken in connection with the transactions contemplated by the merger agreement.

The principal executive offices of SP Merger Subsidiary Two, Inc. are located 2000 Galloping Hill Road, Kenilworth, NJ 07033, and its telephone number is (908) 298-4000.

The Transaction

The combination of Merck and Schering-Plough will be implemented by means of a two-step merger process.

In the first merger, which we refer to as the Schering-Plough merger, a wholly owned subsidiary of Schering-Plough will merge into Schering-Plough. Schering-Plough will continue as the surviving company in this merger, but will change its name to Merck & Co., Inc. We refer to the surviving company in this merger as New Merck. In the Schering-Plough merger, each outstanding share of Schering-Plough common stock will be converted into the right to receive $10.50 in cash and 0.5767 of a share of the common stock of New Merck. After the Schering-Plough merger, each share of Schering-Plough s 6% Mandatory Convertible Preferred Stock (Schering-Plough 6% preferred stock) will remain outstanding as one share of 6% Mandatory Convertible Preferred Stock of New Merck (New Merck 6% preferred stock).

In the second merger, which we refer to as the Merck merger, a second wholly owned subsidiary of Schering-Plough will merge with Merck. Merck will continue as the surviving company in this merger, but as a wholly owned subsidiary of New Merck. In this merger, each outstanding share of Merck common stock will automatically be converted into one share of the common stock of New Merck.

We expect that the former shareholders of Merck and Schering-Plough will own approximately 68% and 32%, respectively, of the outstanding common stock of New Merck. For additional information on the structure of the transaction, see The Merger Agreement beginning on page 99. The structure of the transaction is depicted below:

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Merck Board Recommendation

After careful consideration, the members of Merck s board of directors unanimously approved the merger agreement. For factors considered by the Merck board of directors in reaching its decision to approve the merger agreement, see The Transaction Merck s Reasons for the Transaction and Recommendation of Merck s Board of Directors beginning on page 59. The board of directors of Merck unanimously recommends that Merck shareholders vote **FOR** the approval of the merger agreement.

Schering-Plough Board Recommendation

After careful consideration, the members of Schering-Plough s board of directors unanimously approved the merger agreement and the issuance of shares of common stock in the merger. For factors considered by the Schering-Plough board of directors in reaching its decision to approve the merger agreement and the issuance of shares, see The Transaction Schering-Plough s Reasons for the Transaction and Recommendation of Schering-Plough s Board of Directors beginning on page 70. The board of directors of Schering-Plough unanimously recommends that Schering-Plough shareholders vote **FOR** the approval of the merger agreement and the issuance of shares of common stock in the merger.

Merck Financial Advisor s Opinion

At a meeting of the Merck board of directors on March 8, 2009, J.P. Morgan Securities Inc., which is referred to in this joint proxy statement/prospectus as J.P. Morgan, rendered its oral opinion, subsequently confirmed in writing, to the Merck board of directors that, as of such date and based upon and subject to the factors, limitations and assumptions set forth in its opinion, the consideration to be received by holders of shares of Merck common stock in the Merck merger, was fair from a financial point of view to such holders.

The full text of the written opinion of J.P. Morgan, dated March 8, 2009, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limits on the opinion and review undertaken in connection with rendering its opinion, is included as Annex B to this joint proxy statement/prospectus and is incorporated herein by reference. J.P. Morgan s opinion is addressed to the Merck board of directors, is directed only to the consideration in the proposed Merck merger and does not constitute a recommendation to any shareholder of Merck as to how such shareholder should vote with respect to the proposed Merck merger or any other matter. The summary of the opinion of J.P. Morgan set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of such opinion. For additional information relating to the opinion of J.P. Morgan, see The Transaction Opinion of Merck s Financial Advisor beginning on page 64.

Schering-Plough Financial Advisors Opinions

Opinion of Goldman, Sachs & Co.

Goldman, Sachs & Co., which is referred to in this joint proxy statement/prospectus as Goldman Sachs, rendered its opinion to the Schering-Plough board of directors that, as of March 8, 2009 and based upon and subject to the factors and assumptions set forth therein, the $10.50 in cash and 0.5767 shares of New Merck common stock paid as consideration for each share of common stock of Schering-Plough to the holders (other than Merck and any of its affiliates) of such Schering-Plough common stock pursuant to the merger agreement was fair from a financial point of view to such holders.

The full text of the written opinion of Goldman Sachs, dated March 8, 2009, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex C to this joint proxy statement/prospectus and is incorporated herein by reference. Goldman Sachs provided its opinion for the information and assistance of the Schering-Plough board of directors in connection with its consideration of the transaction. The Goldman Sachs opinion is not a recommendation as to how any holder of Schering-Plough common stock should vote with respect to the transaction or any other matter. For additional information relating to the opinion of Goldman Sachs, see The

Transaction Opinions of Schering-Plough s Financial Advisors Opinion of Goldman, Sachs & Co. beginning on page 73.

Opinion of Morgan Stanley & Co. Incorporated

As financial advisor to Schering-Plough, on March 8, 2009, Morgan Stanley & Co. Incorporated, which is referred to in this joint proxy statement/prospectus as Morgan Stanley, rendered to the Schering-Plough board of directors its opinion that, as of such date and based upon and subject to the various assumptions, qualifications and limitations set forth in its opinion, the merger consideration to be received by the holders of shares of Schering-Plough s common stock pursuant to the merger agreement was fair from a financial point of view to such holders.

The full text of the written fairness opinion of Morgan Stanley, dated March 8, 2009, is attached hereto as Annex D to this joint proxy statement/prospectus and is incorporated herein by reference. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations of the reviews undertaken by Morgan Stanley in rendering its opinion. You should read the entire opinion carefully and in its entirety. Morgan Stanley s opinion is directed to the Schering-Plough board of directors and addresses only the fairness from a financial point of view of the merger consideration to be received by the holders of shares of Schering-Plough s common stock pursuant to the merger agreement as of the date of the opinion. It does not address any other aspect of the transaction and does not constitute a recommendation to the shareholders of Schering-Plough or Merck as to how to vote or act on any matter with respect to the transaction. For additional information relating to the opinion of Morgan Stanley, see The Transaction Opinions of Schering-Plough s Financial Advisors Opinion of Morgan Stanley & Co. Incorporated beginning on page 80.

Key Terms of Merger Agreement

Conditions to the Completion of the Transaction

As more fully described in this joint proxy statement/prospectus and in the merger agreement, the completion of the transaction depends on a number of conditions being satisfied or waived. These conditions include the receipt of the required approvals of Schering-Plough shareholders and Merck shareholders, the absence of an injunction or law issued by a governmental entity in the United States, the European Union or certain other jurisdictions enjoining or prohibiting the merger, the termination or expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or HSR Act, the approval of the merger by the European Commission, and the termination or expiration of certain other antitrust waiting periods or receipt of certain approvals from specified jurisdictions outside the United States, the approval for listing of the shares of New Merck common stock issuable in the merger on the New York Stock Exchange, the accuracy of representations and warranties made by the parties in the merger agreement (subject to certain materiality and other exceptions), the performance by the parties of their material obligations under the merger agreement in all material respects, and the non-occurrence of a material adverse effect on either Schering-Plough or Merck since March 8, 2009. In addition, the obligation of Merck to complete the merger is subject to additional conditions, including no imposition, in connection with obtaining regulatory approval of the merger, of restrictions, required divestitures or other conditions reasonably likely to result in the one-year loss of net sales revenues to the combined company in excess of $1 billion based upon 2008 net sales revenues (excluding any loss of net sales revenues related to the license, sale, divestiture or other disposition or holding separate of Schering-Plough s animal health segment and Merck s direct or indirect interest in Merial Ltd.).

Notwithstanding the satisfaction or waiver of all of the conditions set forth in the merger agreement, if the proceeds of the financing are not available in full on the date that would otherwise be the closing date, Merck will not be required to effect the closing of the merger and, as such, the closing date will be delayed until the date on which the proceeds of the financing are available in full. However, either Merck or Schering-Plough can terminate the merger agreement

if the merger has not been consummated by a drop-dead date of December 8, 2009, provided that the drop-dead date on which the merger agreement may be

terminated will be extended to March 8, 2010 if, on December 8, 2009, the closing conditions dealing with antitrust approvals, laws or injunctions prohibiting the merger and regulatory divestitures have not been satisfied but all other conditions to the merger have been satisfied; or the proceeds of the financing are not available to Merck in full but all other conditions to the merger have been satisfied or are then capable of being satisfied.

For additional information relating to the conditions to the completion of the transaction, see The Merger Agreement Conditions to the Transaction beginning on page 113.

Management of New Merck

Upon completion of the merger, the board of directors of New Merck will be comprised of the directors of Merck immediately prior to the merger and three persons who were directors of Schering-Plough immediately prior to completion of the merger, as well as those other individuals designated by Merck prior to the closing. Except as indicated by Merck prior to the closing, the officers of Merck immediately before the merger will, after the merger, be officers of New Merck holding the same offices at New Merck as they hold with Merck immediately before the merger.

For additional information on the management of New Merck, see The Merger Agreement Directors and Officers of New Merck beginning on page 100.

No Solicitation; Withdrawal of Board Recommendation

Merck, Schering-Plough and their respective subsidiaries and representatives may not, among other things:

- solicit any inquiries or the making of any acquisition proposal;
- engage in discussions or negotiations regarding an acquisition proposal or furnish to any third party any information in connection with an acquisition proposal;
- allow its board of directors to change its recommendation in favor of the merger agreement; or
- enter into any agreement relating to an acquisition proposal.

Notwithstanding these prohibitions, at any time prior to obtaining the approval of their respective shareholders for the merger agreement, the boards of directors of Merck and Schering-Plough may generally:

- engage in discussions or negotiations with a third party that has made a superior proposal or an acquisition proposal that the board determines in good faith could reasonably lead to a superior proposal and that the board determines in good faith is credible and reasonably capable of consummating a superior proposal;
- thereafter, furnish to the third party nonpublic information pursuant to a confidentiality agreement with terms no less materially favorable to Merck or Schering-Plough, as the case may be, than those contained in the confidentiality agreement between Merck and Schering-Plough, and including a standstill agreement no more materially favorable to such third party than any standstill or similar agreement applicable to Merck or Schering-Plough, as the case may be (provided that any such standstill or similar provision may allow such third party to make acquisition proposals to Merck or Schering-Plough, as the case may be, in connection with the negotiations or discussions permitted by the merger agreement); and

in response to a superior proposal or an intervening event, change its recommendation in favor of the merger agreement. Moreover, each must present the merger agreement to its shareholders for their approval or disapproval, even if it is no longer recommending the transaction. However, the board of directors of Schering-Plough may, in response to an acquisition proposal which the board determines in good faith is a superior proposal, terminate the merger agreement to enter into a definitive agreement with respect to the superior proposal and, therefore, need not hold its shareholder meeting to vote on the merger with Merck.

For additional information on limitations on solicitation and withdrawal of board recommendations, see The Merger Agreement Restrictions on Solicitation of Third-Party Acquisition Proposals beginning on page 107.

Termination of the Merger Agreement

The merger agreement specifies limited circumstances under which the merger agreement may be terminated by the parties as well as termination fees to be paid in such event. Either Merck or Schering-Plough may terminate the merger agreement if the merger has not been consummated by a drop-dead date of December 8, 2009, provided that the drop-dead date will be extended to March 8, 2010, if, on December 8, 2009: the closing conditions dealing with antitrust approvals, laws or injunctions prohibiting the merger and regulatory divestitures have not been satisfied but all other conditions to the merger have been satisfied; or the proceeds of the financing are not available to Merck in full but all conditions to the merger have been satisfied or are then capable of being satisfied.

Either company may also terminate the merger agreement under other circumstances described in this joint proxy statement/prospectus and in the merger agreement. For additional information on Merck s and Schering-Plough s rights to terminate the merger agreement, see The Merger Agreement Termination beginning on page 113.

Termination Fees; Reimbursement of Expenses

In certain circumstances as described in this joint proxy statement/prospectus and in the merger agreement, Schering-Plough or Merck, as the case may be, may be required to pay to the other company a termination fee of $1.25 billion and/or reimburse the other company s out of pocket expenses, up to a maximum of $250 million (in the case of Merck s expenses) and $150 million (in the case of Schering-Plough s expenses).

In addition, Merck will pay Schering-Plough a termination fee of $2.5 billion and reimburse Schering-Plough s expenses up to a maximum of $150 million if either Merck or Schering-Plough terminates the merger agreement because the drop-dead date, as it may be extended, has occurred and the merger has not been consummated because the proceeds of the financing are not available in full to Merck and all of Merck s other closing conditions have been fulfilled (other than those conditions that are to be satisfied at the closing).

For additional information on termination fees and reimbursement of expenses, see The Merger Agreement Termination Fees and Expenses beginning on page 115.

Financing

Merck estimates that the total amount of funds necessary to complete the proposed merger is approximately $18.4 billion. Merck expects to use available cash and the proceeds of the credit facilities described below, or, if available, proceeds from alternative financing sources, to complete the merger.

On April 20, 2009, Merck obtained the requisite consents for the amendment of its existing $1.5 billion five-year revolving credit facility to allow it to remain in place after consummation of the merger. In addition, Merck anticipates that Schering-Plough s existing $2.0 billion revolving credit facility will remain in place following the consummation of the merger.

On May 6, 2009, Merck entered into:

a $3 billion 364-day bridge loan agreement with respect to the bridge loan facility;

a $3 billion 364-day asset sale facility agreement with respect to the asset sale facility; and

a $1 billion 364-day incremental loan agreement with respect to the incremental facility.

In lieu of drawing on one or more of these facilities at the consummation of the merger, we may, depending on market conditions, issue unsecured notes or bonds or commercial paper of Merck or Schering-Plough.

Under each of the new credit facilities, JPMorgan Chase Bank, N.A. is the administrative agent, J.P. Morgan is the sole bookrunner and the sole lead arranger and Banco Santander, S.A. New York Branch, Bank of America Securities LLC, BNP Paribas Securities Corp., Citigroup Global Markets Inc., Credit Suisse (USA) LLC, HSBC Bank USA, National Association, The Royal Bank of Scotland plc, and UBS Securities LLC are the co-arrangers. In addition to J.P. Morgan and the eight co-arrangers, twenty other lenders are party to the bridge loan facility and the asset sale facility and fourteen other lenders are party to the incremental facility. The maximum aggregate exposure for any single lender under the new credit facilities is $875.0 million.

The funding of the new credit facilities and the effectiveness of the amendment to Merck s existing revolving credit facility are subject to various conditions precedent, including: (i) the consummation of the merger; (ii) the absence, since December 31, 2008, of any material adverse change (as defined in the new credit facilities) with respect to Merck and Schering-Plough taken as a whole; (iii) the execution of definitive documentation with respect to the new credit facilities and, if applicable, the amendment to Merck s existing revolving credit facility (which condition has been satisfied); (iv) certification by the chief financial officer of Merck that the ratio of total debt to capitalization of the combined company on a pro forma basis as of the last fiscal quarter ended at least 45 days before closing does not exceed 60%; and (v) other customary closing conditions, each as more fully described in the new credit facilities.

Merck has agreed to use its reasonable best efforts to take, or to cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to consummate and obtain the financing on the terms described in the commitment letter with J.P. Morgan. If all conditions to the commitment letter or the definitive agreements with respect to the new credit facilities have been satisfied, Merck will use its reasonable best efforts to cause the lenders to fund on the closing date the financing required to consummate the merger (including by taking enforcement action and seeking specific performance). Merck has agreed to give Schering-Plough prompt notice of any material breach by any party to the commitment letter or the definitive agreements with respect to the new credit facilities and any condition that is not likely to be satisfied or termination of the commitment letter or the definitive agreements with respect to the new credit facilities (in no event will such notice be given later than one business day after the occurrence of such event). Merck has also agreed to keep Schering-Plough informed on a reasonably current basis of the status of its efforts to arrange the financing. Schering-Plough has agreed to cooperate with Merck in connection with obtaining the financing.

For additional information relating to the financing of the transaction, see The Transaction Financing of the Transaction beginning on page 95.

Regulatory Approvals

Merck and Schering-Plough have committed to use their reasonable best efforts to take whatever actions, subject to certain limitations, are required to obtain all necessary regulatory approvals for completion of the merger. These approvals include approval under, or notices pursuant to, the HSR Act, the Council Regulation No. 139/2004 of the European Community, which is referred to in this joint proxy statement/prospectus as the EC Merger Regulation, and the applicable antitrust regulatory laws in Canada, China, Mexico and Switzerland. In using reasonable best efforts to obtain the required regulatory approvals, Merck may be obligated to sell, divest or dispose of certain of its assets or businesses (which may include the sale, divestiture or disposition of assets or businesses of New Merck at or following the effective time of the merger) or take other action to avoid the commencement of any action to prohibit any of the transactions contemplated by the merger agreement, or if already commenced, to avoid the entry of, or to effect the dissolution of, any injunction, temporary restraining order or other order in any action so as to enable the closing of the merger to occur. However, Merck will not be required to propose, negotiate, commit to or effect any sale, divestiture or disposition of assets or business of Merck or its subsidiaries or Schering-Plough or its subsidiaries or offer to take any action where the sale, divestiture or disposition, individually or in the aggregate, would be of assets or a business of Merck or its subsidiaries or Schering-Plough or its subsidiaries that would result in the one year

loss of net sales revenues (measured by net 2008 sales revenue) in excess of $1 billion (excluding any loss of net sales revenues related to the license, sale, divestiture or other disposition

or holding separate of Schering-Plough s animal health segment and Merck s direct or indirect interest in Merial Ltd.).

For additional information relating to regulatory approvals, see The Transaction Regulatory Approvals beginning on page 97.

Tax Consequences to Merck Shareholders

The Merck merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, which we refer to as the Code, for U.S. federal income tax purposes, and it is a condition to Merck s obligation to complete the merger that Merck receive a written opinion from its counsel to that effect. As a result of the Merck merger qualifying as a reorganization within the meaning of Section 368(a) of the Code, a U.S. holder (as defined in the section titled Certain Material U.S. Federal Income Tax Consequences) of shares of Merck common stock generally will not recognize gain or loss for U.S. federal income tax purposes upon receipt of shares of New Merck common stock solely in exchange for shares of Merck common stock in the Merck merger.

All holders of shares of Merck common stock should read Certain Material U.S. Federal Income Tax Consequences The Merck Merger beginning on page 120 for a more complete discussion of the U.S. federal income tax consequences of the Merck merger. In addition, all holders of shares of Merck common stock are urged to consult with their tax advisors regarding the tax consequences of the Merck merger to them, including the effects of U.S. federal, state and local, non-U.S. and other tax laws.

Tax Consequences to Schering-Plough Shareholders

For U.S. federal income tax purposes, while not free from doubt, it is expected that the exchange of shares of Schering-Plough common stock for shares of New Merck common stock and cash in the Schering-Plough merger will be treated as a redemption in which the exchanging holder retained a fraction of each share of Schering-Plough common stock exchanged (*i.e.,* that the receipt of a fraction of a share of New Merck common stock in the Schering-Plough merger is the equivalent of retaining a fraction of each share of Schering-Plough common stock exchanged in the Schering-Plough merger) and exchanged the remaining fraction of such share of Schering-Plough common stock for cash, and will be subject to Section 302 of the Code. As a result, the cash that a U.S. holder receives generally will be treated for U.S. federal income tax purposes either as consideration received in respect of a partial sale or exchange of such U.S. holder s shares of Schering-Plough common stock or as a distribution in respect of such U.S. holder s shares of Schering-Plough common stock. The cash that a non-U.S. holder (as defined in the section titled Certain Material U.S. Federal Income Tax Consequences) of shares of Schering-Plough common stock receives generally will be subject to withholding of U.S. federal income tax at a rate of 30%, subject to reduction or exemption if specific requirements are met.

All holders of shares of Schering-Plough common stock should read Certain Material U.S. Federal Income Tax Consequences The Schering-Plough Merger beginning on page 121 for a more complete discussion of the U.S. federal income tax consequences of the Schering-Plough merger. In addition, all holders of shares of Schering-Plough common stock are urged to consult with their tax advisors regarding the tax consequences of the Schering-Plough merger to them, including the effects of U.S. federal, state and local, non-U.S. and other tax laws.

Listing of New Merck Common Stock

In connection with the completion of the merger, it is anticipated that the shares of New Merck will be listed on the New York Stock Exchange and traded under the symbol MRK.

For additional information relating to the listing of New Merck common stock, see The Transaction Listing of New Merck Common Stock beginning on page 93.

Dividends after the Merger

Following completion of the merger, it is anticipated that New Merck will continue the dividend policies of Merck, currently a quarterly cash dividend of $0.38 per share. The payment of dividends of New Merck will be subject to declaration by its board of directors and will depend upon on a variety of factors, including business and financial considerations.

For additional information on dividends after the merger, see The Transaction Combined Company Dividend beginning on page 94.

Interests of Merck Directors and Management in the Transaction

Under the terms of the merger agreement, all of the directors of Merck immediately before the merger will be directors of New Merck after the merger, and, unless otherwise indicated by Merck to Schering-Plough prior to the merger, the officers of Merck immediately before the merger will, after the merger, be officers of New Merck holding the same offices at New Merck as they held with Merck immediately before the merger.

For additional information on interests of Merck directors and management in the transaction, see The Transaction Interests of Merck Directors and Management in the Transaction beginning on page 89.

Interests of Schering-Plough Directors and Management in the Transaction

Aside from their interests as Schering-Plough shareholders, Schering-Plough s executive officers and directors have financial interests in the merger. The members of Schering-Plough s board of directors were aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the merger, and in recommending to the shareholders that the merger agreement be approved.

Please see The Transaction Interests of Schering-Plough s Directors and Management in the Transaction beginning on page 90 for additional information about these financial interests.

No Dissenters Rights

Under New Jersey law, neither the holders of Merck common stock nor the holders of Schering-Plough common stock are entitled to any dissenters rights or rights of appraisal in connection with the merger or, in the case of Schering-Plough shareholders, the share issuance.

For additional information on dissenters rights, see The Transaction No Dissenters Rights of Appraisal beginning on page 93.

Accounting Treatment

The transactions contemplated by the merger agreement will be accounted for under the acquisition method of accounting in conformity with FASB Statement No. 141(R) Business Combinations of accounting principles generally accepted in the U.S. New Merck will account for the transaction by using Merck historical information and accounting policies and applying fair value estimates to Schering-Plough as of the date of the transaction.

For additional information on accounting treatment of the transaction, see The Transaction Accounting Treatment beginning on page 94.

ShareGift USA s Charitable Donation Program

Schering-Plough has made arrangements to enable Schering-Plough shareholders to donate some or all of the merger consideration to be received by them upon consummation of the merger to ShareGift USA.

ShareGift USA is a nonprofit charity recognized as exempt from tax by IRS under Section 501(c)(3) of the Code that will distribute the merger consideration donated by Schering-Plough shareholders (or the proceeds from the sale of any donated merger consideration) to a variety of recognized U.S. charities.

ShareGift USA will aggregate all donations from Schering-Plough shareholders and distribute them to charitable institutions.

If you are a Schering-Plough shareholder and a U.S. taxable investor, you may be eligible for a tax deduction should you choose to participate in ShareGift USA s program. Please consult your tax advisor accordingly.

For additional information on the ShareGift USA charitable donation program, see ShareGift USA s Charitable Donation Program beginning on page 118.

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Selected Historical Financial Data

Merck and Schering-Plough are providing the following financial information to aid you in your analysis of the financial aspects of the transaction. The selected historical consolidated financial data of Merck and Schering-Plough for the years ending December 31, 2008, 2007, 2006, 2005 and 2004 have been derived from Merck s and Schering-Plough s respective historical consolidated financial statements. Each company s historical audited consolidated financial data for the years ending December 31, 2008, 2007 and 2006 are incorporated by reference into this joint proxy statement/prospectus. The following selected historical consolidated financial data for Merck and Schering-Plough as of and for the three months ending March 31, 2009 and 2008 has been derived from Merck s and Schering-Plough s unaudited interim consolidated financial statements contained in their respective Quarterly Reports on Form 10-Q for the quarter ending March 31, 2009, which are incorporated by reference into this joint proxy statement/prospectus. In the opinion of Merck s and Schering-Plough s management, respectively, the unaudited interim consolidated financial statements of Merck and Schering-Plough, respectively, have been prepared on the same basis as their respective audited consolidated financial statements and include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the financial position and results of operations at these dates and for these periods. Results of interim periods are not necessarily indicative of the results expected for a full year or for future periods. This information is only a summary, and you should read it in conjunction with the historical consolidated financial statements of Merck and Schering-Plough and the related notes contained in the annual reports and the other information that each of Merck and Schering-Plough has previously filed with the Securities and Exchange Commission and which is incorporated in this joint proxy statement/prospectus by reference. See Where You Can Find More Information beginning on page 155.

Selected Historical Consolidated Financial Data of Merck(1)

	As of and for the Three Months Ending March 31,		As of and for the Years Ending December 31,				
	2009	2008	2008(2)	2007(3)	2006(4)	2005(5)	2004(6)
	(Unaudited)						
	(In millions, except per share figures)						
Results for Year:							
Sales	$ 5,385.2	$ 5,822.1	$ 23,850.3	$ 24,197.7	$ 22,636.0	$ 22,011.9	$ 22,972.8
Equity (income) from affiliates	(585.8)	(652.1)	(2,560.6)	(2,976.5)	(2,294.4)	(1,717.1)	(1,008.2)
Net income attributable to Merck & Co., Inc.	1,425.0	3,302.6	7,808.4	3,275.4	4,433.8	4,631.3	5,830.1
Basic earnings per common share attributable to Merck & Co., Inc. common shareholders	$ 0.67	$ 1.52	$ 3.65	$ 1.51	$ 2.03	$ 2.10	$ 2.63
Diluted earnings per common share	$ 0.67	$ 1.52	$ 3.63	$ 1.49	$ 2.02	$ 2.10	$ 2.62

attributable to Merck & Co., Inc. common shareholders							
Cash dividends paid per common share	$ 0.38	$ 0.38	$ 1.52	$ 1.52	$ 1.52	$ 1.52	$ 1.49
Year-End Position:							
Total assets	46,543.1	47,041.1	47,195.7	48,350.7	44,569.8	44,845.8	42,572.8
Long-term debt	3,939.1	3,965.0	3,943.3	3,915.8	5,551.0	5,125.6	4,691.5

(1) Merck s financial statements have been restated to reflect the retrospective application of Financial Accounting Standards Board (FASB) Statement No. 160, *Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51* and *FASB Staff Position EITF 03-6-1, Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities*, which Merck adopted on January 1, 2009.

(2) Amounts for 2008 include a gain on distribution from AstraZeneca LP, a gain related to the sale of Merck s remaining worldwide rights to *Aggrastat*, the favorable impact of certain tax items, the impact of

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restructuring actions, additional legal defense costs and an expense for a contribution to the Merck Company Foundation.

(3) Amounts for 2007 include the impact of Merck s U.S. *Vioxx* Settlement Agreement charge, restructuring actions, a civil governmental investigations charge, an insurance arbitration settlement gain, acquired research expense resulting from an acquisition, additional *Vioxx* legal defense costs, gains on sales of assets and product divestitures, as well as a net gain on the settlements of certain patent disputes.

(4) Amounts for 2006 include the impact of restructuring actions, acquired research expenses resulting from acquisitions, additional *Vioxx* legal defense costs and the adoption of a new accounting standard requiring the expensing of stock options.

(5) Amounts for 2005 include the impact of the net tax charge primarily associated with the American Jobs Creation Act repatriation, restructuring actions and additional *Vioxx* legal defense costs.

(6) Amounts for 2004 include the impact of the withdrawal of *Vioxx*, *Vioxx* legal defense costs and restructuring actions.

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Selected Historical Consolidated Financial Data of Schering-Plough

	As of and for the Three Months Ending March 31,		As of and for the Years Ending December 31,				
	2009	2008	2008(1)	2007(1)	2006	2005	2004
	(In millions, except per share figures)						
Operating Results							
Net sales	$ 4,393	$ 4,657	$ 18,502	$ 12,690	$ 10,594	$ 9,508	$ 8,272
Equity (income)	(400)	(517)	(1,870)	(2,049)	(1,459)	(873)	(347)
Net income/(loss)(2)	805	314	1,903	(1,473)	1,143	269	(947)
Basic earnings/(loss) per common share(2)	0.47	0.17	1.08	(1.04)	0.71	0.12	(0.67)
Diluted earnings/(loss) per common share(2)	0.46	0.17	1.07	(1.04)	0.71	0.12	(0.67)
Financial Position							
Total assets(3)	27,718	30,120	28,117	29,156	16,071	15,469	15,911
Long-term debt(3)	7,685	9,349	7,931	9,019	2,414	2,399	2,392
Other Data							
Cash dividends per common share	0.065	0.065	0.26	0.25	0.22	0.22	0.22
Cash dividends paid on preferred shares	38	38	150	99	86	86	30

(1) Operating results and other financial information reflect the operations of the Organon BioSciences (OBS) business subsequent to Schering-Plough s acquisition of OBS on November 19, 2007, including the impacts of purchase accounting in accordance with SFAS No. 141, Business Combinations.

(2) 2008, 2007, 2006, 2005, and 2004 include special and acquisition-related charges and manufacturing streamlining costs of $329 million, $84 million, $248 million, $294 million, and $153 million, respectively. See Note 3, Special and Acquisition-Related Charges and Manufacturing Streamlining in the audited financial statements of Schering-Plough included in its Annual Report on Form 10-K for the year ended December 31, 2008 for additional information on these charges that were incurred in 2008, 2007 and 2006. The special charges incurred in 2005 of $294 million included litigation charges of $250 million, employee termination costs of $28 million and asset impairment and other charges of $16 million. The special charges incurred in 2004 included $119 million of employee termination costs and $34 million for asset impairment and related charges.

(3) The increase in total assets and long-term debt in 2007, as compared to 2006, primarily reflects the purchase of OBS (total assets) and the financing of the OBS acquisition (long-term debt).

Comparative Per Share Market Price and Dividend Information

Shares of Merck common stock and Schering-Plough common stock are listed on the NYSE. The following table presents the last reported closing sale price per share of Merck common stock and Schering-Plough common stock, as reported on the NYSE Composite Transaction reporting system on March 6, 2009, the last full trading day prior to the public announcement of the merger agreement, and on May 14, 2009, the last trading day for which this information could be calculated prior to the filing of this joint proxy statement/prospectus.

	Merck Common Stock	Schering-Plough Common Stock	Implied Value of Merger Consideration per Share of Schering-Plough Common Stock(1)
March 6, 2009	$ 22.74	$ 17.63	$ 23.61
May 14, 2009	26.05	23.63	25.52

(1) The equivalent implied per share data for Schering-Plough common stock has been determined by multiplying the closing market price of a share of Merck common stock on each of the dates by the exchange ratio of 0.5767 per share and adding the per share cash consideration of $10.50 being paid to Schering-Plough shareholders. Schering-Plough shareholders will not receive the merger consideration until the merger is completed, which may be a substantial period of time after the Schering-Plough shareholder meeting. There can be no assurance as to the trading prices of the Merck common stock at the time of the closing of the merger. Moreover, because of the need to obtain regulatory approvals, the closing of the merger may not occur, if at all, until months after the vote of shareholders on the transaction.

Merck currently pays quarterly dividends of $0.38 per share of Merck common stock. Schering-Plough currently pays quarterly dividends of $0.065 per share of Schering-Plough common stock. New Merck expects to continue Merck s dividend practice according to which it would pay quarterly dividends of $0.38 per share of New Merck common stock out of funds legally available for the payment of dividends. As is the case with Merck, the payment of dividends by New Merck following completion of the merger will be subject to approval and declaration by its board of directors.

Selected Unaudited Pro Forma Condensed Combined Financial Information

The following selected unaudited pro forma condensed combined financial information has been derived from the unaudited pro forma condensed combined financial information presented in this joint proxy statement/prospectus beginning on page 128.

	As of and for the Three Months Ending	For the Year Ending

	March 31, 2009	December 31, 2008
	(In millions, except per share figures)	
Pro Forma Statement of Income Data		
Sales	$ 10,709.0	$ 46,851.0
Equity income from affiliates	$ (294.9)	$ (1,024.3)
Net income available to common shareholders	$ 1,506.0	$ 6,565.1
Basic earnings per common share	$ 0.48	$ 2.09
Earnings per common share assuming dilution	$ 0.48	$ 2.09
Cash dividends per common share	$ 0.38	$ 1.52
Pro Forma Balance Sheet Data		
Total assets	$ 116,707.0	
Long-term debt	$ 16,878.1	

Comparative Per Share Data

The following table presents, for the three months ended March 31, 2009 and the year ended December 31, 2008, selected historical per share data of Merck and Schering-Plough as well as similar information, reflecting the combination of Merck and Schering-Plough into New Merck, as if the transaction had been effective for the period presented, which we refer to as pro forma combined information. The hypothetical Schering-Plough equivalent per share data presented below is calculated by multiplying the pro forma combined amounts for New Merck by the exchange ratio of 0.5767 of a share of New Merck for each share of Schering-Plough.

Each share of Schering-Plough common stock will also be entitled to receive $10.50 in cash consideration. The hypothetical Schering-Plough equivalent per share data does not take into account the cash portion of the merger consideration.

The pro forma combined information is provided for informational purposes only and is not necessarily an indication of the results that would have been achieved had the transaction been completed as of the dates indicated or that may be achieved in the future. The December 31, 2008 selected comparative per share information of Merck and Schering-Plough set forth below was derived from audited financial statements. The March 31, 2009 selected comparative share information of Merck and Schering-Plough set forth below was derived from unaudited interim financial statements. In the opinion of Merck s and Schering-Plough s management, respectively, the unaudited interim financial statements have been prepared on the same basis as their respective audited financial statements. You should read the information in this section along with Merck s and Schering-Plough s historical consolidated financial statements and accompanying notes for the period referred to above included in the documents described under Where You Can Find More Information beginning on page 155. You should also read the unaudited pro forma condensed combined financial information and accompanying discussion and notes included in this joint proxy statement/prospectus beginning on page 128.

	For the Three Months Ended March 31, 2009		For the Year Ended December 31, 2008	
Basic Earnings Per Share				
Merck historical	$	0.67	$	3.65
Schering-Plough historical	$	0.47	$	1.08
Pro forma combined	$	0.48	$	2.09
Schering-Plough equivalent	$	0.28	$	1.21
Diluted Earnings Per Share				
Merck historical	$	0.67	$	3.63
Schering-Plough historical	$	0.46	$	1.07
Pro forma combined	$	0.48	$	2.09
Schering-Plough equivalent	$	0.28	$	1.21
Dividends Per Share				
Merck historical	$	0.38	$	1.52
Schering-Plough historical	$	0.065	$	0.26
Pro forma combined	$	0.38	$	1.52

Schering-Plough equivalent	$	0.22	$	0.88
Book Value Per Share at Period End				
Merck historical	$	10.43		
Schering-Plough historical	$	6.30		
Pro forma combined	$	17.92		
Schering-Plough equivalent	$	10.33		

RISK FACTORS

Risks Relating to the Transaction

In addition to the other information included and incorporated by reference in this joint proxy statement/prospectus, Merck and Schering-Plough shareholders should carefully consider the matters described below to determine whether to approve the merger agreement.

Because the market price of Merck common shares will fluctuate, Schering-Plough shareholders cannot be certain of the value of the merger consideration that they will receive in the transaction.

In the Schering-Plough merger, each outstanding share of Schering-Plough common stock will be converted into the right to receive 0.5767 of a share of New Merck common stock and $10.50 in cash. The 0.5767 exchange ratio is fixed and will not be adjusted for changes in the market price of either Merck common stock or Schering-Plough common stock. The market value of the New Merck common stock that Schering-Plough shareholders will be entitled to receive in the Schering-Plough merger will depend on the market value of Merck common stock immediately before that merger is completed and could vary significantly from the market value on the date of the announcement of the merger agreement, the date that this joint proxy statement/prospectus was mailed to shareholders of Merck and Schering-Plough or the date of Merck s and Schering-Plough s special meetings of their shareholders. The merger agreement does not provide for any price-based termination right. For example, Merck s closing common stock price on March 6, 2009, the last trading day prior to the execution of the merger agreement, was $22.74 and, therefore, if the transaction had closed on that date, the value of the merger consideration that Schering-Plough shareholders would have received for each share of common stock, including the $10.50 in cash consideration, would have been $23.61. On May 14, 2009, Merck s closing common stock price was $26.05, and, therefore, if the transactions had closed on that date, the value of the merger consideration that Schering-Plough shareholders would have received for each share of common stock, including the $10.50 in cash consideration, would have been $25.52. Moreover, the market value of the New Merck common stock will likely fluctuate after the completion of the merger. See Comparative Per Share Market Price and Dividend Information beginning on page 15.

Fluctuations in the share price of Merck, or New Merck following the merger, could result from changes in the business, operations or prospects of Merck or Schering-Plough prior to the merger or New Merck following the merger, regulatory considerations, general market and economic conditions and other factors both within and beyond the control of Merck or Schering-Plough. The merger may be completed a considerable period after the date of the Merck and Schering-Plough special meetings of their shareholders. As such, at the time of the special meetings, Merck and Schering-Plough shareholders will not know the value of the merger consideration that Schering-Plough shareholders will receive in the Schering-Plough merger for each share of Schering-Plough common stock.

Merck s inability to obtain the financing necessary to complete the transaction could delay or prevent the completion of the merger.

Under the terms of the merger agreement, even if the conditions to closing are satisfied, if the proceeds of the financing necessary to complete the transaction are not available in full, the closing may be delayed until the date, if any, on which the proceeds of the financing are available in full. Moreover, the merger agreement may be terminated if the required financing is not available to Merck by the drop-dead date under the merger agreement, which may be extended to as late as March 8, 2010. In addition, Merck is required to pay Schering-Plough a termination fee of $2.5 billion and reimburse Schering-Plough s expenses up to a maximum of $150 million if the merger agreement is terminated because the merger has not occurred by the drop-dead date by reason of the fact that the proceeds of the

financing are not available to Merck and all of Merck s other closing conditions have been fulfilled.

On May 6, 2009, Merck entered into (i) a $3.0 billion 364-day bridge loan agreement with respect to the bridge loan facility, (ii) a $3.0 billion 364-day asset sale facility agreement with respect to the asset sale

facility and (iii) a $1.0 billion 364-day incremental loan agreement with respect to the incremental facility. Under each of the new credit facilities, JPMorgan Chase Bank, N.A. is the administrative agent, J.P. Morgan is the sole bookrunner and the sole lead arranger and Banco Santander, S.A. New York Branch, Bank of America Securities LLC, BNP Paribas Securities Corp., Citigroup Global Markets Inc., Credit Suisse (USA) LLC, HSBC Bank USA, National Association, The Royal Bank of Scotland plc, and UBS Securities LLC are the co-arrangers. In addition to J.P. Morgan and the eight co-arrangers, twenty other lenders are party to the bridge loan facility and the asset sale facility and fourteen other lenders are party to the incremental facility. The maximum aggregate exposure for any single lender under the new credit facilities is $875.0 million. On April 20, 2009, Merck amended its existing $1.5 billion five-year revolving credit facility to allow it to remain in place after the merger. In addition, Schering-Plough s existing $2.0 billion revolving credit facility will remain in place following consummation of the merger. Although Merck entered into credit agreements with respect to the new credit facilities and amended its existing $1.5 billion five-year revolving credit facility, the funding under the new credit facilities and the effectiveness of the amendment to the existing $1.5 billion five-year revolving credit facility are subject to various customary conditions, including the absence of any material adverse change with respect to New Merck, satisfaction of a pro forma maximum debt to capitalization ratio, and other closing conditions. Under the terms of the credit agreements for the new credit facilities, neither J.P. Morgan nor the co-arrangers is responsible for the failure of any other member of the syndicate to provide its committed portion of the financing. Although Merck expects to obtain in a timely manner the financing necessary to complete the pending merger, if Merck is unable to timely obtain the financing because one of the conditions to the financing fails to be satisfied or one or more of the members of the syndicate defaults on its obligations to provide its committed portion of the financing (and the commitments of any defaulting syndicate member cannot be replaced on a timely basis), the closing of the merger could be significantly delayed or may not occur at all.

Legal proceedings in connection with the merger, the outcomes of which are uncertain, could delay or prevent the completion of the merger.

Since the announcement of the transaction, several putative class action lawsuits have been filed on behalf of the public shareholders of Schering-Plough (alleging, among other things, that the merger consideration is too low) and Merck (alleging, among other things, that the consideration is too high). The complaints seek, among other things, class action status, an order preliminarily and permanently enjoining the proposed transaction, rescission of the transaction if it is consummated, damages, and attorneys fees and expenses. Such legal proceedings could delay or prevent the transaction from becoming effective within the agreed upon timeframe.

The transaction is subject to the receipt of certain required clearances or approvals from governmental entities that could delay the completion of the merger or impose conditions that could have a material adverse effect on the combined company.

Completion of the merger is conditioned upon the receipt of certain governmental clearances or approvals, including, without limitation, the expiration or termination of the applicable waiting period under the HSR Act, the issuance by the European Commission of a decision under the EC Merger Regulation declaring the merger compatible with the common market, and the clearance or approval of the merger by the antitrust regulators in Canada, China, Mexico and Switzerland. Although Merck and Schering-Plough have agreed in the merger agreement to use reasonable best efforts to obtain the requisite governmental approvals, there can be no assurance that these clearances and approvals will be obtained. In addition, the governmental entities from which these clearances and approvals are required may impose conditions on the completion of the merger or require changes to the terms of the merger. Under the terms of the merger agreement, in using reasonable best efforts to obtain required regulatory approvals, we may be obligated to make divestitures of assets of Merck or Schering-Plough so long as such divestitures, individually or in the aggregate, would not result in the one-year loss of net sales revenues (measured by net 2008 sales revenue) in excess of $1 billion (excluding any loss of net sales revenues related to the license, sale, divestiture or other disposition or holding

separate of Schering-Plough s animal health segment and Merck s direct or indirect interest in Merial Ltd.). If Merck or Schering-Plough become subject to any material conditions in order to obtain any clearances or

approvals required to complete the merger, the business and results of operations of the combined company may be adversely affected.

Any delay in completing the merger beyond the fourth quarter of 2009 may reduce or eliminate the benefits expected.

In addition to receipt of financing and required antitrust clearances and approvals, the merger is subject to a number of other conditions beyond the parties control that may prevent, delay or otherwise materially adversely affect the completion of the transaction. Merck and Schering-Plough cannot predict with certainty whether and when these other conditions will be satisfied. Any delay in completing the merger beyond the fourth quarter of 2009 could cause the combined company not to realize, or delay the realization of, some or all of the cost savings and other benefits we expect to achieve from the transaction.

The combined company may fail to realize the anticipated cost savings, revenue enhancements and other benefits expected from the merger, which could adversely affect the value of New Merck common stock after the merger.

The success of the merger will depend, in part, on New Merck s ability to successfully combine the businesses of Merck and Schering-Plough and realize the anticipated benefits and cost savings from the combination of the two companies. If the combined company is not able to achieve these objectives within the anticipated time frame, or at all, the anticipated benefits and cost savings of the merger may not be realized fully or at all or may take longer to realize than expected and the value of New Merck s common stock may be adversely affected.

Merck and Schering-Plough have operated and, until the completion of the merger, will continue to operate, independently. It is possible that the integration process could result in the loss of key employees, result in the disruption of each company s ongoing businesses or identify inconsistencies in standards, controls, procedures and policies that adversely affect our ability to maintain relationships with customers, suppliers, distributors, creditors, lessors, clinical trial investigators or managers or to achieve the anticipated benefits of the merger.

Specifically, issues that must be addressed in integrating the operations of Merck and Schering-Plough in order to realize the anticipated benefits of the merger include, among other things:

- integrating the research and development, manufacturing, distribution, marketing and promotion activities and information technology systems of Merck and Schering-Plough;
- conforming standards, controls, procedures and accounting and other policies, business cultures and compensation structures between the companies;
- consolidating corporate and administrative infrastructures;
- consolidating sales and marketing operations;
- retaining existing customers and attracting new customers;
- identifying and eliminating redundant and underperforming operations and assets;
- coordinating geographically dispersed organizations;
- managing tax costs or inefficiencies associated with integrating the operations of the combined company; and

making any necessary modifications to operating control standards to comply with the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated thereunder.

Integration efforts between the two companies will also divert management attention and resources. An inability to realize the full extent of, or any of, the anticipated benefits of the merger, as well as any delays encountered in the integration process, could have an adverse effect on New Merck s business and results of operations, which may affect the value of the shares of the New Merck common stock.

In addition, the actual integration may result in additional and unforeseen expenses, and the anticipated benefits of the integration plan may not be realized. Actual cost and sales synergies, if achieved at all, may be lower than we expect and may take longer to achieve than anticipated. If the combined company is not able to adequately address these challenges, it may be unable to successfully integrate the operations of Merck and Schering-Plough, or to realize the anticipated benefits of the integration of the two companies.

Delays encountered in the integration process could have a material adverse effect on the revenues, expenses, operating results and financial condition of New Merck. Although Merck and Schering-Plough expect significant benefits, such as increased cost savings, to result from the merger, there can be no assurance that New Merck will realize any of these anticipated benefits.

Merck, Schering-Plough and the combined company will incur significant transaction and merger-related transition costs in connection with the merger.

Merck and Schering-Plough expect that they and the combined company will incur significant costs in connection with consummating the merger and integrating the operations of the two companies, with a significant portion of such costs being incurred through the first year after completion of the merger. Merck continues to assess the magnitude of these costs, and additional unanticipated costs may be incurred in the integration of the businesses of Merck and Schering-Plough. Although Merck and Schering-Plough believe that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, will offset incremental transaction and merger-related costs over time, no assurance can be given that this net benefit will be achieved in the near term, or at all.

The combined company may be subject to a dispute with respect to Schering-Plough s distribution agreement with Centocor, a wholly owned subsidiary of Johnson & Johnson, for* Remicade *and golimumab.

A subsidiary of Schering-Plough is a party to a distribution agreement with Centocor, a wholly owned subsidiary of Johnson & Johnson, pursuant to which the Schering-Plough subsidiary has rights to distribute and commercialize the rheumatoid arthritis treatment *Remicade* and golimumab, a next-generation treatment, in certain territories. By its terms, the distribution agreement may be terminated by Centocor upon the occurrence of a change of control as defined in the distribution agreement with respect to the Schering-Plough subsidiary. Merck and Schering-Plough believe that the merger does not constitute a change of control as defined in the distribution agreement; therefore, Merck and Schering-Plough believe that completion of the merger will not entitle Centocor to terminate the distribution agreement. On May 5, 2009, Centocor notified Schering-Plough of its intention to arbitrate whether Centocor has the right to terminate the distribution agreement as a result of the merger agreement and the proposed merger.

Merck and Schering-Plough and the combined company would vigorously contest any attempt by Centocor to terminate the distribution agreement as a result of the transaction. However, if the arbitrator required to hear a dispute under the distribution agreement were to conclude that Centocor is permitted to terminate the distribution agreement as a result of the transaction and Centocor in fact terminates the distribution agreement following the merger, the combined company would not be able to distribute and commercialize *Remicade*, which generated sales for Schering-Plough of approximately $2.1 billion in 2008, and would not have the right to commercialize and distribute golimumab in the future. In addition, due to the uncertainty surrounding the outcome of any threatened or actual proceeding, the parties may choose to settle a dispute under mutually agreeable terms but any agreement reached with Centocor to resolve a dispute under the distribution agreement may result in the terms of the distribution agreement being modified in a manner that may reduce the benefits of the distribution agreement to the combined company.

Any change or termination of the distribution agreement with Centocor is excluded by the merger agreement from the definition of material adverse effect both with respect to Merck and Schering-Plough and is excluded from the definition of material adverse effect in the credit agreements for the credit facilities entered into in connection with financing the merger.

Merck and Schering-Plough will be subject to business uncertainties and contractual restrictions while the merger is pending, which could adversely affect Merck s and Schering-Plough s respective businesses.

Uncertainty about the effect of the merger on customers, suppliers and others that do business with Merck and Schering-Plough may have an adverse effect on Merck and Schering-Plough and, consequently, on the combined company. Although Merck and Schering-Plough intend to take steps to reduce any adverse effects, these uncertainties could cause customers, suppliers and others that do business with Merck or Schering-Plough to terminate or change existing business relationships with Merck, Schering-Plough and, after the completion of the merger, the combined company. In addition, the merger agreement restricts Schering-Plough and, to a lesser extent, Merck, without the other party s consent, from making certain acquisitions and taking other specified actions until completion of the merger or the merger agreement is terminated. These restrictions may prevent Merck or Schering-Plough from pursuing otherwise attractive business opportunities and making other changes to their businesses that may arise before the merger is completed or the merger agreement is terminated.

Merck, Schering-Plough and, subsequently, the combined company must continue to retain, motivate and recruit executives and other key employees, which may be difficult in light of uncertainty regarding the merger, and failure to do so could negatively affect the combined company.

For the merger to be successful, during the period before the merger is completed, both Merck and Schering-Plough must continue to retain, motivate and recruit executives and other key employees. Moreover, the combined company must be successful at retaining and motivating key employees following the completion of the merger. Experienced employees in the pharmaceutical industry are in high demand and competition for their talents can be intense. Employees of both Merck and Schering-Plough may experience uncertainty about their future role with the combined company until, or even after, strategies with regard to the combined company are announced or executed. These potential distractions of the merger may adversely affect the ability of Merck, Schering-Plough or, following completion of the merger, the combined company, to retain, motivate and recruit executives and other key employees and keep them focused on applicable strategies and goals. A failure by Merck, Schering-Plough or, following the completion of the merger, the combined company, to attract, retain and motivate executives and other key employees during the period prior to or after the completion of the merger could have a negative impact on the business of Merck, Schering-Plough or the combined company.

Because directors and executive officers of Schering-Plough have interests in seeing the merger completed that are different than those of Schering-Plough s other shareholders, directors of Schering-Plough have potential conflicts of interest in recommending that Schering-Plough shareholders vote to approve the merger agreement.

Schering-Plough s directors have arrangements or other interests that provide them with interests in the merger that are different than those of Schering-Plough s other shareholders. For example, the merger agreement provides that three directors of Schering-Plough will become directors of New Merck after the merger. While other Schering-Plough directors will not become directors of New Merck after the merger, New Merck will indemnify and maintain liability insurance for each of the Schering-Plough directors services as directors of Schering-Plough before the merger. In addition, the executive officers of Schering-Plough have employment, indemnification, equity award, incentive and bonus, pension and severance arrangements. These and other material interests of the directors and executive officers of Schering-Plough in the merger that are different than those of the other Schering-Plough shareholders are described under The Transaction Interests of Schering-Plough s Directors and Management in the Transaction beginning on page 90.

Failure to complete the merger could negatively impact the stock price and the future business and financial results of Merck and Schering-Plough.

If the merger is not completed, the ongoing businesses of Merck and Schering-Plough may be adversely affected and, without realizing any of the benefits of having completed the merger, Merck and Schering-Plough will be subject to a number of risks, including the following:

Schering-Plough may be required to pay Merck a termination fee of up to $1.25 billion if the merger agreement is terminated under certain circumstances (plus, in certain circumstances, Schering-Plough also would be obligated to reimburse Merck up to $250 million of Merck s actual expenses incurred in connection with the merger), or Merck may be required to pay Schering-Plough a termination fee of $1.25 billion if the merger agreement is terminated under certain other circumstances (and, in certain circumstances, Merck also would be obligated to reimburse Schering-Plough up to $150 million of Schering-Plough s actual expenses incurred in connection with the merger), all as described in the merger agreement and summarized in this joint proxy statement/prospectus;

Merck will be required to pay Schering-Plough a termination fee of $2.5 billion and reimburse Schering-Plough s expenses up to a maximum of $150 million if either Merck or Schering-Plough terminates the merger agreement because the drop-dead date, as it may be extended, has occurred and the merger has not been consummated because the proceeds of the financing are not available in full;

Merck and Schering-Plough will be required to pay certain costs relating to the merger, whether or not the merger is completed; and

matters relating to the merger (including integration planning) may require substantial commitments of time and resources by Merck and Schering-Plough management, which could otherwise have been devoted to other opportunities that may have been beneficial to Merck and Schering-Plough as independent companies, as the case may be.

Merck and Schering-Plough also could be subject to litigation related to any failure to complete the merger or related to any enforcement proceeding commenced against Merck or Schering-Plough to perform their respective obligations under the merger agreement. If the merger is not completed, these risks may materialize and may adversely affect Merck s and Schering-Plough s business, financial results and stock price.

Risks Related to New Merck After Completion of the Transaction

The indebtedness of New Merck following the completion of the merger will be substantially greater than Merck s indebtedness on a stand-alone basis and greater than the combined indebtedness of Merck and Schering-Plough existing prior to the transaction. This increased level of indebtedness could adversely affect New Merck, including by reducing funds available for other business purposes.

The indebtedness of Merck and Schering-Plough as of March 31, 2009 was approximately $6.7 billion and $7.9 billion, respectively. New Merck s pro forma indebtedness as of March 31, 2009, after giving effect to the merger, would be approximately $23.4 billion. As a result of the substantial increase in debt and the cost of that debt, the amount of cash required to service New Merck s increased indebtedness levels and thus the demands on New Merck s cash resources may be significantly greater than the percentages of cash flows required to service the indebtedness of Merck or Schering-Plough individually prior to the transaction. The increased levels of indebtedness could reduce funds available for New Merck s investment in research and development as well as capital expenditures and other activities, and may create competitive disadvantages for New Merck relative to other companies with lower debt

levels.

New Merck will face intense competition from lower-cost generic products.

In general, both Merck and Schering-Plough face increasing competition from lower-cost generic products and New Merck will face the same challenge after the merger. The patent rights that protect Merck s and Schering-Plough s products are of varying strengths and durations. In addition, in some countries, patent

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protection is significantly weaker than in the United States or the European Union. In the United States, political pressure to reduce spending on prescription drugs has led to legislation that encourages the use of generic products. Generic challenges to our products could arise at any time, and we may not be able to prevent the emergence of generic competition for our products.

Loss of patent protection for a product typically is followed promptly by generic substitutes, reducing sales of that product. Availability of generic substitutes for the combined company s drugs may adversely affect its results of operations and cash flow. In addition, proposals emerge from time to time in the United States and other countries for legislation to further encourage the early and rapid approval of generic drugs. Any such proposal that is enacted into law could increase the substantial negative impact on Merck s, Schering-Plough s, and, after the completion of the merger, New Merck s sales, business, cash flow, results of operations, financial position and prospects resulting from the availability of generic substitutes for products.

New Merck will face intense competition from new products.

New Merck s products will face intense competition from competitors products. This competition may increase as new products enter the market. Competitors products may be safer or more effective or more effectively marketed and sold than New Merck s products. Alternatively, in the case of generic competition, they may be equally safe and effective products that are sold at a substantially lower price than New Merck s products. As a result, if New Merck fails to maintain its competitive position, this could have a material adverse effect on New Merck s business, cash flows, results of operations, financial position and prospects.

Key Merck and Schering-Plough products generate a significant amount of Merck s and Schering-Plough s profits and cash flows, and subsequent to the merger, will generate a significant amount of New Merck s profits and cash flows, and any events that adversely affect the markets for these products could have a material and negative impact on results of operations and cash flows.

Merck s and Schering-Plough s ability to generate profits and operating cash flow depends largely upon the continued profitability of Merck s key products including, without limitation, *Singulair*, *Cozaar/Hyzaar*, *Januvia* and *Gardasil* and Schering-Plough s and Merck s cholesterol franchise, consisting of *Vytorin* and *Zetia*, and other Schering-Plough key products including, without limitation, *Remicade*, *Temodar*, *Nasonex*, and *PegIntron.* As a result of Merck s and Schering-Plough s dependence on key products, any event that adversely affects any of these products or the markets for any of these products could have a significant impact on results of operations and cash flows of both companies and of the combined company after the merger. These events could include loss of patent protection, increased costs associated with manufacturing, generic or OTC availability of Merck s and Schering-Plough s product or a competitive product, the discovery of previously unknown side effects, increased competition from the introduction of new, more effective treatments and discontinuation or removal from the market of the product for any reason.

Merck and Schering-Plough are involved in arrangements with third parties that may restrict Merck s and Schering-Plough s, and subsequently New Merck s, ability to sell, market, promote and develop products in certain markets.

Merck and Schering-Plough are each party to numerous co-promotion, development, licensing and other agreements and arrangements with third parties, some of which may contain provisions limiting Merck s or Schering-Plough s ability to sell, market, promote and/or develop products in specified markets. Following the completion of the transaction, products previously marketed by either Merck or Schering-Plough may fall under the parameters of these restrictions by virtue of the combination of the two companies. If it is determined that any of New Merck s products are subject to these restrictions, New Merck may be required to divest, license or otherwise cease marketing these products in various geographic territories, potentially worldwide, and may or may not be entitled to retain passive

revenue in connection with actions taken to comply with any such restriction. In the event any product captured by these restrictions as a result of the transaction contributes significantly to sales, the divesture of rights to market the product could have an adverse effect on New Merck s business, cash flows, results of operations, financial position and prospects.

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Merck faces significant litigation related to* Vioxx *and, if the merger is consummated, New Merck will face that litigation.

On September 30, 2004, Merck voluntarily withdrew *Vioxx*, its arthritis and acute pain medication, from the market worldwide. As of March 31, 2009, approximately 10,625 product liability lawsuits, involving approximately 25,675 plaintiff groups, alleging personal injuries resulting from the use of *Vioxx,* have been filed against Merck in state and federal courts in the United States. Merck is also a defendant in approximately 242 putative class actions related to the use of *Vioxx.* (All of these suits are referred to as the *Vioxx* Product Liability Lawsuits.) On November 9, 2007, Merck announced that it had entered into an agreement (the Settlement Agreement) with the law firms that comprise the executive committee of the Plaintiffs Steering Committee of the federal multidistrict *Vioxx* litigation as well as representatives of plaintiffs counsel in the Texas, New Jersey and California state coordinated proceedings, to resolve state and federal myocardial infarction (MI) and ischemic stroke (IS) claims filed as of that date in the United States. The Settlement Agreement, which also applies to tolled claims, was signed by the parties after several meetings with three of the four judges overseeing the coordination of more than 95% of the current claims in the *Vioxx* product liability litigation. The Settlement Agreement applies only to U.S. legal residents and those who allege that their MI or IS occurred in the United States.

As of October 30, 2008, the deadline for enrollment in the Settlement Program, more than 48,100 of the approximately 48,325 individuals who were eligible for the Settlement Program and whose claims were not (1) dismissed, (2) expected to be dismissed in the near future, or (3) tolled claims that appear to have been abandoned had submitted some or all of the materials required for enrollment in the Settlement Program. This represents approximately 99.8% of the eligible MI and IS claims previously registered with the Settlement Program. Under the terms of the Settlement Agreement, Merck could exercise a right to walk away from the Settlement Agreement if the thresholds and other requirements were not met. Merck waived that right as of August 4, 2008. The waiver of that right triggered Merck s obligation to pay a fixed total of $4.85 billion. Payments will be made in installments into the settlement funds. The first payment of $500 million was made in August 2008 and an additional payment of $250 million was made in October 2008. Payments of $12 million and $3 million were made in February and March 2009, respectively, into the IS Settlement Fund. In addition, in April 2009, payments of $110 million and $12 million were made into the MI and IS Settlement Funds, respectively. Interim payments to IS claimants began on February 27, 2009. Additional payments will be made on a periodic basis going forward, when and as needed to fund payments of claims and administrative expenses. During 2009, Merck anticipates that it will make total payments of $3.4 billion into the *Vioxx* settlement funds pursuant to the Settlement Agreement. However, if the pending merger with Schering-Plough is completed in 2009, as expected, Merck expects it will also pay the remaining approximately $700 million into the IS Settlement Fund.

Of the plaintiff groups described above, most are currently in the *Vioxx* Settlement Program. As of March 31, 2009, approximately 70 plaintiff groups who were otherwise eligible for the Settlement Program have not participated and their claims remained pending against Merck. In addition, the claims of 400 plaintiff groups who are not eligible for the program remained pending against Merck. A number of these 400 plaintiff groups are subject to motions to dismiss for failure to comply with court-ordered deadlines.

Claims of certain individual third-party payors remain pending in the New Jersey court, and counsel purporting to represent a large number of third-party payors has threatened to file numerous additional such actions. Discovery is currently ongoing in these cases, and a status conference with the court took place in January 2009 to discuss scheduling issues, including the selection of early trial pool cases.

There are also pending in various U.S. courts putative class actions purportedly brought on behalf of individual purchasers or users of *Vioxx* and claiming either reimbursement of alleged economic loss or an entitlement to medical monitoring. The majority of these cases are at early procedural stages. On June 12, 2008, a Missouri state court

certified a class of Missouri plaintiffs seeking reimbursement for out-of-pocket costs relating to *Vioxx*. The plaintiffs do not allege any personal injuries from taking *Vioxx*. The Missouri Court of Appeals affirmed the trial court s certification of a class on May 12, 2009. Merck is preparing a combined motion for rehearing and application to transfer the case to the Missouri Supreme Court. In New

Jersey, the trial court dismissed the complaint in the case of Sinclair, a purported statewide medical monitoring class. The Appellate Division reversed the dismissal, and the issue was appealed to the New Jersey Supreme Court. That court heard argument on October 22, 2007. On June 4, 2008, the New Jersey Supreme Court reversed the Appellate Division and dismissed this action. Plaintiffs also have filed a class action in California state court seeking certification of a class of California third-party payors and end-users. The court denied the motion for class certification on April 30, 2009.

In addition to the *Vioxx* Product Liability Lawsuits, various putative class actions and individual lawsuits have been brought against Merck and several current and former officers and directors of Merck alleging that Merck made false and misleading statements regarding *Vioxx* in violation of the federal and state securities laws (all of these suits are referred to as the *Vioxx* Securities Lawsuits). On April 12, 2007, Judge Chesler granted defendants motion to dismiss the complaint with prejudice. Plaintiffs appealed Judge Chesler s decision to the United States Court of Appeals for the Third Circuit. On September 9, 2008, the Third Circuit issued an opinion reversing Judge Chesler s order and remanding the case to the District Court. On September 23, 2008, Merck filed a petition seeking rehearing *en banc,* which was denied. The case was remanded to the District Court in October 2008, and plaintiffs have filed their Consolidated and Fifth Amended Class Action Complaint. Merck filed a petition for a writ of certiorari with the United States Supreme Court on January 15, 2009. On March 23, 2009, plaintiffs filed a response to Merck s petition and, on April 7, 2009, Merck filed a reply brief. Merck expects to file a motion to dismiss the Fifth Amended Class Action Complaint. In addition, various putative class actions have been brought against Merck and several current and former employees, officers, and directors of Merck alleging violations of ERISA. (All of these suits are referred to as the *Vioxx* ERISA Lawsuits.) In addition, shareholder derivative suits that were previously filed and dismissed are now on appeal and several shareholders have filed demands with Merck asserting claims against Merck Board members and Merck officers. (All of these suits and demands are referred to as the *Vioxx* Derivative Lawsuits and, together with the *Vioxx* Securities Lawsuits and the *Vioxx* ERISA Lawsuits, the *Vioxx* Shareholder Lawsuits.) Merck has also been named as a defendant in actions in various countries outside the United States. (All of these suits are referred to as the *Vioxx* Foreign Lawsuits.) Merck has also been sued by ten states, five counties and New York City with respect to the marketing of *Vioxx.* Merck anticipates that additional lawsuits relating to *Vioxx* may be filed against it and/or certain of its current and former officers and directors in the future.

The SEC is conducting a formal investigation of Merck concerning *Vioxx.* Merck has received subpoenas from the U.S. Department of Justice requesting information related to Merck s research, marketing and selling activities with respect to *Vioxx* in a federal health care investigation under criminal statutes. This investigation includes subpoenas for witnesses to appear before a grand jury. In March 2009, Merck received a letter from the U.S. Attorney s Office for the District of Massachusetts identifying it as a target of the grand jury investigation regarding *Vioxx*. There are also ongoing investigations by local authorities in certain cities in Europe in order to determine whether any criminal charges should be brought concerning *Vioxx*. Merck is cooperating with authorities in all of these investigations. (All of these investigations are referred to as the *Vioxx* Investigations.) Merck cannot predict the outcome of any of these investigations; however, they could result in potential civil and/or criminal liability.

Juries have now decided in favor of Merck twelve times and in plaintiffs favor five times. One Merck verdict was set aside by the court and has not been retried. Another Merck verdict was set aside and retried, leading to one of the five plaintiffs verdicts. There have been two unresolved mistrials. With respect to the five plaintiffs verdicts, Merck filed an appeal or sought judicial review in each of those cases. In one of those five, an intermediate appellate court overturned the trial verdict and directed that judgment be entered for Merck, and in another, an intermediate appellate court overturned the trial verdict, entering judgment for Merck on one claim and ordering a new trial on the remaining claims.

The outcomes of these *Vioxx* Product Liability trials should not be interpreted to indicate any trend or what outcome may be likely in future *Vioxx* trials.

A trial in a representative action in Australia commenced on March 30, 2009, in the Federal Court of Australia. The named plaintiff, who alleges he suffered a MI, seeks to represent others in Australia who

ingested *Vioxx* and suffered a MI, thrombotic stroke, unstable angina, transient ischemic attack or peripheral vascular disease. On November 24, 2008, Merck filed a motion for an order that the proceeding no longer continue as a representative proceeding. During a hearing on December 5, 2008, the court dismissed that motion and, on January 9, 2009, issued its reasons for that decision. On February 17, 2009, Merck s motion for leave to appeal that decision was denied and the parties were directed to prepare proposed lists of issues to be tried. On March 11, 2009, the full Federal Court allowed Merck s appeal of that part of the trial judge s order that had declined to specify the matters to be tried and directed further proceedings on remand on that issue. On March 30, 2009, the trial judge entered an order directing that, in advance of all other issues in the proceeding, the issues to be determined during the trial are those issues of fact and law in the named plaintiff s individual case, and those issues of fact and law that the trial judge finds, after hearing the evidence, are common to the claims of the group members that the named plaintiff has alleged that he represents.

Merck currently anticipates that one U.S. *Vioxx* Product Liability Lawsuit will be tried in 2009. Except with respect to the product liability trial being held in Australia, Merck cannot predict the timing of any other trials related to the *Vioxx* Litigation. Merck believes that it has meritorious defenses to the *Vioxx* Product Liability Lawsuits, *Vioxx* Shareholder Lawsuits and *Vioxx* Foreign Lawsuits (collectively, the *Vioxx* Lawsuits) and will vigorously defend against them. Merck s insurance coverage with respect to the *Vioxx* Lawsuits will not be adequate to cover its defense costs and any losses.

During the first quarter of 2009, Merck spent approximately $54 million in the aggregate in legal defense costs worldwide related to (1) the *Vioxx* Product Liability Lawsuits, (2) the *Vioxx* Shareholder Lawsuits, (3) the *Vioxx* Foreign Lawsuits, and (4) the *Vioxx* Investigations (collectively, the *Vioxx* Litigation). In addition, in the first quarter of 2009, Merck paid an additional $15 million into the settlement funds in connection with the Settlement Program. Consequently, as of March 31, 2009, the aggregate amount of Merck s total reserve for the *Vioxx* Litigation (the *Vioxx* Reserve) was approximately $4.310 billion. The amount of the *Vioxx* Reserve allocated to defense costs is based on certain assumptions, and is the best estimate of the minimum amount that Merck believes will be incurred in connection with the remaining aspects of the *Vioxx* Litigation; however, events such as additional trials in the *Vioxx* Litigation and other events that could arise in the course of the *Vioxx* Litigation could affect the ultimate amount of defense costs to be incurred by Merck and, if the merger is consummated, New Merck.

Merck is not currently able to estimate any additional amount of damages that it may be required to pay in connection with the *Vioxx* Lawsuits or *Vioxx* Investigations. These proceedings are still expected to continue for years and Merck has very little information as to the course the proceedings will take. In view of the inherent difficulty of predicting the outcome of litigation, particularly where there are many claimants and the claimants seek unspecified damages, Merck is unable to predict the outcome of these matters, and at this time cannot reasonably estimate the possible loss or range of loss with respect to the *Vioxx* Lawsuits not included in the Settlement Program. Merck has not established any reserves for any potential liability relating to the *Vioxx* Lawsuits not included in the Settlement Program or the *Vioxx* Investigations.

A series of unfavorable outcomes in the *Vioxx* Lawsuits or the *Vioxx* Investigations, resulting in the payment of substantial damages or fines or resulting in criminal penalties, in excess of the *Vioxx* Reserve, could have a material adverse effect on Merck s and, if the merger is completed, New Merck s business, cash flows, results of operations, financial position and prospects.

***Merck faces and, if the merger is completed prior to resolution of the litigation, New Merck will face, patent litigation related to* Singulair.**

In February 2007, Merck received a notice from Teva Pharmaceuticals, Inc. (Teva), a generic company, indicating that it had filed an Abbreviated New Drug Application (ANDA) for montelukast and that it is challenging the

U.S. patent that is listed for *Singulair*. On April 2, 2007, Merck filed a patent infringement action against Teva. The lawsuit automatically stays United States Food and Drug Administration (FDA) approval of Teva s ANDA until August 2009 or until an adverse court decision, if any, whichever may occur earlier. A trial in this matter was held in February 2009. Merck is awaiting the court s decision which Merck expects to receive before the stay expires in August 2009. Patent litigation and other challenges to Merck s

Singulair patents are costly and unpredictable and may deprive Merck and, if the merger is completed, New Merck, of market exclusivity. If *Singulair* loses patent protection, sales of *Singulair* are likely to decline significantly as a result of generic versions of it becoming available. An unfavorable outcome in the *Singulair* litigation, could have a material adverse effect on Merck s and, if the merger is completed, New Merck s business, cash flows, results of operations, financial position and prospects.

Government investigations involving Merck or Schering-Plough, or New Merck after completion of the merger, could lead to the commencement of civil and/or criminal proceedings involving the imposition of substantial fines, penalties and injunctive or administrative remedies, including exclusion from government reimbursement programs, which could give rise to other investigations or litigation by government entities or private parties.

We cannot predict whether future or pending investigations to which Merck or Schering-Plough, or New Merck after completion of the merger, may become subject would lead to a judgment or settlement involving a significant monetary award or restrictions on its operations.

The pricing, sales and marketing programs and arrangements and related business practices of Merck, Schering-Plough and other participants in the health care industry are under increasing scrutiny from federal and state regulatory, investigative, prosecutorial and administrative entities. These entities include the Department of Justice and its U.S. Attorneys Offices, the Office of Inspector General of the Department of Health and Human Services, the FDA, the Federal Trade Commission and various state Attorneys General offices. Many of the health care laws under which certain of these governmental entities operate, including the federal and state anti-kickback statutes and statutory and common law false claims laws, have been construed broadly by the courts and permit the government entities to exercise significant discretion. In the event that any of those governmental entities believes that wrongdoing has occurred, one or more of them could institute civil or criminal proceedings which, if resolved unfavorably, could subject Merck or Schering-Plough, or New Merck after completion of the merger, to substantial fines, penalties and injunctive or administrative remedies, including exclusion from government reimbursement programs. In addition, an adverse outcome to a government investigation could prompt other government entities to commence investigations of Merck or Schering-Plough, or New Merck after completion of the merger, or cause those entities or private parties to bring civil claims against it. We also cannot predict whether any investigations will affect marketing practices or sales. Any such result could have a material adverse impact on Merck s or Schering-Plough s, or New Merck s after completion of the merger, results of operations, cash flows, financial condition or business.

Regardless of the merits or outcomes of any investigation, government investigations are costly, divert management s attention from our business and may result in substantial damage to our reputation. For additional information about these investigations, see the respective reports of Schering-Plough and Merck described under Where You Can Find More Information beginning on page 155.

There are other legal matters in which adverse outcomes could negatively affect New Merck s results of operations, cash flows, financial condition or business.

Unfavorable outcomes in other pending litigation matters, or in future litigation, including litigation concerning product pricing, securities law violations, product liability claims, ERISA matters, patent and intellectual property disputes, and antitrust matters could preclude the commercialization of products, negatively affect the profitability of existing products and subject New Merck to substantial fines, penalties and injunctive or administrative remedies, including exclusion from government reimbursement programs. Any such result could materially and adversely affect New Merck s results of operations, cash flows, financial condition or business.

Further, aggressive plaintiffs counsel often file litigation on a wide variety of allegations whenever there is media attention or negative discussion about the efficacy or safety of a product and whenever the stock price is volatile; even

when the allegations are groundless, we may need to expend considerable funds and other resources to respond to such litigation. For further information on material legal matters facing

Schering-Plough and Merck, see the reports described under Where You Can Find More Information beginning on page 155.

New Merck and third parties acting on New Merck s behalf will be subject to governmental regulations, and the failure to comply with, as well as the costs of compliance with, these regulations may adversely affect New Merck s results of operations, cash flow and financial position.

New Merck s manufacturing and research practices and those of third parties acting on New Merck s behalf must meet stringent regulatory standards and are subject to regular inspections. The cost of regulatory compliance, including that associated with compliance failures, could materially affect New Merck s results of operations, cash flow and financial position. Failure to comply with regulations, which include pharmacovigilance reporting requirements and standards relating to clinical, laboratory and manufacturing practices, could result in suspension or termination of clinical studies, delays or failure in obtaining the approval of drugs, seizure or recalls of drugs, suspension or revocation of the authority necessary for the production and sale of drugs, withdrawal of approval, fines and other civil or criminal sanctions.

New Merck will also be subject to other regulations, including environmental, health and safety, and labor regulations.

Certain of Schering-Plough s and Merck s major products are going to lose patent protection in the near future and, when that occurs, we expect a significant decline in sales of those products.

Each of Schering-Plough and Merck depends upon patents to provide it with exclusive marketing rights for its products for some period of time. As patents for several of its products have recently expired, or are about to expire, in the United States and in other countries, Schering-Plough and Merck and, if the merger is consummated, New Merck will each face strong competition from lower-priced generic drugs. Loss of patent protection for a product typically leads to a rapid loss of sales for that product, as lower-priced generic versions of that drug become available. In the case of products that contribute significantly to sales, the loss of patent protection could have a material adverse effect on each of Schering-Plough s and Merck s and, if the merger is consummated, New Merck s business, cash flows, results of operations, financial position and prospects.

Both Merck and Schering-Plough are dependent on our patent rights, and if our patent rights are invalidated or circumvented, our business, and the business of New Merck if the merger is completed, would be adversely affected.

Patent protection will be of material importance in our marketing of human health products in the United States and in most major foreign markets. Patents covering products that have been or will be introduced normally provide a period of market exclusivity, which is important for the successful marketing and sale of our products. We seek patents covering each of our products in each of the markets where we intend to sell the products and where meaningful patent protection is available.

Even if we succeed in obtaining patents covering our products, third parties or government authorities may challenge or seek to invalidate or circumvent our patents and patent applications. It will be important for our business to defend successfully the patent rights that provide market exclusivity for our products. We are often involved in patent disputes relating to challenges to our patents or infringement and similar claims against us. We aggressively defend our important patents both within and outside the United States, including by filing claims of infringement against other parties, however, there can be no guarantee that our efforts will be successful. In particular, manufacturers of generic pharmaceutical products from time to time file ANDAs with the FDA seeking to market generic forms of our products prior to the expiration of relevant patents owned by us. We normally respond by vigorously defending our patent, including by filing lawsuits alleging patent infringement. Patent litigation and other potential challenges to our

patent portfolio will be costly and unpredictable. An adverse determination by a court may deprive us of market exclusivity for our patented products or, in some cases, third-party patents may prevent us from marketing and selling products in a particular geographic area and may lead to significant financial damages for past and ongoing infringement.

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Due to the uncertainty surrounding patent litigation, parties may settle patent disputes by obtaining a license under mutually agreeable terms in order to decrease risk of an interruption in manufacturing and/or marketing of their products.

Additionally, certain foreign governments have indicated that compulsory licenses to patents may be granted in the case of national emergencies, which could diminish or eliminate sales and profits from those regions and negatively affect our results of operations. Further, recent court decisions relating to other companies U.S. patents, potential U.S. legislation relating to patent reform, as well as regulatory initiatives may result in further erosion of intellectual property protection.

If one or more important products lose patent protection in profitable markets, sales of our products will likely decline significantly as a result of generic versions of those products becoming available. Our results of operations may be adversely affected by the lost sales unless and until we successfully launch commercially successful proprietary replacement products.

New Merck s research and development efforts may not succeed in developing commercially successful products and New Merck may not be able to acquire commercially successful products in other ways, and consequently, New Merck may not be able to replace sales of successful products that have lost patent protection.

Like other major pharmaceutical companies, in order to remain competitive, New Merck must be able to launch new products each year. Declines in sales of products after the loss of marketing exclusivity mean that New Merck s future success is dependent on New Merck s pipeline of new products, including new products that New Merck develops through joint ventures and products that it is able to obtain through license or acquisition. To accomplish this, New Merck will commit substantial effort, funds and other resources to research and development, both through New Merck s own dedicated resources, and through various collaborations with third parties. To support its research and development efforts New Merck must make ongoing, substantial expenditures, without any assurance that the efforts it is funding will result in a commercially successful product. New Merck must also commit substantial efforts, funds and other resources to recruiting and retaining high-quality scientists and other personnel with pharmaceutical research and development expertise.

There is a high rate of failure inherent in the research to develop new drugs to treat diseases. As a result, there is a high risk that funds invested by Merck or Schering-Plough or New Merck following the merger in research programs will not generate financial returns. This risk profile is compounded by the fact that this research has a long investment cycle. To bring a pharmaceutical compound from the discovery phase to market may take a decade or more and failure can occur at any point in the process, including later in the process after significant funds have been invested.

Each phase of testing is highly regulated, and during each phase there is a substantial risk that New Merck will encounter serious obstacles or will not achieve its goals, and accordingly New Merck may abandon a product in which it has invested substantial amounts of time and money. Some of the risks encountered in the research and development process include the following: pre-clinical testing of a new compound may yield disappointing results; clinical trials of a new drug may not be successful; a new drug may not be effective or may have harmful side effects; a new drug may not be approved by the FDA for its intended use; it may not be possible to obtain a patent for a new drug; manufacturing costs or other factors may make marketing a new product economically unfeasible; proprietary rights of others may preclude our commercialization of a new product; or sales of a new product may be disappointing.

Merck and Schering-Plough cannot state with certainty when or whether any of Schering-Plough s or Merck s products now under development will be approved or launched; whether New Merck will develop, license or otherwise acquire compounds, product candidates or products; or whether any products, once launched, will be commercially successful. New Merck must be able to maintain a continuous flow of successful new products and successful new indications or

brand extensions for existing products sufficient both to cover substantial research and development costs and to replace sales that are lost as profitable products lose patent protection or are displaced by competing products or therapies. Failure to do so in the

short term or long term could have a material adverse effect on New Merck s business, cash flows, results of operations, financial position and prospects.

Issues concerning Vytorin and the ENHANCE and SEAS clinical trials could have a material adverse effect on sales of Vytorin and Zetia in the U.S., which in turn could have a material adverse effect on New Merck s financial condition.

Schering-Plough and Merck sell *Vytorin* and *Zetia* through our joint venture company, referred to in this joint proxy statement/prospectus as the Merck/Schering-Plough cholesterol partnership. Upon consummation of the merger, the Merck/Schering-Plough cholesterol partnership would be wholly owned by New Merck. On January 14, 2008, the Merck/Schering-Plough cholesterol partnership announced the primary endpoint and other results of the ENHANCE trial. ENHANCE was a surrogate endpoint trial conducted in 720 patients with Heterozygous Familial Hypercholesterolemia, a rare condition that affects approximately 0.2% of the population. The primary endpoint was the mean change in the intima-media thickness measured at three sites in the carotid arteries (the right and left common carotid, internal carotid and carotid bulb) between patients treated with ezetimibe/simvastatin 10/80 mg versus patients treated with simvastatin 80 mg alone over a two year period. There was no statistically significant difference between treatment groups on the primary endpoint. There was also no statistically significant difference between the treatment groups for each of the components of the primary endpoint, including the common carotid artery.

As previously disclosed, we have received several letters addressed to both Merck and Schering-Plough from the House Committee on Energy and Commerce, its Subcommittee on Oversight and Investigations (O&I), and the Ranking Minority Member of the Senate Finance Committee, collectively seeking a combination of witness interviews, documents and information on a variety of issues related to the ENHANCE clinical trial, the sale and promotion of *Vytorin*, as well as sales of stock by corporate officers. In addition, since August 2008, we have received three additional letters from O&I, including one dated February 19, 2009, seeking certain information and documents related to the SEAS clinical trial, which is described in more detail below. Merck and Schering-Plough have each received subpoenas from the New York and New Jersey State Attorneys General Offices and a letter from the Connecticut Attorney General seeking similar information and documents. In addition, Merck has received six Civil Investigative Demands (CIDs) from a multistate group of 34 State Attorneys General who are jointly investigating whether the companies violated state consumer protection laws when marketing *Vytorin*. Finally, in September 2008, Merck received a letter from the Civil Division of the DOJ informing it that the DOJ is investigating whether the companies conduct relating to the promotion of *Vytorin* caused false claims to be submitted to federal health care programs. We are cooperating with these investigations and working together to respond to the inquiries. In addition, Merck has become aware of, or been served with, approximately 145 civil class action lawsuits alleging common law and state consumer fraud claims in connection with the Merck/Schering-Plough cholesterol partnership s sale and promotion of *Vytorin* and *Zetia*. Certain of those lawsuits allege personal injuries and/or seek medical monitoring.

Also, as previously disclosed, on April 3, 2008, a Merck shareholder filed a putative class action lawsuit in federal court in the Eastern District of Pennsylvania alleging that Merck and its Chairman, President and Chief Executive Officer, Richard T. Clark, violated the federal securities laws. This suit has since been withdrawn and re-filed in the District of New Jersey and has been consolidated with another federal securities lawsuit under the caption In re Merck & Co., Inc. *Vytorin* Securities Litigation. An amended consolidated complaint was filed on October 6, 2008 and names as defendants Merck; Merck/Schering-Plough Pharmaceuticals, LLC; and certain of Merck s officers and directors. Specifically, the complaint alleges that Merck delayed releasing unfavorable results of a clinical study regarding the efficacy of *Vytorin* and that Merck made false and misleading statements about expected earnings, knowing that once the results of the *Vytorin* study were released, sales of *Vytorin* would decline and Merck s earnings would suffer. On April 22, 2008, a member of a Merck ERISA plan filed a putative class action lawsuit against Merck and certain of its officers and directors alleging they breached their fiduciary duties under ERISA. Since that time,

there have been other similar ERISA lawsuits filed against Merck in the District of New Jersey, and all of those lawsuits have been consolidated under the caption In re Merck & Co., Inc. *Vytorin* ERISA Litigation. An amended consolidated

complaint was filed on February 5, 2009, and names as defendants Merck and various members of Merck s board of directors and members of committees of Merck s board of directors.

In addition, Schering-Plough continues to respond to existing and new litigation, including several putative shareholder securities class action lawsuits (where several officers are also named defendants) alleging false and misleading statements and omissions by Schering-Plough and its representatives related to the timing of disclosures concerning the ENHANCE results; a putative shareholder securities class action lawsuit (where several officers and directors are also named), alleging material misstatements and omissions related to the ENHANCE results in the offering documents in connection with Schering-Plough s 2007 securities offerings; several putative class action suits alleging that Schering-Plough and certain officers and directors breached their fiduciary duties under ERISA; a shareholder derivative action alleging that the board of directors breached its fiduciary obligations relating to the timing of the release of the ENHANCE results; and a letter on behalf of a single shareholder requesting that the board of directors investigate the allegations in the litigation described above and, if warranted, bring any appropriate legal action on behalf of Schering-Plough.

In January 2009, the FDA announced that it had completed its review of the final clinical study report of ENHANCE. The FDA stated that the results from ENHANCE did not change its position that an elevated LDL cholesterol is a risk factor for cardiovascular disease and that lowering LDL cholesterol reduces the risk for cardiovascular disease. The FDA also stated that, based on current available data, patients should not stop taking *Vytorin* or other cholesterol lowering medications and should talk to their doctor if they have any questions about *Vytorin*, *Zetia*, or the ENHANCE trial.

In July 2008, efficacy and safety results from the SEAS study were announced. SEAS was designed to evaluate whether intensive lipid lowering with *Vytorin* would reduce the need for aortic valve replacement and the risk of cardiovascular morbidity and mortality versus placebo in patients with asymptomatic mild to moderate aortic stenosis who had no indication for statin therapy. *Vytorin* failed to meet its primary endpoint for the reduction of major cardiovascular events. There also was no significant difference in the key secondary endpoint of aortic valve events; however, there was a reduction in the group of patients taking *Vytorin* compared to placebo in the key secondary endpoint of ischemic cardiovascular events. In the study, patients in the group who took *Vytorin* had a higher incidence of cancer than the group who took placebo. There was also a statistically nonsignificant increase in deaths from cancer in patients in the group who took *Vytorin* versus those who took placebo. Cancer and cancer deaths were distributed across all major organ systems.

In August 2008, the FDA announced that it was investigating the results from the SEAS trial. In this announcement, the FDA also cited interim data from two large ongoing cardiovascular trials of *Vytorin* the Study of Heart and Renal Protection (referred to as SHARP) and the IMPROVE-IT clinical trials in which there was no increased risk of cancer with the combination of simvastatin plus ezetimibe. The SHARP trial is expected to be completed in 2010. The IMPROVE-IT trial is scheduled for completion around 2012. The FDA determined that, as of that time, these findings in the SEAS trial plus the interim data from ongoing trials should not prompt patients to stop taking *Vytorin* or any other cholesterol lowering drug.

In 2008, following the announcements of the ENHANCE and SEAS clinical trial results, sales of *Vytorin* and *Zetia* declined in the U.S. These issues concerning the ENHANCE and SEAS clinical trials have had an adverse effect on the Merck/Schering-Plough cholesterol partnership s sales of *Vytorin* and *Zetia* and could continue to have an adverse effect on the sales of the combined company. If sales of such products are materially adversely affected, Merck s, Schering-Plough s and, consequently, the combined company s businesses, cash flows, results of operations, financial positions and prospects could also be materially adversely affected. In addition, unfavorable outcomes resulting from the government investigations or the litigation concerning the sale and promotion of these products could have a material adverse effect on Merck s, Schering-Plough s and, consequently, the combined company s businesses, cash

flows, results of operations, financial positions and prospects.

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Schering-Plough s, Merck s and, if the merger is completed, New Merck s products, including products in development, cannot be marketed unless regulatory approval is obtained and maintained.

Our business activities, including research, preclinical testing, clinical trials and manufacturing and marketing of products, are and will continue to be subject to extensive regulation by numerous federal, state and local governmental authorities in the United States, including the FDA, and by foreign regulatory authorities. In the United States, the FDA is of particular importance, as it administers requirements covering the testing, approval, safety, effectiveness, manufacturing, labeling and marketing of prescription pharmaceuticals. In many cases, FDA requirements have increased the amount of time and money necessary to develop new products and bring them to market in the United States. Regulation outside the United States also is primarily focused on drug safety and effectiveness and, in many cases, cost reduction. The FDA and foreign regulatory authorities have substantial discretion to require additional testing, to delay or withhold registration and marketing approval and to mandate product withdrawals.

Even if Merck, Schering-Plough and, if the merger is completed, New Merck, are successful in developing new products, they will not be able to market any of those new products unless and until they have obtained all required regulatory approvals in each jurisdiction where they propose to market the new products. Once obtained, Merck, Schering-Plough and, if the merger is completed, New Merck must maintain approval as long as they plan to market their new products in each jurisdiction where approval is required. Merck s, Schering-Plough s and, if the merger is completed, New Merck s failure to obtain approval, significant delays in the approval process, or their failure to maintain approval in any jurisdiction will prevent Merck, Schering-Plough and, if the merger is completed, New Merck from selling the new products in that jurisdiction until approval is obtained, if ever. Merck, Schering-Plough and, if the merger is completed, New Merck will not be able to realize revenues for those new products in any jurisdiction where they have not obtained such required approvals.

Developments following regulatory approval may adversely affect sales of Merck s, Schering-Plough s and, if the merger is completed, New Merck s products.

Even after a product reaches market, certain developments following regulatory approval, including results in post-marketing Phase IV trials, may decrease demand for our products, including the following: re-review of products that are already marketed; new scientific information and evolution of scientific theories; recall or loss of marketing approval of products that are already marketed; changing government standards or public expectations regarding safety, efficacy or labeling changes; and greater scrutiny in advertising and promotion.

In the past several years, clinical trials and post-marketing surveillance of certain marketed drugs of competitors within the industry have raised safety concerns that have led to recalls, withdrawals or adverse labeling of marketed products. Clinical trials and post-marketing surveillance of certain marketed drugs also have raised concerns among some prescribers and patients relating to the safety or efficacy of pharmaceutical products in general that have negatively affected the sales of such products. In addition, increased scrutiny of the outcomes of clinical trials have led to increased volatility in market reaction. Further, these matters often attract litigation and, even where the basis for the litigation is groundless, considerable resources may be needed to respond.

In addition, following the wake of product withdrawals of other companies and other significant safety issues, health authorities such as the FDA, the European Medicines Agency (EMEA) and the Pharmaceuticals and Medical Device Agency (PMDA) have increased their focus on safety when assessing the benefit/risk balance of drugs. Some health authorities appear to have become more cautious when making decisions about approvability of new products or indications and are re-reviewing select products that are already marketed, adding further to the uncertainties in the regulatory processes. There is also greater regulatory scrutiny, especially in the U.S., on advertising and promotion and, in particular, direct-to-consumer advertising.

If previously unknown side effects are discovered or if there is an increase in negative publicity regarding known side effects of any of our products, it could significantly reduce demand for the product or require Merck, Schering-Plough or New Merck following the merger to take actions that could negatively affect sales,

including removing the product from the market, restricting its distribution or applying for labeling changes. Further, in the current environment in which all pharmaceutical companies operate, Merck, Schering-Plough and New Merck following the merger are at risk for product liability claims for their products.

We face pricing pressure with respect to our products.

Our products will be subject to increasing price pressures and other restrictions worldwide, including in the United States. In the United States, these include (1) practices of managed care groups and institutional and governmental purchasers and (2) U.S. federal laws and regulations related to Medicare and Medicaid, including the Medicare Prescription Drug Improvement and Modernization Act of 2003 (2003 Act). The 2003 Act included a prescription drug benefit for individuals, which first went into effect on January 1, 2006, and has resulted in an increased use of generic products. In addition, the increased purchasing power of entities that negotiate on behalf of Medicare beneficiaries could result in further pricing pressures on our, and consequently New Merck s, products.

Outside the United States, numerous major markets have pervasive government involvement in funding healthcare, and in that regard, fix the pricing and reimbursement of pharmaceutical and vaccine products. Consequently, in those markets, we, and consequently New Merck, will be subject to government decision-making and budgetary actions with respect to our products.

In addition, a number of intermediaries are involved between drug manufacturers, such as Merck and Schering-Plough, and patients who use the drugs. These intermediaries impact the patient s ability, and their prescribers ability, to choose and pay for a particular drug, which may adversely affect sales of a particular drug. These intermediaries include health care providers, such as hospitals and clinics; payors and their representatives, such as employers, insurers, managed care organizations and governments; and others in the supply chain, such as pharmacists and wholesalers. Examples include: payors that require a patient to first fail on one or more generic, or less expensive branded drugs, before reimbursing for a more effective, branded product that is more expensive; payors that are increasing patient co-payment amounts; hospitals that stock and administer only a generic product to in-patients; managed care organizations that may penalize doctors who prescribe outside approved formularies, which may not include branded products when a generic is available; and pharmacists who receive larger revenues when they dispense a generic drug over a branded drug. Further, the intermediaries are not required to routinely provide transparent data to patients comparing the effectiveness of generic and branded products or to disclose their own economic benefits that are tied to steering patients toward, or requiring patients to use, generic products rather than branded products.

We expect pricing pressures to increase in the future.

Merck is experiencing difficulties and delays in the manufacturing of certain of its products.

As previously disclosed, Merck has experienced difficulties in manufacturing certain of its vaccines and other products. Merck is working on these issues, but there can be no assurance of when or if these issues will be resolved.

Merck, and consequently New Merck, may experience difficulties and delays inherent in manufacturing its products, such as (1) its failure, or the failure of vendors or suppliers to comply with Current Good Manufacturing Practices and other applicable regulations and quality assurance guidelines that could lead to manufacturing shutdowns, product shortages and delays in product manufacturing; (2) construction delays related to the construction of new facilities or the expansion of existing facilities, including those intended to support future demand for its products; and (3) other manufacturing or distribution problems including changes in manufacturing production sites and limits to manufacturing capacity due to regulatory requirements, changes in types of products produced, or physical limitations that could impact continuous supply. Manufacturing difficulties can result in product shortages, leading to lost sales.

Pharmaceutical products can develop unexpected safety or efficacy concerns.

Unexpected safety or efficacy concerns can arise with respect to marketed products, whether or not scientifically justified, leading to product recalls, withdrawals, or declining sales, as well as product liability, consumer fraud and/or other claims.

Biologics carry unique risks and uncertainties, which could have a negative impact on future results of operations.

Schering-Plough has significant biologics operations, including animal health vaccines, and the biologics business will represent a significant part of the operations of New Merck after the merger. The successful development, testing, manufacturing and commercialization of biologics, particularly human and animal health vaccines, is a long, expensive and uncertain process. There are unique risks and uncertainties with biologics, including:

There may be limited access to and supply of normal and diseased tissue samples, cell lines, pathogens, bacteria, viral strains and other biological materials. In addition, government regulations in multiple jurisdictions such as the U.S. and European states within the EU, could result in restricted access to, or transport or use of, such materials. If Schering-Plough, or New Merck after the merger, loses access to sufficient sources of such materials, or if tighter restrictions are imposed on the use of such materials, we may not be able to conduct research activities as planned and may incur additional development costs.

The development, manufacturing and marketing of biologics are subject to regulation by the FDA, the EMEA and other regulatory bodies. These regulations are often more complex and extensive than the regulations applicable to other pharmaceutical products. For example, in the U.S., a Biologics License Application, including both preclinical and clinical trial data and extensive data regarding manufacturing procedures, is required for human vaccine candidates and FDA approval for the release of each manufactured lot.

Manufacturing biologics, especially in large quantities, is often complex and may require the use of innovative technologies to handle living micro-organisms. Each lot of an approved biologic must undergo thorough testing for identity, strength, quality, purity and potency. Manufacturing biologics requires facilities specifically designed for and validated for this purpose, and sophisticated quality assurance and quality control procedures are necessary. Slight deviations anywhere in the manufacturing process, including filling, labeling, packaging, storage and shipping and quality control and testing, may result in lot failures, product recalls or spoilage. When changes are made to the manufacturing process, we may be required to provide pre-clinical and clinical data showing the comparable identity, strength, quality, purity or potency of the products before and after such changes.

Biologics are frequently costly to manufacture because production ingredients are derived from living animal or plant material, and most biologics cannot be made synthetically. In particular, keeping up with the demand for vaccines may be difficult due to the complexity of producing vaccines.

The use of biologically derived ingredients can lead to allegations of harm, including infections or allergic reactions, or closure of product facilities due to possible contamination. Any of these events could result in substantial costs.

Product liability insurance for products may be limited, cost prohibitive or unavailable.

As a result of a number of factors, product liability insurance has become less available while the cost has increased significantly. Merck has evaluated its risks and has determined that the cost of obtaining product liability insurance outweighs the likely benefits of the coverage that is available and, as such, has no insurance for certain product liabilities effective August 1, 2004, including liability for products first sold after that date. Schering-Plough maintains

insurance coverage with such deductibles and self-insurance to reflect market conditions (including cost and availability) existing at the time it is written, and the relationship of insurance coverage to self-insurance varies accordingly. With respect to product liability insurance, Schering-Plough self-insures substantially all of its risk, as the availability of commercial insurance has become more restrictive.

Merck, Schering-Plough, and if the merger is completed, New Merck, will continually assess the most efficient means to address their insurance needs; however, there can be no guarantee that insurance coverage will be obtained or if obtained, will be sufficient to fully cover product liabilities that may arise.

Changes in laws and regulations could adversely affect our business and the business of New Merck.

All aspects of our respective businesses, and consequently the business of New Merck, including research and development, manufacturing, marketing, pricing, sales, litigation and intellectual property rights are, or in the case of New Merck, will be, subject to extensive legislation and regulation. Changes in applicable federal and state laws and agency regulations, as well as the laws and regulations of foreign jurisdictions, could have a material adverse effect on our respective businesses, and consequently the business of New Merck.

The recent financial crisis and current uncertainty in global economic conditions could negatively affect our operating results and consequently the operating results of New Merck.

Merck, Schering-Plough and New Merck following the merger have exposure to many different industries and counterparties, including commercial banks, investment banks, suppliers and customers (which include wholesalers, managed care organizations and governments) that may be unstable or may become unstable in the current economic environment. Any such instability may impact these parties ability to fulfill contractual obligations to Merck, Schering-Plough or New Merck, following the merger, or they might limit or place burdensome conditions upon future transactions with New Merck. Customers may also reduce spending during times of economic uncertainty. Also, it is possible that suppliers may be negatively impacted. In such events, there could be a resulting material and adverse impact on operations and results of operations.

Further, the current conditions have resulted in severe downward pressure on the stock and credit markets, which could further reduce the return available on invested corporate cash, reduce the return on investments held by the pension plans and thereby potentially increase funding obligations, all of which if severe and sustained could have material and adverse impacts on New Merck s results of operations, financial position and cash flows.

The current financial crisis and uncertainty in global economic conditions have resulted in substantial volatility in the credit markets and a low level of liquidity in many financial markets. These conditions may result in a further slowdown to the global economy that could affect our business and consequently the business of New Merck by reducing the prices that drug wholesalers and retailers, hospitals, government agencies and managed health care providers may be able or willing to pay for our or New Merck s products or by reducing the demand for our products, which could in turn negatively impact our or New Merck s sales and revenue generation and could result in a material adverse effect on our or New Merck s business, cash flows, results of operations, financial position and prospects.

Although none of Schering-Plough, Merck or New Merck after the merger currently has plans to access the equity or debt markets to meet capital or liquidity needs, constriction and volatility in these markets may restrict future flexibility to do so if unforeseen capital or liquidity needs were to arise.

Merck, Schering-Plough and, subsequently, the combined company may be subject to changes in tax laws, including those outlined by President Obama in his Fiscal Year 2010 Revenue Proposal.

In May 2009, President Obama s administration proposed significant changes to the U.S. international tax laws, including changes that would limit U.S. tax deductions for expenses related to un-repatriated foreign-source income and modify the U.S. foreign tax credit and check-the-box rules. We cannot determine whether these proposals will be enacted into law or what, if any, changes may be made to such proposals prior to their being enacted into law. If these or other changes to the U.S. international tax laws are enacted they could have a significant impact on the financial

results of Merck, Schering-Plough and, subsequently, the combined company.

As a result of the merger, New Merck will have significant global operations, which expose it to additional risks, and any adverse event could have a material negative impact on New Merck s results of operations.

The extent of New Merck s operations outside the U.S. will be significant due to the fact that the majority of Schering-Plough s operations are outside the U.S. Risks inherent in conducting a global business include:

- changes in medical reimbursement policies and programs and pricing restrictions in key markets;
- multiple regulatory requirements that could restrict New Merck s ability to manufacture and sell its products in key markets;
- trade protection measures and import or export licensing requirements;
- diminished protection of intellectual property in some countries; and
- possible nationalization and expropriation.

In addition, there may be changes to New Merck s business and political position if there is instability, disruption or destruction in a significant geographic region, regardless of cause, including war, terrorism, riot, civil insurrection or social unrest; and natural or man-made disasters, including famine, flood, fire, earthquake, storm or disease.

Reliance on third party relationships and outsourcing arrangements could adversely affect our, and consequently New Merck s, business.

We depend on third parties, including suppliers, alliances with other pharmaceutical and biotechnology companies and third party service providers, for key aspects of our businesses including development, manufacture and commercialization of our products and support for our information technology systems. Failure of these third parties to meet their contractual, regulatory and other obligations to us or the development of factors that materially disrupt our relationships with these third parties, could have a material adverse effect on our, and consequently New Merck s, business.

We are and, after the merger is completed, New Merck will be, increasingly dependent on sophisticated information technology and infrastructure.

We are, and New Merck will be, increasingly dependent on sophisticated information technology and infrastructure. Any significant breakdown, intrusion, interruption or corruption of these systems or data breaches could have a material adverse effect on our, and consequently New Merck s, business. As previously disclosed, Merck has been proceeding with a multi-year implementation of an enterprise-wide resource planning system, which includes modification to the design, operation and documentation of Merck s internal controls over financial reporting. The planned completion and implementation of the enterprise-wide resource planning systems may be complicated and/or delayed by the integration of Schering-Plough s operations under these systems. Any material problems in the implementation could have a material adverse effect on our, and consequently New Merck s, business.

Risks Relating to Merck and Schering-Plough and the combined company after the merger.

Merck and Schering-Plough are, and will continue to be, and the combined company after consummation of the merger will be, subject to the risks described in (i) Part I, Item 1A in Merck s Annual Report on Form 10-K for the year ended December 31, 2008 filed with the SEC on February 27, 2009, (ii) Part II, Item IA in Merck s Quarterly Report on Form 10-Q for the three months ended March 31, 2009 filed with the SEC on May 4, 2009, (iii) Part I,

Item 1A in Schering-Plough s Annual Report on Form 10-K for the year ended December 31, 2008 filed with the SEC on February 27, 2009 and (iv) Part II, Item IA in Schering-Plough s Quarterly Report for the three months ended March 31, 2009 filed with the SEC on May 1, 2009, in each case as filed with the SEC and incorporated by reference into this joint proxy statement/prospectus. See Where You Can Find More Information beginning on page 155 for the location of information incorporated by reference into this joint proxy statement/prospectus.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This joint proxy statement/prospectus and the documents that are incorporated into this joint proxy statement/prospectus by reference may contain or incorporate by reference statements that do not directly or exclusively relate to historical facts. Such statements are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. You can typically identify forward-looking statements by the use of forward-looking words, such as may, will, could, project, believe, anticipate, expect, estimate, continu plan, forecast and other similar words. These include, but are not limited to, statements relating to the synergies and the benefits that we expect to achieve in the transaction discussed herein, including future financial and operating results, the combined company s plans, objectives, expectations and intentions and other statements that are not historical facts. Those statements represent our intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors. Many of those factors are outside the control of Merck and Schering-Plough and could cause actual results to differ materially from the results expressed or implied by those forward-looking statements. In addition to the risk factors described under Risk Factors, those factors include:

- those identified and disclosed in public filings with the SEC made by Merck and Schering-Plough;
- obtaining shareholder approvals required for the Merck merger, the Schering-Plough merger and the issuance of shares of New Merck common stock in connection with the merger;
- satisfying the conditions to the closing of the merger;
- successfully integrating the Merck and Schering-Plough businesses, avoiding problems which may result in the combined company not operating as effectively and efficiently as expected;
- the possibility that the estimated synergies are not realized, or will not be realized within the expected timeframe;
- unexpected costs or unexpected liabilities, or the effects of purchase accounting varying from the companies expectations;
- the risk that funds invested in research will not generate financial returns because the development of novel drugs requires significant expenditure with a low probability of success;
- the actual resulting credit ratings of the companies or their respective subsidiaries;
- the effects on the businesses of the companies resulting from uncertainty surrounding the merger;
- adverse outcomes of pending or threatened litigation or government investigations;
- the effects on the companies of future regulatory or legislative actions;
- conduct and changing circumstances related to third-party relationships on which Merck and Schering-Plough rely for their key products;
- the extremely volatile and unpredictable current stock market and credit market conditions;

market risks from fluctuations in currency exchange rates and interest rates;

variations between the stated assumptions on which forward-looking statements are based and Merck s and Schering-Plough s actual experience; and

other economic, business, and/or competitive factors.

The areas of risk and uncertainty described above should be considered in connection with any written or oral forward-looking statements that may be made after the date of this joint proxy statement/prospectus by Merck or Schering-Plough or anyone acting for any or all of them. Except for their ongoing obligations to disclose material information under the U.S. federal securities laws, neither Merck nor Schering-Plough undertakes any obligation to release publicly any revisions to any forward-looking statements, to report events or circumstances after the date of this joint proxy statement/prospectus or to report the occurrence of unanticipated events.

THE MERCK SPECIAL MEETING

This section contains information about the special meeting of Merck shareholders (the Merck special meeting) that has been called to consider and approve the merger agreement.

This joint proxy statement/prospectus is being furnished to the shareholders of Merck in connection with the solicitation of proxies by Merck s board of directors for use at the Merck special meeting. Merck is first mailing this joint proxy statement/prospectus and accompanying proxy card to its shareholders on or about [ ], 2009.

Date, Time and Place of the Special Meeting

The shareholders of Merck will hold a special meeting on [ ], 2009 at [ ] a.m., local time, [at/in] [ ] located at [_____], unless the special meeting is adjourned or postponed.

Purpose of the Special Meeting

At the special meeting, Merck shareholders will be asked to:

- consider and act on a proposal to approve the merger agreement; and
- transact any other business that may properly come before the special meeting or any reconvened meeting following an adjournment or postponement of the special meeting.

Record Date; Outstanding Shares Entitled to Vote

Only shareholders listed on Merck s records at the close of business on [ ], 2009, the record date for the Merck special meeting, are entitled to vote at the special meeting or any adjournments or postponements of the Merck special meeting.

As of the record date, there were [ ] shares of Merck common stock, par value $0.01 per share, outstanding and entitled to vote at the Merck special meeting.

Ownership of Shares

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 shareholder of record. This joint proxy statement/prospectus and the enclosed 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. This joint proxy statement/prospectus has been forwarded to you by your broker, bank or nominee who is considered, with respect to those shares, the shareholder of record. As the beneficial owner of shares held in street name, 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.

Quorum

In order to transact business at the Merck special meeting, a quorum of Merck shareholders must be present. A quorum will exist if holders of a majority of the outstanding shares of Merck common stock are present in person, or represented by proxy, at the special meeting. Accordingly, the presence at the Merck special meeting, either in person or by proxy, of holders of at least [ ] shares of Merck common stock will be required to establish a quorum. If a quorum is not present, the Merck special meeting may be adjourned to a later date.

Holders of shares of Merck common stock present in person at the Merck special meeting but not voting, and shares of Merck common stock for which Merck has received proxies indicating that their holders have abstained, will be counted as present at the Merck special meeting for purposes of determining whether a quorum is established.

A New York Stock Exchange member broker who holds shares in street name for a customer has the authority to vote on certain items if the broker does not receive instructions from the customer. Under the rules that govern brokers who have record ownership of shares that are held in street name for their clients, the beneficial owners of the shares, brokers have discretion to vote these shares on routine matters but not on non-routine matters. The approval of the merger agreement is not considered a routine matter. Accordingly, brokers will not have discretionary voting authority to vote shares of Merck common stock at the Merck special meeting. A broker non-vote occurs when brokers do not have discretionary voting authority and have not received instructions from the beneficial owners of the shares. A broker will not be permitted to vote on the approval of the merger agreement without instruction from the beneficial owner of the shares of Merck common stock held by that broker. Accordingly, shares of Merck common stock beneficially owned that have been designated on proxy cards by the broker, bank or nominee as not voted (broker non-vote) will not be counted as votes cast for or against the proposal to approve the merger agreement. These broker non-votes will, however, be counted for purposes of determining whether a quorum exists at the Merck special meeting.

Vote Required

Provided a quorum of shareholders is present in person or by proxy at the Merck special meeting, in order to approve the merger agreement, a majority of the votes cast at the special meeting must be cast in favor of the proposal to approve the merger agreement. Abstentions and broker non-votes will have no impact on the outcome of the voting.

Recommendation of Merck s Board of Directors

Merck s board of directors unanimously determined that the merger agreement is advisable, fair and in the best interests of Merck and its shareholders and unanimously approved the merger agreement. The Merck board of directors unanimously recommends that Merck shareholders vote **FOR** the proposal to approve the merger agreement. See The Transaction Merck s Reasons for the Transaction and Recommendation of Merck s Board of Directors beginning at page 59.

Merck shareholders should carefully read this joint proxy statement/prospectus in its entirety for more detailed information concerning the merger agreement and the proposed transaction. In addition, Merck shareholders are directed to the merger agreement, which is attached as Annex A to this joint proxy statement/prospectus.

Voting by Merck s Directors and Executive Officers

As of the record date for the Merck special meeting, Merck s directors and executive officers and certain of their affiliates beneficially owned [ ] shares of Merck common stock entitled to vote at the Merck special meeting. This represents approximately [ ]% of the total votes entitled to be cast at the Merck special meeting. Each Merck director and executive officer and certain of their affiliates has indicated his or her present intention to vote, or cause to be voted, the shares of Merck common stock owned by him or her for the approval of the merger agreement. As of the record date, Schering-Plough beneficially owned [ ] shares of Merck common stock entitled to vote at the Merck special meeting. This represents approximately [ ]% of the total votes entitled to be cast at the Merck special meeting.

How to Vote

There are several ways for Merck shareholders to vote:

Mail. You can vote by mail by completing, signing, dating and mailing your proxy card or voting instruction card in the postage-paid envelope included with this joint proxy statement/prospectus.

Telephone. If you are a shareholder of record of Merck, you can vote by telephone by calling the toll-free number **[800-690-6903]** on a touch-tone phone. You will then be prompted to enter the control number printed on your proxy card and to follow subsequent instructions. Telephone voting is available 24 hours a day. If you vote by telephone, do not return your proxy card. The availability of telephone voting for beneficial

owners will depend on the voting process of your broker, bank or nominee. Therefore, Merck recommends that you follow the voting instructions in the materials you receive.

Internet. If you are a shareholder of record of Merck, you can vote over the Internet by accessing the website at **[www.proxyvote.com]** and following the instructions on your proxy card and the website. Internet voting is available 24 hours a day. If you vote over the Internet, do not return your proxy card. The availability of Internet voting for beneficial owners will depend on the voting process of your broker, bank or nominee. Therefore, Merck recommends that you follow the voting instructions in the materials you receive.

In Person. In addition, all Merck shareholders as of the record date may attend the Merck special meeting and vote in person. 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 held in street name, 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.

Attending the Special Meeting

All Merck shareholders as of the close of business on the record date may attend the Merck special meeting but must have an admission ticket. If you are a shareholder of record, the ticket attached to the proxy card will admit you and one guest. If you are a beneficial owner of Merck shares, 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 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. Merck encourages you or your broker to fax your ticket request and proof of ownership in order to avoid any mail delays.

Voting of Proxies

If you vote by Internet, by telephone or by completing, signing, dating and mailing your proxy card or voting instruction card, your shares will be voted in accordance with your instructions. If you are a shareholder of record and you sign, date and return your proxy card but do not indicate how you want to vote or do not indicate that you wish to abstain, your shares will be voted **FOR** the approval of the merger agreement.

Revoking Your Proxy

If you are a shareholder of record, you may revoke your proxy at any time before it is voted at the special meeting by:

- sending a signed notice of revocation to the Secretary of Merck;
- submitting a revised proxy bearing a later date by mail, Internet or telephone; or
- attending the special meeting and voting in person, which will automatically cancel any proxy previously given, or revoking your proxy in person. Your attendance alone will not revoke any proxy that you have previously given.

If you choose either of the first two methods, you must submit your notice of revocation or your new proxy no later than the beginning of the special meeting. If you are a beneficial owner of shares of Merck common stock, you may submit new voting instructions by contacting your broker, bank or nominee. You may also vote in person at the special meeting if you 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 special meeting.

Merck 401(k) Plan Participants

If you are a participant 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) or Merial 401(k) Savings Plan (Merial Plan), you will receive separate proxy voting instruction cards from the

plan trustees and you have the right to provide voting directions to the plan trustee by submitting your voting instruction card for those shares of Merck common stock that are held by your plan and allocated to your plan account.

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 Merck 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 from plan participants.

If voting instructions are not received from participants in the plans other than the Merck Frosst Plan and the Merial Plan mentioned above, trustees for the other plans will not vote shares for which voting instructions have not been received from plan participants.

Shareholders Sharing an Address

Consistent with notices sent to record shareholders sharing a single address, Merck is sending only one copy of this joint proxy statement/prospectus to that address unless Merck received contrary instructions from any shareholder at that address. This householding practice reduces Merck s printing and postage costs. Shareholders may request to discontinue householding, or may request a separate copy of this joint proxy statement/prospectus by one of the following methods:

record shareholders wishing to discontinue or begin householding, or any record shareholder residing at a household address wanting to request delivery of a copy of this joint proxy statement/prospectus should contact Merck Stockholder Services, WS3AB-40, P.O. Box 100, Whitehouse Station, NJ 08889-0100 or by calling our toll-free number 1-877-602-7615; and

shareholders owning their shares through a bank, broker or other holder of record who wish to either discontinue or begin householding should contact their record holder.

Proxy Solicitations

Merck is soliciting proxies for the special meeting from Merck shareholders. Merck will bear the entire cost of soliciting proxies from Merck shareholders, except that Merck and Schering-Plough will share equally the expenses incurred in connection with the printing and mailing of this joint proxy statement/prospectus. In addition to this mailing, Merck s directors, officers and employees (who will not receive any additional compensation for such services) may solicit proxies by telephone or in-person meeting.

Merck has also engaged the services of Laurel Hill Advisory Group, LLC to assist in the distribution of this joint proxy statement/prospectus and the solicitation of proxies, for a fee of $[ ] plus reasonable out-of-pocket expenses.

Merck 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 beneficial owners of Merck common stock.

Other Business

Merck s board of directors is not aware of any other business to be acted upon at the special meeting.

THE SCHERING-PLOUGH SPECIAL MEETING

This section contains information about the special meeting of Schering-Plough shareholders (the Schering-Plough special meeting) that has been called to consider and approve the merger agreement and the issuance of shares of common stock in the merger.

This joint proxy statement/prospectus is being furnished to the shareholders of Schering-Plough in connection with the solicitation of proxies by Schering-Plough s board of directors for use at the special meeting. Schering-Plough is first mailing this joint proxy statement/prospectus and accompanying proxy card to its shareholders on or about [ ], 2009.

Date, Time and Place of the Special Meeting

A special meeting of the shareholders of Schering-Plough will be held at [ ] on [ ] day, [ ], 2009 at [ ] a.m., local time, unless the special meeting is adjourned or postponed. Directions to [ ] are available at http://[ ].

Purpose of the Special Meeting

At the special meeting, Schering-Plough shareholders will be asked to:

consider and act on a proposal to approve the merger agreement and the issuance of shares of common stock in the merger contemplated by the merger agreement;

approve the adjournment of the Schering-Plough Special Meeting (including, if necessary, to solicit additional proxies if there are not sufficient votes to approve the merger agreement and the issuance of shares of common stock in the merger); and

transact any other business that may properly come before the special meeting or any reconvened meeting following an adjournment or postponement of the special meeting.

Record Date; Outstanding Shares Entitled to Vote

Only holders of record of shares of Schering-Plough common stock at the close of business on [ ], 2009, the record date for the special meeting, will be entitled to vote shares held at that date at the Schering-Plough special meeting or any adjournments or postponements thereof. Each outstanding share of Schering-Plough common stock entitles its holder to cast one vote.

As of the record date, there were [ ] shares of Schering-Plough common stock par value $.50 per share, outstanding and entitled to vote at the Schering-Plough special meeting.

Ownership of Shares

If your shares are registered directly in your name with Schering-Plough s transfer agent, BNY Mellon, you are considered, with respect to those shares, the shareholder of record. This joint proxy statement/prospectus and the enclosed proxy card have been sent directly to you by Schering-Plough.

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. This joint proxy statement/prospectus has been forwarded to you by your broker, bank or nominee who is considered, with respect to those shares, the shareholder of record. As the beneficial owner of shares held in street name, 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.

Quorum

In order to transact business at the special meeting, a quorum of Schering-Plough shareholders must be present. A quorum will exist if holders of a majority of shares of Schering-Plough common stock outstanding on the record date are present in person, or represented by proxy, at the meeting. Accordingly, the presence at the meeting, either in person or by proxy, of holders of at least [   ] shares of Schering-Plough common stock will be required to establish a quorum.

Holders of shares of Schering-Plough common stock present in person at the meeting but not voting, and shares of Schering-Plough common stock for which Schering-Plough has received proxies indicating that their

holders have abstained, will be counted as present at the meeting for purposes of determining whether a quorum is established.

A New York Stock Exchange member broker who holds shares in street name for a customer has the authority to vote on certain items if the broker does not receive instructions from the customer. Under the rules that govern brokers who have record ownership of shares that are held in street name for their clients, the beneficial owners of the shares, brokers have discretion to vote these shares on routine matters but not on non-routine matters. The approval of the merger agreement and the issuance of shares of common stock in the merger, are not considered routine matters. Accordingly, brokers will not have discretionary voting authority to vote your shares at the Schering-Plough special meeting. A broker non-vote occurs when brokers do not have discretionary voting authority and have not received instructions from the beneficial owners of the shares. A broker will not be permitted to vote on the approval of the merger agreement without instruction from the beneficial owner of the shares of Schering-Plough common stock held by that broker. Accordingly, shares of Schering-Plough common stock beneficially owned that have been designated on proxy cards by the broker, bank or nominee as not voted (broker non-vote) will not be counted as votes cast for or against the proposal to approve the merger agreement and the issuance of shares of common stock in the merger. These broker non-votes will, however, be counted for purposes of determining whether a quorum exists at the special meeting.

Vote Required

Provided a quorum of shareholders is present in person or by proxy at the special meeting, in order to approve the merger agreement and the issuance of shares of common stock in the merger contemplated by the merger agreement, (1) holders of a majority of the outstanding shares of Schering-Plough common stock must vote at the special meeting with respect to the proposal to approve the merger agreement and the issuance of shares of common stock in the merger contemplated by the merger agreement and (2) a majority of the votes cast at the special meeting must be cast in favor of the proposal to approve the merger agreement and the issuance of shares of common stock in the merger contemplated by the merger agreement.

Abstentions and broker non-votes may impact whether the issuance of the shares of common stock necessary to complete the merger is properly approved for purposes of NYSE rules applicable to Schering-Plough which require that at least a majority of the Schering-Plough shares entitled to vote on the proposal to approve the merger agreement are actually cast for or against the proposal. However, any shares not voted as a result of an abstention or a broker non-vote will not be counted as voting for or against a particular matter. Accordingly, except as relates to the approval of shares for issuance, abstentions and broker non-votes will have no effect on the outcome of a vote.

Regardless of whether or not a quorum of shareholders is present in person or by proxy at the special meeting, in order to approve any proposal to adjourn the meeting to solicit additional proxies, holders of a majority of the shares of Schering-Plough common stock who are present at the special meeting must vote in favor of the proposal to adjourn the meeting.

Recommendation of Schering-Plough s Board of Directors

Schering-Plough s board of directors unanimously determined that the merger agreement and the issuance of shares of common stock in the merger are fair to and in the best interests of Schering-Plough and its shareholders and unanimously approved the merger agreement and the transactions contemplated thereby. The Schering-Plough board of directors unanimously recommends that Schering-Plough shareholders vote **FOR** the proposal to approve the merger agreement and the issuance of shares of common stock in the merger contemplated by the merger agreement. See The Transaction Schering-Plough s Reasons for the Transaction and Recommendation of Schering-Plough s Board of Directors beginning at page 70.

Schering-Plough shareholders should carefully read this joint proxy statement/prospectus in its entirety for more detailed information concerning the merger agreement and the proposed transactions. In addition, Schering-Plough shareholders are directed to the merger agreement, which is attached as Annex A to this joint proxy statement/prospectus.

Voting by Schering-Plough s Directors and Executive Officers

As of the record date for the special meeting, Schering-Plough s directors and executive officers and certain of their affiliates beneficially owned [ ] shares of Schering-Plough common stock entitled to vote at the Schering-Plough special meeting. This represents approximately [ ]% of the total votes entitled to be cast at the Schering-Plough special meeting. Each Schering-Plough director and executive officer and certain of their affiliates has indicated his or her present intention to vote, or cause to be voted, the shares of Schering-Plough common stock owned by him or her for the approval of the merger agreement and the issuance of shares of common stock in the merger contemplated by the merger agreement. As of the record date, Merck beneficially owned [ ] shares of Schering-Plough common stock entitled to vote at the Schering-Plough special meeting. This represents approximately [ ]% of the total votes entitled to be cast at the Schering-Plough special meeting.

How to Vote

There are several ways for Schering-Plough shareholders to vote:

Mail. You can vote by mail by completing, signing, dating and mailing your proxy card or voting instruction card in the postage-paid envelope included with this joint proxy statement/prospectus.

Vote by Telephone or Internet. If you are a shareholder of record (that is, if you hold your shares in your own name), you may vote by telephone (toll free) or the Internet by following the instructions on your proxy and voting instruction card. If your shares are held in the name of a bank, broker or other holder of record (that is, in street name), and if the bank or broker offers telephone and Internet voting, you will receive instructions from them that you must follow in order for your shares to be voted. If you vote by telephone or the Internet, you do not need to return your proxy and voting instruction card.

In Person. You may vote in person at the Schering-Plough special 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 held in street name, 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. Even if you plan to attend the meeting, Schering-Plough recommends that you vote in advance of the meeting. You may vote in advance of the meeting by any of the methods above.

Attending the Special Meeting

All Schering-Plough shareholders as of the record date may attend the Schering-Plough special meeting with an admission ticket and a photo identification. To get an admission ticket, Schering-Plough shareholders must write to Schering-Plough s transfer agent, BNY Mellon, using the following address:

BNY Mellon Shareowner Services
480 Washington Boulevard
29th Floor
Jersey City, NJ 07310
Attn: Ann-Marie Webb

If you are a record shareholder (your shares are held in your name), you must list your name exactly as it appears on your stock ownership records from BNY Mellon. If you hold shares through a bank, broker or trustee, you must also

include a copy of your latest bank or broker statement showing your ownership.

Voting of Proxies

If you vote by Internet, by telephone or by completing, signing, dating and mailing your proxy card or voting instruction card, your shares will be voted in accordance with your instructions. If you are a shareholder of record and you sign, date and return your proxy card but do not indicate how you want to vote or do not indicate that you wish to abstain, your shares will be voted **FOR** the approval of the merger agreement and the issuance of shares of common stock in the merger contemplated by the merger agreement.

Revoking Your Proxy

If you are a shareholder of record, you may revoke your proxy at any time before it is voted at the special meeting by:

sending a signed notice of revocation to the Corporate Secretary of Schering-Plough;

submitting a revised proxy bearing a later date by mail, Internet or telephone; or

attending the special meeting and voting in person, which will automatically cancel any proxy previously given, or giving written notice of revocation to the Corporate Secretary before the proxy is voted at the special meeting. Your attendance alone will not revoke any proxy that you have previously given.

If you choose either of the first two methods, you must submit your notice of revocation or your new proxy no later than the beginning of the special meeting. If you are a beneficial owner of shares of Schering-Plough common stock, you may submit new voting instructions by contacting your broker, bank or nominee. You may also vote in person at the special meeting if you 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 special meeting.

Schering-Plough Employee Savings Plan Participants

If you are a current or former Schering-Plough employee with shares of Schering-Plough common stock credited to an account under the Schering-Plough Employees Savings Plan or the Schering-Plough Puerto Rico Employees Retirement Savings Plan, you will receive a proxy and voting instruction card.

If you do not give voting instructions to the plan trustee by mailing your proxy and voting instruction card or voting by Internet or telephone, the plan trustee will vote shares you hold in the Employees Savings Plan or in the Puerto Rico Employees Savings Plan in the same proportion as shares held in that plan for which voting instructions were timely received. To allow sufficient time for the plan trustee to vote your shares under either plan, your voting instructions must be received by 5:00 p.m. (Eastern Time) on [ ], 2009.

Shareholders Sharing an Address

Consistent with notices sent to record shareholders sharing a single address, Schering-Plough is sending only one copy of this joint proxy statement/prospectus to that address unless Schering-Plough received contrary instructions from any shareholder at that address. This householding practice reduces Schering-Plough s printing and postage costs. Shareholders may request to discontinue householding, or may request a separate copy of this joint proxy statement/prospectus by one of the following methods:

record shareholders wishing to discontinue or begin householding, or any record shareholder residing at a household address wanting to request delivery of a copy of this joint proxy statement/prospectus should contact Schering-Plough s transfer agent, BNY Mellon, at 877-429-1240 (U.S.), 201-680-6685 (outside of the U.S.) or www.bnymellon.com/shareowner/isd or may write to them at Schering-Plough Corporation, c/o BNY Mellon Shareowner Services, P.O. Box 358015, Pittsburgh, Pennsylvania 15252-8015; and

shareholders owning their shares through a bank, broker or other holder of record who wish to either discontinue or begin householding should contact their record holder. Any shareholder in the household may request prompt delivery of a copy of this joint proxy statement/prospectus by contacting Schering-Plough at

908-298-3636 or may write to Schering-Plough at Office of the Corporate Secretary, Schering-Plough Corporation, 2000 Galloping Hill Road, Mail Stop: K-1-4-4525, Kenilworth, New Jersey 07033.

Proxy Solicitations

Schering-Plough has retained [Georgeson Shareholder Communications, Inc.] to solicit proxies for the special meeting from Schering-Plough shareholders for a fee of $[ ] plus reasonable out-of-pocket expenses. Schering-Plough will bear the entire cost of soliciting proxies from Schering-Plough shareholders, except that

Merck and Schering-Plough will share equally the expenses incurred in connection with the printing and mailing of this joint proxy statement/prospectus. In addition to this mailing, Schering-Plough s directors, officers and employees (who will not receive any additional compensation for such services) may solicit proxies. Solicitation of proxies will be undertaken through the mail, in person, by telephone, the Internet, and videoconference.

Schering-Plough 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 beneficial owners of Schering-Plough common stock.

Other Business

Schering-Plough s board of directors is not aware of any other business to be acted upon at the special meeting.

THE PARTIES TO THE MERGER AGREEMENT

Merck & Co., Inc.

One Merck Drive
Whitehouse Station, NJ 08889
Telephone: (908) 423-1000

Merck, a New Jersey corporation, is a global research-driven pharmaceutical company that discovers, develops, manufactures and markets a broad range of innovative products to improve human and animal health. Merck products are sold in over 140 countries, in the Americas, Europe, Asia-Pacific, Middle East and Africa. Merck operates manufacturing facilities at sites in 25 countries. Merck has production facilities for human health products at seven locations in the United States and Puerto Rico and, through subsidiaries, owns or has an interest in manufacturing plants or other properties in Australia, Canada, Japan, Singapore, South Africa, and other countries in Western Europe, Central and South America and Asia.

Merck s operations are principally managed on a products basis and are comprised of two reportable segments: the pharmaceutical segment and the vaccines and infectious diseases segment. The pharmaceutical segment includes products consisting of therapeutic and preventive agents, sold by prescription, for the treatment of human disorders and sold by Merck primarily to drug wholesalers and retailers, hospitals, government agencies and managed healthcare providers such as health maintenance organizations, pharmacy benefit managers and other institutions. In 2008, Merck recorded $19.4 billion of revenues in its pharmaceutical segment. The vaccines and infectious diseases segment includes human health vaccine products consisting of preventative pediatric, adolescent and adult vaccines, primarily administered at physician offices, and infectious disease products consisting of therapeutic agents for the treatment of infection sold primarily to drug wholesalers and retailers, hospitals and government agencies. In 2008, Merck recorded $4.2 billion of revenues in its vaccines and infectious diseases segment.

Merck common stock (NYSE: MRK) is listed on the NYSE.

Additional information about Merck and its subsidiaries is included in the documents incorporated by reference into this joint proxy statement/prospectus. See Where You Can Find More Information on page 155.

Schering-Plough Corporation

2000 Galloping Hill Road
Mailstop K-1-4525

Kenilworth, NJ 07033
Telephone: (908) 298-4000

Schering-Plough, a New Jersey corporation, is an innovation-driven, science-centered global health care company. Currently, Schering-Plough has business operations in more than 140 countries. Through its own biopharmaceutical research and collaborations with partners, Schering-Plough creates therapies that help save and improve lives around the world. Schering-Plough applies its research and development platform to prescription pharmaceuticals, animal health, and consumer health care products. The prescription pharmaceuticals segment discovers, develops, manufactures and markets human pharmaceutical products. Within the prescription pharmaceuticals segment, Schering-Plough has a broad range of research projects and marketed products in six therapeutic areas: cardiovascular, central nervous system, immunology and infectious disease, oncology, respiratory and women s health. The animal health segment discovers, develops, manufactures and markets animal health products, including vaccines. The consumer health care segment develops, manufactures and markets over-the-counter (OTC), footcare and sun care products.

Schering-Plough common stock (NYSE: SGP) is listed on the NYSE.

Additional information about Schering-Plough and its subsidiaries is included in the documents incorporated by reference into this joint proxy statement/prospectus. See Where You Can Find More Information on page 155.

SP Merger Subsidiary One, Inc.

2000 Galloping Hill Road
Mailstop K-1-4525
Kenilworth, NJ 07033
Telephone: (908) 298-4000

SP Merger Subsidiary One, Inc., formerly known as Blue, Inc. and which is sometimes referred to in this joint proxy statement/prospectus as Merger Sub 1, is a wholly owned subsidiary of Schering-Plough formed solely for the purpose of executing the Schering-Plough merger. Merger Sub 1 has not carried on any activities or operations to date, except for those activities incidental to its formation and undertaken in connection with the transactions contemplated by the merger agreement. By operation of the Schering-Plough merger, Merger Sub 1 will be merged into Schering-Plough, Merger Sub 1 s separate existence will cease, and Schering-Plough will be the surviving corporation upon completion of the Schering-Plough merger.

SP Merger Subsidiary Two, Inc.

2000 Galloping Hill Road
Mailstop K-1-4525
Kenilworth, NJ 07033
Telephone: (908) 298-4000

SP Merger Subsidiary Two, Inc., formerly known as Purple, Inc. and which is sometimes referred to in this joint proxy statement/prospectus as Merger Sub 2, is a wholly owned subsidiary of Schering-Plough formed solely for the purpose of executing the Merck merger. Merger Sub 2 has not carried on any activities or operations to date, except for those activities incidental to its formation and undertaken in connection with the transactions contemplated by the merger agreement. By operation of the Merck merger, Merger Sub 2 will be merged into Merck, Merger Sub 2 s separate existence will cease and Merck will continue as a direct wholly owned subsidiary of the corporation that survives the Schering-Plough merger.

THE TRANSACTION

The following is a description of certain material aspects of the transaction. While we believe that the following description covers the material terms of the transaction, the description may not contain all of the information that may be important to you. The discussion of the transaction in this joint proxy statement/prospectus is qualified in its entirety by reference to the merger agreement. The merger agreement is attached to this joint proxy statement/prospectus as Annex A for purposes of providing you with information regarding its terms, and is incorporated by reference into this document. It is not intended to provide any other factual information about

either Merck or Schering-Plough. We encourage you to read carefully this entire joint proxy statement/prospectus, including the merger agreement, for a more complete understanding of the transaction.

General Description of the Transaction

On March 8, 2009, the boards of directors of Merck and Schering-Plough approved the merger agreement, which provides for the combination of Merck and Schering-Plough through two successive mergers. In the Schering-Plough merger, SP Merger Subsidiary One, Inc., a newly formed and wholly owned subsidiary of Schering-Plough will be merged with and into Schering-Plough, after which SP Merger Subsidiary One, Inc. will cease to exist and Schering-Plough will be the surviving corporation, be renamed Merck & Co., Inc., referred to as New Merck in this joint proxy statement/prospectus, and remain the publicly listed ultimate parent of the combined company. In the Merck merger, SP Merger Subsidiary Two, Inc., a newly formed and wholly owned subsidiary of Schering-Plough will be merged with and into Merck, after which SP Merger Subsidiary Two, Inc. will cease to exist and Merck will continue as the surviving corporation in that merger and will become a wholly owned subsidiary of New Merck.

Upon completion of the Schering-Plough merger, each share of Schering-Plough common stock will be converted into the right to receive $10.50 in cash, without interest, and 0.5767 of a share of New Merck common stock (other than shares of Schering-Plough common stock held by a wholly owned subsidiary of Schering-Plough that will be converted solely into common stock of New Merck as contemplated by the merger agreement). Upon completion of the Merck merger, each share of Merck common stock will automatically be converted into one share of New Merck common stock. Schering-Plough shareholders will not receive any fractional shares of New Merck common stock in the Schering-Plough merger. Instead, a cash payment will be made to such shareholders as described more fully in the section of this joint proxy statement/prospectus entitled The Merger Agreement Merger Consideration beginning on page 100.

Based upon the closing price of Merck common stock on the NYSE on March 6, 2009, the last trading day before the announcement of the signing of the merger agreement, the aggregate consideration payable to the Schering-Plough shareholders in the Schering-Plough merger had a value of approximately $41.1 billion. We expect that, immediately after the merger, the former shareholders of Merck and Schering-Plough will own approximately 68% and 32%, respectively, of New Merck s outstanding common stock.

At the Merck special meeting of shareholders, the holders of Merck common stock will be asked to vote upon a proposal to approve the merger agreement and thereby approve the Merck merger.

At the Schering-Plough special meeting of shareholders, holders of Schering-Plough common stock will be asked to vote upon a proposal to approve the merger agreement and thereby approve the Schering-Plough merger and the issuance of shares of common stock required to complete the Merck merger.

Background of the Transaction

Over several months beginning in June 2008, in light of the economic and regulatory landscape and trends in the pharmaceutical industry, Merck senior management engaged in an extensive review of strategic alternatives for its business, including mergers and strategic combinations with numerous companies of different sizes and having a variety of business models. These strategic alternatives were reviewed by Merck s board of directors at regularly scheduled board meetings held in July, September, October and November of 2008.

In early December 2008, Mr. Bruce Kuhlik, Executive Vice President and General Counsel of Merck, contacted Mr. Thomas J. Sabatino, Jr., Executive Vice President and General Counsel of Schering-Plough, and stated that Mr. Richard Clark, Chairman, President and Chief Executive Officer of Merck, wished to meet with Mr. Fred Hassan,

Chairman and Chief Executive Officer of Schering-Plough, to discuss strategic options relating to the two companies. After Mr. Kuhlik and Mr. Sabatino agreed upon a limited waiver of a pre-existing standstill to allow the discussion, on December 5, Mr. Clark and Mr. Kuhlik met with Mr. Hassan and Mr. Sabatino. In that meeting, Mr. Clark and Mr. Hassan discussed the changing economic and regulatory environment and Mr. Clark generally outlined Merck s views of strategies and opportunities to address the

evolving environment and industry trends. Mr. Clark indicated that Merck s management and board believed that a business combination merited serious consideration for Merck, that Schering-Plough appeared to be an excellent fit and that a compelling combination between the two companies could be constructed. Mr. Hassan thanked Mr. Clark and noted that Schering-Plough was not for sale, and that, based on recent thorough consideration of strategic direction, both senior management and the board were confident in the prospects of Schering-Plough as a standalone company. Mr. Hassan agreed, however, to discuss Mr. Clark s statements with the Schering-Plough board.

Following that meeting, Schering-Plough retained the law firm of Wachtell, Lipton, Rosen & Katz to provide legal counsel in connection with the discussion. In anticipation of a proposal from Merck, Schering-Plough requested that Wachtell Lipton review the applicable charter, bylaws, and other material documents that might be implicated by a transaction. Schering-Plough also retained Goldman, Sachs & Co. as its financial advisor and requested that it analyze the financial prospects of the company, and the broader industry dynamics, in preparation for a potential proposal from Merck for a business combination of the two companies.

On December 10, 2008, the Schering-Plough board held a special meeting, with representatives of Goldman Sachs and Wachtell Lipton in attendance. At the meeting, the board discussed the company s financial position and operational strategy and discussed the current economic and regulatory environment, as well as the overall industry landscape and trends in the industry. The Schering-Plough board discussed the prospects for Schering-Plough in light of these overall trends, and considered the circumstances under which a business combination with Merck, or other third parties, might be in the best interests of Schering-Plough s shareholders. The board reiterated its conclusion from its annual comprehensive consideration of strategic direction: the prospects of Schering-Plough on a standalone basis were promising, even in light of the current environment, and Schering-Plough had the strength to build long-term shareholder value without a major strategic combination. The Schering-Plough board also discussed whether other companies in addition to Merck might contemplate a proposal for a business combination with Schering-Plough. Wachtell Lipton reviewed with the Schering-Plough board the fiduciary duties of directors in the context of considering a potential proposal for a business combination with Merck. In the December 10, 2008 meeting, the Schering-Plough board also discussed with its legal advisors their views as to the potential impacts of a business combination with Merck on the company s key collaborations. The board indicated that it was comfortable with Mr. Hassan continuing to learn what Merck might propose in terms of a strategic combination.

On December 11, 2008, Mr. Kuhlik and Mr. Sabatino spoke by telephone about the reaction of the Schering-Plough board to a possible combination of the companies. Following that discussion, Merck retained J.P. Morgan as its financial advisor to assist it in its preparation of a potential proposal for a combination with Schering-Plough. Merck also consulted the law firm Fried, Frank, Harris, Shriver & Jacobson LLP, its legal counsel retained in connection with Merck s consideration of a potential combination with Schering-Plough.

On December 15, 2008, Mr. Hassan and Mr. Clark spoke by telephone. Mr. Hassan emphasized again that Schering-Plough was not seeking a strategic transaction, and that Schering-Plough was confident in its prospects on a standalone basis. The two chief executive officers discussed general industry trends as well as the possibility of further industry consolidation, in addition to each of the companies prospects and the possibility of and potential benefits from a business combination between the two companies, but did not discuss the specific terms of any potential combination.

Later that evening at a regularly scheduled board-only dinner, Mr. Clark updated the members of the Merck board regarding his earlier call with Mr. Hassan and the board generally discussed, among other things, the potential combination with Schering-Plough.

On December 16, 2008 at a regularly scheduled meeting of the Merck board, Mr. Clark and members of Merck s senior management discussed with the board possible next steps in connection with the potential combination with

Schering-Plough. After the meeting, Mr. Kuhlik contacted Mr. Sabatino to express a desire for Merck s outside legal counsel to meet with Schering-Plough s outside legal counsel to discuss a potential transaction. Mr. Sabatino responded that, prior to taking any steps toward a potential transaction, Schering-Plough would need to be comfortable that Merck could present a compelling proposal for a business combination, emphasizing again that Schering-Plough was confident in its prospects on a standalone basis and

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that the company was not seeking a combination transaction. Mr. Kuhlik said that Mr. Clark would be in contact with Mr. Hassan.

On December 19, 2008, Mr. Clark contacted Mr. Hassan. Mr. Clark reiterated that Merck s board supported exploring a potential transaction with Schering-Plough and discussed with Mr. Hassan the possibility of a meeting between the financial advisors for the two companies to attempt to assess the appropriate valuation of Schering-Plough and the potential benefits of a business combination and to discuss other financial aspects of a potential transaction. Mr. Hassan reiterated that any such step would occur only after, and if, it was clear that Merck could present a compelling proposal for a combination with Schering-Plough that would be in the best interests of Schering-Plough s shareholders. Mr. Clark responded that, although he believed that a meeting between financial advisors would be helpful, Merck was in the process of evaluating a combination with Schering-Plough and could soon be in a position to present a preliminary proposal based on publicly available information, if necessary. Mr. Clark and Mr. Hassan discussed an appropriate time for their next meeting, and determined to meet the following week. Mr. Hassan contacted Mr. Clark soon after to propose that the two meet instead on January 5, 2009, to enable Merck s financial advisors ample time to complete their financial analysis. Mr. Clark agreed.

On December 23, 2008, the Merck board held a special meeting via teleconference at which Mr. Clark updated the board on his conversation with Mr. Hassan. At the meeting, members of Merck s senior management, representatives of J.P. Morgan and representatives of Fried Frank discussed with the board various considerations in connection with a potential combination with Schering-Plough. In addition, representatives of Fried Frank reviewed the fiduciary duties of the board in the context of a potential business combination with Schering-Plough. At this meeting, the board authorized Mr. Clark to make a preliminary non-binding proposal for a business combination with Schering-Plough.

On January 5, 2009, Mr. Clark and Mr. Hassan met. Mr. Clark indicated that, based only on publicly available information, Merck would be prepared to propose a combination transaction in which Schering-Plough s shareholders would receive cash and stock having a total value in the range of $21.50 to $22.50 per share of Schering-Plough stock, which he noted was an approximate 30 percent premium to a recent trading range and compared well with the premiums associated with other similar transactions. Mr. Clark indicated that, in Merck s contemplated transaction, Schering-Plough s shareholders would receive merger consideration comprised of approximately 40-50 percent cash, with the remainder in common stock of the combined company. Mr. Clark stated that he believed that Merck s due diligence on Schering-Plough would require approximately two weeks and that Schering-Plough would have the opportunity to conduct due diligence on Merck during that time. Mr. Hassan responded that the range was below the value that Schering-Plough ascribed to the company, based on preliminary analysis by Goldman Sachs. In response, Mr. Clark suggested that the companies financial advisors meet to understand more fully the details and the underlying assumptions of Merck s proposal and Schering-Plough s own views of valuation and potential benefits in a combination of the companies.

On January 7, 2009, representatives of Goldman Sachs and J.P. Morgan met to discuss Merck s valuation of Schering-Plough. J.P. Morgan clarified details of the proposal and described the methodology and assumptions underlying the $21.50-$22.50 valuation, including, among other things, the estimates of the potential synergies and other benefits that might be available in a combination of Merck and Schering-Plough based on synergy levels achieved in precedent mergers in the pharmaceutical industry. Goldman Sachs noted that Merck s estimate of potential synergies was low based on publicly available information. In the meeting, J.P. Morgan noted that Merck might have a basis to increase its views of valuation and potential synergies if Merck were provided with additional information relating to Schering-Plough s early stage pipeline and key collaborations.

On January 9, 2009, the Schering-Plough board held a telephonic update, with representatives of Goldman Sachs and Wachtell Lipton participating. The board discussed the initial value indication from Merck with its senior management and financial advisors, and concluded that the indication was insufficient and not a basis to proceed with

the diligence process that Mr. Clark had proposed. After consultation with senior management

and Schering-Plough s financial and legal advisors, the board directed Mr. Hassan to inform Merck that the board was not prepared to proceed with full due diligence based on the indicated valuation, but that Mr. Hassan could authorize a further meeting between key officers regarding valuation and potential synergies, including the chief financial officer of Schering-Plough, Mr. Robert Bertolini, and the chief financial officer of Merck, Mr. Peter Kellogg, along with the companies financial advisors, as had been suggested by Mr. Clark. The board also authorized a meeting, if Mr. Hassan deemed it appropriate, to provide Merck with additional information, including information about the early stage pipeline, as had been requested by Mr. Clark. After the Schering-Plough board meeting, Mr. Sabatino contacted Mr. Kuhlik to inform him that the board had determined that it would not proceed with full due diligence at the indicated valuation. He informed Mr. Kuhlik that the board had authorized Mr. Bertolini to meet with Mr. Kellogg, along with the companies financial advisors, to assist Merck in better understanding the potential synergies between the two companies, at the same time making clear that such a meeting would be a discussion aimed at testing the assumptions underlying the initial value indication, and was not for the purpose of providing due diligence to Merck.

Also during the January 9, 2009 Schering-Plough board update, Schering-Plough s financial advisors noted that another company (Company X) potentially had the financial and operational capacity to complete a strategic transaction with Schering-Plough and that, other than Merck, Company X was, in their view, the entity most likely to be interested in and capable of completing a strategic transaction with Schering-Plough. The board determined that it would be appropriate to better understand Company X s interest before making a determination as to Schering-Plough s response to the approach by Merck. Accordingly, the board asked Mr. Hassan to contact Company X to understand the interest of Company X and to assess any such interest in light of the approach by Merck.

After the January 9, 2009 Schering-Plough board update, Mr. Hassan contacted the chief executive officer of Company X, informing him that Schering-Plough had been approached by an unnamed company about a potential business combination with Schering-Plough. The two chief executive officers agreed to meet.

On January 12, 2009, Mr. Hassan and the chief executive officer of Company X met. Mr. Hassan noted to the chief executive officer of Company X that he had been approached by another company regarding a possible business combination. The chief executive officer of Company X expressed potential interest in the possibility of a business combination and the chief executive officers agreed to authorize a meeting between senior members of Schering-Plough and Company X management to discuss the potential benefits of such a transaction. In preparation for such a meeting, they agreed on the need for a confidentiality agreement.

The following day, January 13, 2009, Mr. Sabatino sent a proposed confidentiality agreement to the general counsel of Company X.

On January 15, 2009, Merck and Schering-Plough entered into a confidentiality agreement. That same day, Mr. Kellogg met with Mr. Bertolini, and other financial executives from both companies, along with each of the companies financial advisors. The Schering-Plough representatives discussed their view of potential synergies to be realized in a combination of Merck and Schering-Plough.

On January 16, 2009, during a special meeting of Merck s board via teleconference at which members of senior management and representatives of J.P. Morgan were present, Mr. Clark updated the board on the status of discussions and activities involving the potential combination with Schering-Plough. At that meeting, after consultation with senior management and Merck s financial advisors, the board authorized Mr. Clark to deliver a revised proposal for a business combination. Also that day, Merck s financial advisors informed Schering-Plough s financial advisors that they would consider the information obtained in the meeting the prior day and return with feedback.

Also on January 16, 2009, Mr. Sabatino continued negotiating the confidentiality agreement with the general counsel of Company X.

On January 19, 2009, representatives of J.P. Morgan contacted Goldman Sachs and requested a meeting for January 21, 2009, to learn more information about Schering-Plough s early pipeline. J.P. Morgan proposed that the meeting be followed by a meeting between Mr. Clark and Mr. Hassan the following day. After

discussion amongst Schering-Plough senior management and the company s financial and legal advisors, Mr. Sabatino contacted Mr. Kuhlik and agreed to arrange the meeting.

On January 21, 2009, Company X and Schering-Plough finalized and executed the confidentiality agreement to enable Company X to obtain information about Schering-Plough and discuss a possible business combination.

Also on January 21, 2009, members of senior management of Schering-Plough met with members of senior management of Company X, including Mr. Hassan and the chief executive officer of Company X. At the meeting, Schering-Plough discussed information from publicly available sources regarding various aspects of its business, including information about Schering-Plough s early stage pipeline. The information included a synthesis of information previously provided to industry analysts at various company events. At the conclusion of the meeting, the chief executive officer of Company X inquired as to the required timing for any proposal that Company X might present. Mr. Hassan responded that, in light of the motivated overture from the other company, Company X should act expeditiously.

Later in the day on January 21, 2009, members of Schering-Plough s research and development team met with their counterparts at Merck, along with representatives of Goldman Sachs and J.P. Morgan, to discuss the early stage pipeline of Schering-Plough. Following the meeting, Mr. Kuhlik contacted Mr. Sabatino to notify him that Mr. Clark would be contacting Mr. Hassan the following day to provide Mr. Hassan a clearer picture of Merck s views of a potential business combination in light of the information obtained during the previous week s meetings of the companies representatives.

On January 23, 2009, Mr. Clark and Mr. Hassan met. Mr. Clark informed Mr. Hassan that the meetings over the prior week had been very helpful, both in terms of developing a better understanding of Schering-Plough and also to assist in Merck refining its views of valuation of the company and its assessment of the potential benefits of a business combination. Noting that there appeared to be a good fit between the two companies, Mr. Clark informed Mr. Hassan that Merck s revised value indication was $24 per share of Schering-Plough common stock, an indication that was based on the additional information obtained during the meeting between J.P. Morgan and Goldman Sachs regarding valuation and underlying assumptions, but that did not necessarily fully reflect evaluation and analysis of the information obtained during the meeting regarding Schering-Plough s early pipeline held on January 21. Mr. Clark noted that 50-60 percent of the proposed merger consideration would be comprised of common stock of the combined company, resulting in ownership by Schering-Plough shareholders of approximately 25-30 percent of the combined company. Mr. Clark also noted that if Schering-Plough provided the due diligence that Merck had requested, Merck might have a basis for increasing its view of the value of Schering-Plough.

Mr. Hassan responded that the revised value indication remained below the zone that would be of interest, but said that he would discuss the revised proposal with the Schering-Plough board. Mr. Clark indicated that Merck had a regularly scheduled board meeting on February 23, 2009, and said that he would be interested in having a clear understanding with Mr. Hassan as to the potential value of Schering-Plough in a combination with Merck before that time. Mr. Clark also requested a meeting between the two companies legal advisors to discuss the implications of a transaction for Schering-Plough s key collaborations.

Also that day, the assigned research and development lead at Company X contacted Dr. Thomas Koestler, head of research and development at Schering-Plough, and the two individuals agreed to hold a follow-up meeting on the afternoon of Sunday, January 25, 2009. The chief executive officer of Company X indicated to Mr. Hassan that after that meeting had occurred, Company X would be able to provide a response to Schering-Plough.

On January 25, 2009, Dr. Koestler along with Ms. Carrie Cox, Executive Vice President and President, Global Pharmaceutical Business at Schering-Plough, met with senior members of Company X s research and commercial

teams for a technical discussion focusing on Schering-Plough s early stage pipeline and the companies commercial prospects.

On January 27, 2009, Schering-Plough engaged Morgan Stanley & Co. Incorporated as an additional financial advisor to assist in evaluating a potential transaction.

On January 28, 2009, the Schering-Plough board held a telephonic update on recent developments with respect to discussions with Merck and with Company X. Representatives of both Goldman Sachs and Morgan Stanley, along with representatives of Wachtell Lipton, were present. Schering-Plough management expressed the view that Merck s proposal did not fully value Schering-Plough and the benefits that would be derived from a business combination with Schering-Plough. The Schering-Plough board considered Merck s request for full due diligence and its suggestion that such diligence could result in a higher value indication. After further discussion, however, the board determined not to approve full due diligence until Merck returned with a value indication that more appropriately reflected Schering-Plough s view of the value of the company and of the benefits to be derived from a business combination.

Mr. Hassan conveyed this information to Mr. Clark in a January 29, 2009 telephone call.

On January 30, 2009, during a special meeting of the Merck board via teleconference at which members of Merck s senior management and representatives of J.P. Morgan participated, Mr. Clark and senior management updated the board on the progress made since January 16, 2009 in connection with the potential business combination with Schering-Plough.

After further internal discussions, and in an effort to assist Merck in understanding the basis for Schering-Plough s belief that Merck s valuation of Schering-Plough should be increased, Schering-Plough determined to provide Merck with limited due diligence information based on publicly available information. The companies scheduled a meeting for February 3, 2009. Two days prior to the meeting, representatives of J.P. Morgan contacted Goldman Sachs to understand what information was expected to be presented during the meeting and inquired as to whether outside counsel could have a meeting soon afterwards.

On February 3, 2009, members of senior management of Schering-Plough met with members of senior management of Merck to discuss various aspects of Schering-Plough s and Merck s businesses, including discussions regarding the basis for Schering-Plough s view that Merck s valuation of Schering-Plough needed to be increased and Merck s belief that its common stock was currently undervalued.

On February 4, 2009, attorneys from Wachtell Lipton and Schering-Plough met with representatives of Merck to discuss Schering-Plough s collaboration agreements.

On February 5, 2009, Mr. Hassan received a call from the chief executive officer at Company X. The chief executive officer of Company X noted that his team had been working diligently on assessing the possibility for a business combination but had determined not to proceed with a proposal at that time.

Also that day, Mr. Clark called Mr. Hassan and indicated that he understood the early stage pipeline and legal meetings had been very productive and that Merck was likely willing to increase its proposed merger consideration for Schering-Plough, but would first like an indication from Schering-Plough as to what valuation they would believe to be appropriate. Mr. Hassan declined to respond with specificity. Instead, after a lengthy discussion, Mr. Hassan and Mr. Clark agreed that the chief financial officers from the companies meet again to attempt to bridge the differences in their respective views of the value of Schering-Plough, and also to gain a better understanding of Merck s business and financial prospects.

On February 7, 2009, representatives of J.P. Morgan contacted Goldman Sachs. The two financial advisors discussed next steps, and confirmed the planned meeting between the two chief financial officers. J.P. Morgan requested that Mr. Bertolini describe Schering-Plough s financial and business prospects at the meeting.

On the afternoon of February 9, 2009, the Schering-Plough board held a telephonic update, which included participation by senior management of Schering-Plough. At the meeting, Mr. Hassan updated the board on recent

developments, including his discussion with the chief executive officer of Company X and Company X s determination that it was not in a position at that time to make a proposal for a business combination. Mr. Hassan also updated the board on recent discussions with Merck, and noted that Schering-Plough s chief financial officer was scheduled to meet with his counterpart from Merck that week to obtain a better understanding of Merck s business and financial prospects and also to discuss Schering-Plough s business and financial prospects. After an interactive discussion with management, the board met in a board-only discussion. The board concluded that

they were comfortable with the proposed meeting between chief financial officers, as well as additional due diligence as deemed appropriate by Mr. Hassan.

Also on February 9, 2009, during a special meeting via teleconference at which representatives of Fried Frank were present, Mr. Clark, together with members of senior management, updated the Merck board on the progress made since January 30, 2009 in connection with the potential business combination with Schering-Plough.

On February 11, 2009, Mr. Kellogg and other Merck executives met with Mr. Bertolini, Ms. Cox and other members of Schering-Plough management, along with J.P. Morgan, Goldman Sachs and Morgan Stanley. The discussion included each of the companies describing its commercial, business, and financial prospects to the other company. The representatives of Merck indicated that the mix of cash and stock consideration to be received by the Schering-Plough shareholders in the proposed business combination was designed to enable the combined company to maintain the flexibility required to complete additional licensing arrangements and that Schering-Plough shareholders would benefit as shareholders of the combined entity. The Merck representatives noted that Mr. Clark and Mr. Hassan would both be in attendance at an industry meeting in Washington, D.C. the following Thursday, February 19, 2009, and Merck proposed a meeting at that time.

On February 13, 2009, attorneys from Wachtell Lipton and Schering-Plough met with attorneys from Fried Frank at the offices of Wachtell Lipton to discuss legal issues relating to the potential business combination. Also that day, Mr. Kuhlik contacted Mr. Sabatino to discuss expectations for the meeting between Mr. Clark and Mr. Hassan proposed for February 19, 2009, when the two men would be attending the industry meeting in Washington, D.C. Mr. Kuhlik indicated that Merck s goal was to reach an understanding as to the aggregate merger consideration that day, subject to due diligence and to the negotiation of definitive documentation acceptable to both parties, and recognizing that both parties would need to discuss any proposal with their respective boards.

On February 16, 2009, representatives of J.P. Morgan called Goldman Sachs to discuss a follow-up meeting that had been scheduled for February 18, 2009 between the chief financial officers, which the companies respective financial advisors would also be attending. Goldman Sachs requested that J.P. Morgan discuss their pro forma estimates as well as their plans for financing the potential transaction. J.P. Morgan noted on that call that, should the companies decide to pursue a transaction, the target announcement date was envisioned to be the week of March 9, 2009.

On February 17, 2009, during a special meeting via teleconference at which representatives of J.P. Morgan were present, Mr. Clark, together with members of senior management, updated the Merck board on the progress made since February 9, 2009 in connection with the potential business combination with Schering-Plough. Later that day, Mr. Clark telephoned Mr. Hassan to confirm plans for the chief financial officers to meet.

On February 18, 2009, at a meeting of the chief financial officers and the financial advisors, representatives of J.P. Morgan described the anticipated financing in some detail, and discussed methodologies and alternatives for setting an exchange ratio for the stock portion of the consideration.

On February 19, 2009, Mr. Clark and Mr. Hassan met after the industry meeting in Washington D.C. At the meeting, Mr. Clark delivered a revised business combination proposal to Mr. Hassan in which Schering-Plough shareholders would receive merger consideration in the amount of $10.50 in cash and an amount of combined company common stock that, based on the share price of Merck common stock at the time, resulted in a nominal price in the mid to high $25 range in aggregate consideration per share of Schering-Plough common stock. The proposed stock component was to be based on the average share price of Merck common stock for the 30 days ending on the day before announcement. Based on the closing price per share of Schering-Plough common stock of $18.62 on February 18, 2009, the revised proposal reflected a premium over Schering-Plough s stock price on that date in the range of 37% to 39%. Mr. Hassan thanked Mr. Clark for his proposal, but responded with the request for merger consideration for the

Schering-Plough shareholders with a greater nominal price. If Merck could agree to merger consideration with an acceptable higher value, Mr. Hassan said that he would recommend a combination between the two companies to his board, although he emphasized that the transaction would need to be structured so that there was a high degree of certainty of closing and that the financing commitment would have to be solid. Mr. Clark indicated that

Merck would consider whether it could agree to merger consideration with a nominal price of $26.25 per share of Schering-Plough. Assuming the board would authorize the increased consideration, Mr. Clark and Mr. Hassan agreed to commence due diligence and contract negotiations. Mr. Hassan noted that the Schering-Plough board would be meeting on February 27, 2009, and that of course any authorization to proceed would be subject to their approval at each stage.

Mr. Clark called Mr. Hassan later that afternoon to confirm that Merck was willing to proceed with a transaction in which Schering-Plough shareholders would receive merger consideration with a nominal price of $26.25 subject to due diligence.

That same day, representatives of J.P. Morgan contacted Goldman Sachs and Morgan Stanley to confirm that the Merck proposal was for merger consideration of $10.50 in cash and an amount of combined company common stock with a nominal price of $15.75, determined by dividing $15.75 by the trailing 30 day volume weighted average price of Merck common stock ending on the day prior to announcement.

Also, later that day, Mr. Kuhlik contacted Mr. Sabatino to discuss the process for completing due diligence expeditiously and the process for negotiating the merger agreement.

On February 21, 2009, Merck sent a due diligence request list to Schering-Plough requesting items to review prior to reaching a definitive agreement.

On February 22, 2009, the Schering-Plough board held a telephonic update with the Schering-Plough management team, which included participation of its outside legal advisor and its outside financial advisors. Following a discussion with the outside financial advisors and outside legal advisor, the Schering-Plough board convened in executive session to discuss Merck s recent proposal. After discussion, the Schering-Plough board authorized Mr. Hassan to proceed to negotiate toward a definitive agreement. The board asked that a special session on the proposed transaction be included in the schedule for the Friday, February 27, 2009 board meeting. Mr. Hassan contacted Mr. Clark after the meeting to inform him of the board s determinations.

In the days that followed, the companies began the due diligence process, with meetings occurring directly between management members by telephone as well as a series of meetings in person at the offices of Wachtell Lipton. Schering-Plough opened an electronic data room to facilitate the due diligence process and began populating the data room in response to requests for information from Merck. Similarly, Merck opened an electronic data room to provide materials for Schering-Plough to conduct due diligence with respect to Merck.

On February 23, 2009, at a regularly scheduled board-only dinner, Mr. Clark updated the members of the Merck board regarding the status of the discussions and activities of management and Merck s advisors with their Schering-Plough counterparts since the February 17 telephonic meeting and the board generally discussed the potential combination with Schering-Plough.

In the early morning of February 24, 2009, Fried Frank sent to Wachtell Lipton an initial draft of the proposed merger agreement for their review. Due diligence meetings continued throughout the week, both by telephone and at the offices of Wachtell Lipton.

Also on February 24, 2009, the Merck board held a regularly scheduled board meeting at which representatives of Fried Frank and J.P. Morgan were in attendance. Members of senior management and representatives of Merck s financial and legal advisors discussed with the board the potential Merck and Schering-Plough business combination. After the meeting, Mr. Clark called Mr. Hassan to confirm Merck s continuing interest in the proposed combination.

In a regular board-only dinner on February 26, 2009, Mr. Hassan updated the Schering-Plough board on the status of the proposed transaction and the board expressed to Mr. Hassan its expectations regarding the information it expected to receive from its outside legal and financial advisors the following day.

The following day, February 27, 2009, the Schering-Plough board reconvened, along with its legal and financial advisors. Goldman Sachs and Morgan Stanley presented a financial analysis of the proposed transaction, and also reviewed each of the large multinational pharmaceutical companies and assessed their

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ability and willingness to complete a strategic transaction with Schering-Plough, and advised that Merck and Company X were the companies most likely to be interested in, and capable of completing, a business combination with Schering-Plough. Wachtell Lipton discussed the fiduciary duties of the directors and the current state of negotiations with respect to the merger agreement, describing in further detail the most significant issues raised in the initial draft of the merger agreement.

Later that day, Mr. Hassan called Mr. Clark to update him on the Schering-Plough board deliberations.

During that week, representatives of Wachtell Lipton contacted Fried Frank to provide responses to the draft merger agreement. Among other things, Wachtell Lipton noted to Fried Frank that deal certainty was critical to Schering-Plough and that the need for a right to avoid closing based on financing seemed unnecessary given the strong cash flows of the two companies, the cash on hand, as well as the relatively small financing requirement to close the transaction. Relatedly, Wachtell Lipton noted that from Schering-Plough s perspective the extent of required regulatory efforts required by the draft merger agreement needed to be enhanced. Wachtell Lipton also noted that the draft merger agreement did not contain a right of Schering-Plough to terminate the agreement in the event the Schering-Plough board changed its recommendation in response to a superior alternative proposal. Finally, Wachtell Lipton, without making any request, noted that the agreement was silent with respect to representation of current Schering-Plough directors on the board of the post-merger company.

Throughout the next days, negotiations with respect to the merger agreement continued, including with respect to transaction certainty, the representations and warranties to be given by the companies, and the restrictions on Schering-Plough s business between signing and closing, as did due diligence discussions by telephone and in meetings at Wachtell Lipton.

On March 1, 2009, Wachtell Lipton sent Fried Frank a revised draft of the merger agreement.

On March 3, 2009, representatives of Fried Frank and Wachtell Lipton held a conference call to discuss key outstanding issues. The attorneys noted that the parties were not far apart on many of the provisions in the merger agreement, but that key unresolved issues remained, most prominent of which was the financing provision. Fried Frank stated that the provision enabling Merck not to close the transaction in the event that financing was unavailable was fundamental to Merck, and that Merck would not in any event agree to bear the risk of a failure by banks to deliver the financing. Fried Frank noted that, while there was no flexibility on this provision, there would be room to negotiate with respect to the size the financing termination fee. Wachtell Lipton noted that the proposed financing termination fee of $1 billion was low relative to precedent transactions. Wachtell Lipton and Fried Frank also discussed the size of the general termination fee, with Wachtell Lipton noting that the proposed fee was high relative to precedent transactions. Fried Frank agreed to permit Schering-Plough to terminate the merger agreement to accept a superior alternative proposal, but reiterated that the size of the termination fee was still open.

On March 4, 2009, during a special meeting via teleconference at which representatives of J.P. Morgan were present, Mr. Clark and members of Merck s senior management updated the Merck board on the progress made since February 24, 2009 in connection with the potential business combination with Schering-Plough. The update included progress and key findings from the due diligence process, status of the definitive merger agreement, bank financing and rating agency reviews among other things. Later that day, Fried Frank sent to Wachtell Lipton a revised draft of the merger agreement.

On March 6, 2009, the Schering-Plough board held a board-only telephonic update to discuss the transaction in light of the then-declining market conditions. The Schering-Plough board discussed the fact that the price of Merck stock had fallen by 19% over the prior two weeks. As a result of the fall in Merck s stock price and the method by which the stock component of the consideration was agreed to be calculated, the spot implied value of the merger consideration

would be lower than it was at the time of Mr. Clark s and Mr. Hassan s meeting on February 19, 2009. However, given Merck s decline in stock price and the consequent decline in the 30 day volume weighted average price, the exchange ratio had risen since February 19, 2009, and Schering-Plough s shareholders would be receiving a greater number of shares in the combined company. The Schering-Plough board determined that it would reconvene in two days time and further review and discuss the situation. After the meeting, Mr. Hassan, after consulting with his financial advisors, called

Mr. Clark to ask whether adjustment would be possible in light of the changes in stock prices. Mr. Hassan also noted to Mr. Clark that the current draft of the merger agreement contemplated no board representation for any of the current Schering-Plough directors, despite the fact that Schering-Plough shareholders would hold over 30 percent of the stock of the continuing company. Mr. Clark said he would discuss Mr. Hassan s concerns with Merck s board, although he pointed out that Schering-Plough shareholders would be receiving a greater percentage of the shares of the combined company as a result of the decline in the Merck share price during the period since the two men had reached an understanding on the merger consideration to be received by the Schering-Plough shareholders. Later on that evening, Mr. Clark called Mr. Hassan to inform him that he had discussed the possibility of an adjustment to the proposed merger consideration with members of his board, and such possibility had been rejected.

Earlier that day, Fried Frank sent to Wachtell Lipton a draft of the commitment letter being negotiated between Merck, JPMorgan Chase Bank, N.A. and J.P. Morgan Securities Inc. for the financing.

Later that evening, Wachtell Lipton sent Fried Frank a revised draft of the merger agreement, noting that the revised draft did not contain comments on the financing provisions, which would need to be discussed separately.

On March 7, 2009, during a special meeting of the Merck board via teleconference at which representatives of J.P. Morgan, Fried Frank and Merck s New Jersey counsel, Day Pitney LLP, were present, updates and a review of various matters relevant to the proposed business combination with Schering-Plough were provided, including a review of the communications plans with respect to the transaction. The board heard from members of senior management with respect to key issues identified during the due diligence process. J.P. Morgan reviewed its financial analyses of the proposed combination with Schering-Plough and recent transactions in the pharmaceutical industry, and reviewed and discussed the financial terms of the proposed transaction with Schering-Plough. Mr. Kuhlik and Fried Frank provided a summary of the key terms of the proposed merger agreement, including the termination fees payable by Merck in the event the merger agreement were terminated because the financing for the proposed transaction was not available to Merck for closing, the status of financing arrangements and a review of regulatory approvals required in connection with the proposed combination. In addition, Fried Frank, assisted by Day Pitney, described the fiduciary duties of the board and the legal standards applicable to the board s consideration of the proposed combination with Schering-Plough. The board then discussed their duties with Fried Frank and Day Pitney. Following this discussion, the independent members of Merck s board met separately and discussed the potential combination with Schering-Plough.

Also on March 7, 2009, while discussions with respect to other aspects of the merger agreement continued throughout the day, including with respect to the obligations of Schering-Plough in the period between the signing of the merger agreement and the closing of the transaction, the legal and financial advisors to Schering-Plough discussed with Merck and its financial and legal advisors the possibility of alternatives to the financing provision, such as a provision permitting Schering-Plough to mandate a cure in the event of a failure to obtain financing and subsequent inability to close the transaction. Merck rejected these alternatives, again emphasizing that the financing provision was fundamental to the transaction, and that Merck would not accept the risk of a financing failure.

On March 8, 2009, the Schering-Plough board convened, meeting first in a board-only session. The board discussed the implied value of the merger consideration to be received by Schering-Plough (calculated on both a current basis and a 30-day volume weighted average basis), the transaction premium, the financing contingency and the company s standalone prospects. Following this discussion, Schering-Plough s financial advisors and legal counsel joined the meeting, along with members of senior management of Schering-Plough. Wachtell Lipton provided a summary of the proposed merger agreement. Goldman Sachs and Morgan Stanley reviewed their financial analyses of the potential transaction and the potential standalone value of the company. Wachtell Lipton, assisted by Schering-Plough s New Jersey counsel, McCarter & English, described the legal standards applicable to the duties of directors in considering the potential transaction, after which the board discussed their duties with Wachtell Lipton and McCarter English. The

board then heard from members of management with respect to key issues that had surfaced during the due diligence process. Next there was an

interactive discussion of the strategic fit of the two companies, and the significant strategic advantages of a combination with Merck. After further discussion, Mr. Sabatino reviewed the material terms of the merger agreement, as well as the terms of the related debt financing commitment by JPMorgan Chase Bank, N.A. and J.P. Morgan Securities Inc. to Merck. Goldman Sachs and Morgan Stanley then reviewed and discussed the financial terms of the proposed transaction.

The exchange ratio of 0.5767 was calculated based on the agreed stock consideration of $15.75 divided by the trailing 30-day volume weighted average price of Merck common stock, which was $27.3109 as of Friday, March 6, 2009. As of that date, the spot implied value of the aggregate per share merger consideration was $23.61, representing a premium of approximately 34% to the closing price of Schering-Plough common stock on March 6, 2009, and a premium of approximately 44% based on the volume weighted average price of Schering-Plough common stock over the 30 trading days prior to the announcement.

Goldman Sachs and Morgan Stanley also discussed the benefits of the transaction to shareholders, including the increase in anticipated pro-forma earnings going forward and the greater dividend rate offered on Merck common stock (as compared to the current Schering-Plough dividend rate). Merck had indicated that it would announce, as part of the press release relating to the transaction, that its board was committed to maintaining the dividend of the combined company at the current level of the Merck dividend following the closing of the transaction.

Goldman Sachs and Morgan Stanley then compared the proposed transaction to other recent transactions and discussed their respective analyses as to the fairness, from a financial point of view, to the holders of Schering-Plough common stock (other than Merck and its affiliates), of the cash and stock consideration to be delivered pursuant to the proposed merger agreement.

Goldman Sachs delivered to the Schering-Plough board an oral opinion that the merger consideration was fair, from a financial point of view, to the holders of Schering-Plough common stock (other than Merck and its affiliates) and indicated that, subject to review of definitive documentation, it expected that it would be able to confirm such oral opinion in writing. Morgan Stanley also delivered to the Schering-Plough board an oral opinion that the merger consideration was fair, from a financial point of view, to the holders of Schering-Plough common stock and indicated that, subject to review of definitive documentation, it expected that it would be able to confirm such oral opinion in writing. Goldman Sachs s and Morgan Stanley s opinions are more fully described below under the caption Opinions of Schering-Plough s Financial Advisors and the full text of the written opinions of Goldman Sachs and Morgan Stanley, which set forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with such opinions, are attached as Annex C and D hereto, respectively.

Wachtell Lipton and McCarter English discussed with the board various legal matters relevant to the consideration of the merger agreement by the Schering-Plough board.

The financial and legal advisors and senior management were then excused, and the board discussed the proposed transaction, as well as the current strategic environment and Schering-Plough s prospects as a standalone company. Following the discussion, the legal advisors and certain members of senior management rejoined the meeting. After further consideration by the board, and assuming satisfactory resolution of the financing provisions, including the size of the financing termination fee and director representation on the combined company, the board unanimously resolved that the merger agreement and the transactions contemplated by the merger agreement, including the issuance of shares of combined company stock in the transaction, were advisable, fair to and in the best interests of Schering-Plough shareholders. The board then unanimously voted to approve the merger agreement and the transactions contemplated by the merger agreement, and recommended that Schering-Plough shareholders approve the merger agreement. The Schering-Plough board authorized the appropriate officers of Schering-Plough to finalize, execute and deliver the merger agreement and related documentation.

After further discussion among the advisors for Merck and Schering-Plough, Merck and Schering-Plough agreed to an increase in the financing termination fee to $2.5 billion and that the general termination fee would be reduced to $1.25 billion.

After the Schering-Plough board meeting, Mr. Hassan and Mr. Sabatino met with Mr. Clark and Mr. Kuhlik to discuss a small number of outstanding issues. At this meeting, Mr. Clark and Mr. Hassan agreed that the board of the combined company would include three members of the current board of Schering-Plough.

Following that meeting, also on March 8, 2009, the Merck board held a special meeting via teleconference, at which representatives of Fried Frank and J.P. Morgan were present. Mr. Clark and members of senior management updated the Merck board on the status of the negotiations. Representatives of Fried Frank reviewed key provisions of the merger agreement, updating the presentation made to the board at the meeting held on March 7. Representatives of J.P. Morgan reviewed key aspects of the financial analyses of the proposed combination, updating the presentation made to the board on March 7, and delivered to the Merck board an oral opinion, subsequently confirmed in writing, that, based upon and subject to the factors and assumptions stated in that opinion, as of such date, the consideration to be received by the holders of shares of Merck common stock in the transaction was fair, from a financial point of view, to the holders of Merck common stock. After further consideration by the board, and assuming satisfactory resolution of the few remaining issues in the negotiations, the board unanimously resolved that the merger agreement and the transactions contemplated by the merger agreement, were fair to and in the best interest of Merck and Merck s shareholders, unanimously approved the merger agreement and the transactions contemplated by the merger agreement, and recommended that Merck shareholders approve the merger agreement. The Merck board authorized the appropriate officers of Merck to finalize, execute and deliver the merger agreement and related documentation.

Schering-Plough and Merck and their legal advisors continued to negotiate the final terms of the merger agreement, subsequently reaching an acceptable agreement on the open issues and finalized the merger agreement, the terms of which are more fully described in the section entitled The Merger Agreement beginning on page 99. After Merck received the executed commitment letter from JPMorgan Chase Bank, N.A. and J.P. Morgan Securities Inc., Merck and Schering-Plough, along with several subsidiaries of Schering-Plough, executed the merger agreement. The merger was announced on the morning of March 9, 2009.

Merck s Reasons for the Transaction and Recommendation of Merck s Board of Directors

At its meeting on March 8, 2009, following detailed presentations by Merck s management, its legal counsel and financial advisor, the members of Merck s board of directors unanimously approved the merger agreement with Schering-Plough, unanimously determined that the merger and the transactions contemplated thereby were advisable, fair to and in the best interests of Merck and the holders of Merck common stock, and unanimously recommended that the shareholders of Merck vote **FOR** the proposal to approve the merger agreement.

In evaluating the proposed transaction, Merck s board of directors consulted with management, as well as Merck s internal and outside legal counsel and outside financial advisor, and, in reaching its determination to approve and recommend the merger agreement, the board of directors considered various material factors, which are discussed below. The following discussion of the information and factors considered by Merck s board of directors is not intended to be exhaustive. In view of the wide variety of factors considered in connection with the transactions contemplated by the merger agreement, Merck s board of directors did not consider it practicable to, nor did it attempt to, quantify or otherwise assign relative weights to the specific material factors it considered in reaching its decision. In addition, individual members of Merck s board of directors may have given different weight to different factors. Merck s board of directors considered this information and these factors as a whole and overall considered the relevant information and factors to be favorable to, and in support of, its determinations and recommendations.

Strategic Benefits of the Transaction

Expanded Pipeline to Deliver Innovative Medicines for Patients. Merck s board of directors considered that the combination is expected to:

increase Merck s pipeline of early, mid and late stage product candidates, including a doubling from 9 to 18 of the number of potential medicines Merck has in Phase III development;

create a combined company having a product pipeline with greater depth and breadth and many promising drug candidates; with greater resources, the combined company is expected to have greater financial flexibility to invest in these development opportunities, as well as external opportunities; and

accelerate the expansion into therapeutic areas that Merck has focused on in recent years with the addition of Schering-Plough s established presence and expertise in oncology, neuroscience and novel biologics.

Complementary Product Portfolios Focused on Key Therapeutic Areas. The Merck board of directors considered that the combination with Schering-Plough is expected to broaden Merck s commercial portfolio with leading franchises in key therapeutic areas, including cardiovascular, respiratory, oncology, neuroscience, infectious diseases, immunology and women s health. In particular, the Merck board of directors considered that:

Schering-Plough s products are expected to have long periods of marketing exclusivity;

as a result of its expanded product offerings, the combined company is expected to benefit from additional revenue growth opportunities;

the combined company is expected to have expanded opportunities for life-cycle management through the introduction of potential new combinations and formulations of existing products of the two companies;

the combined company will be well positioned to expand its presence and product offerings; and

the combined company is expected to realize potential benefits from Schering-Plough s strong portfolio of women s health products, its animal health business and portfolio of consumer health brands, including *Claritin, Coppertone* and *Dr. Scholl s.*

Strong Commercial Organization. Merck s board of directors considered that both companies have teams of talented and experienced employees with strong customer relationships. In particular, the board considered that:

both Merck and Schering-Plough have made progress in implementing new customer-centric selling models; this is expected to help ensure a smooth and efficient integration of the companies commercial operations; and

the combined company s broadened product portfolio is expected to help its sales force be more effective.

Expanded Global Presence and Geographically Diverse Revenue Base. Merck s board of directors considered the global reach of the combined company, including that:

in 2008, Schering-Plough generated approximately 70% of its revenue outside the United States, including more than $2 billion in revenue from newer markets; the combination is expected to accelerate Merck s international growth efforts, especially in key, high-growth emerging markets;

the combined company is expected to have an industry-leading global team of marketing and sales professionals; and

the combined company will have a more geographically diverse revenue base with more than 50% of its revenues expected to be generated outside the United States.

Increased Manufacturing Capabilities. Merck s board of directors considered the increased manufacturing capabilities that the combined company is expected to have, including that:

the combination with Schering-Plough will increase Merck s manufacturing capabilities, particularly in the important growth areas related to biologics and sterile medicines; and

the application of Merck s manufacturing and sourcing strategies across a larger manufacturing base can be expected to create opportunities for synergies and cost savings across the organization.

Financial Benefits of the Transaction

Strong Financial Profile. Merck s board of directors considered the expected financial profile of the combined company. In particular, Merck s board of directors noted that:

the combined company s broad product offerings could be expected to generate strong cash flow;

the combined revenues of the two companies in 2008 totaled approximately $47 billion (consisting of Schering-Plough s 2008 reported revenue of $18.502 billion, Merck s 2008 reported revenue of $23.85 billion, and the Merck/Schering-Plough cholesterol partnership s 2008 reported revenue of $4.561 billion);

the combined company would have had approximately $8 billion in cash and cash equivalents as of December 31, 2008, after giving effect to the cash payable as merger consideration to the Schering-Plough shareholders and to satisfy transaction expenses; and

it is expected that Merck would maintain its existing credit rating following completion of the transaction.

Maintenance of Merck s Dividend. Merck s board of directors considered the ability of the combined entity to pay dividends to its shareholders, and confirmed that it expects the combined company to maintain Merck s existing annual dividend of $1.52 per share.

Substantial Cost Savings. Merck s board of directors considered the potential for cost savings and synergies from the transaction, including that:

the companies shared therapeutic category focus provides opportunities for consolidation in both sales and marketing and research and development;

in addition to the ongoing cost reduction initiatives at both companies, up to $3.5 billion in annual cost savings are expected to be realized from the transaction after 2011;

to the extent realized, the savings would allow for greater flexibility for continued investment in strategic opportunities, promising pipeline candidates and licensing opportunities; and

there is a probability of meaningful value creation for shareholders of both companies as a result of these savings.

Accretive to Non-GAAP Earnings. Merck s board of directors considered that the transaction is anticipated to be modestly accretive to Merck s non-GAAP earnings per share or EPS, in the first full year following

completion of the merger and significantly accretive in the following years. For this purpose, non-GAAP EPS means EPS in accordance with GAAP, excluding purchase-accounting adjustments, restructuring costs, acquisition-related costs and certain other significant items.

Other Considerations

In the course of reaching its decision to approve the merger agreement, the Merck board of directors considered the following additional factors as generally supporting its decision:

the current and future landscape of the pharmaceutical industry, and in light of the regulatory, financial and competitive challenges facing industry participants, the likelihood that the combined company

would be better positioned to overcome these challenges if the expected strategic and financial benefits of the transaction were fully realized;

the recommendation of Merck s management in support of the transaction;

the opinion of J.P. Morgan, dated March 8, 2009, that, based upon and subject to the factors and assumptions stated in that opinion, as of such date, the consideration to be paid to the Merck shareholders in the Merck merger is fair, from a financial point of view, to such shareholders;

the terms of the proposed financing for the transaction and the fact that Merck would not be required to complete the transaction in the event the full proceeds of the financing were not available to it, even though a $2.5 billion fee would be payable in these circumstances;

the views of Merck s management and its financial advisors as to the likelihood that Merck will be able to obtain the necessary financing and that the full proceeds of the financing will be available to Merck;

the expectation that the Merck merger will qualify as a reorganization for U.S. federal income tax purposes and that, as a result, the exchange by Merck shareholders of Merck common stock for New Merck common stock in the Merck merger generally will be tax-free to the Merck shareholders;

the expected percentage ownership interests and voting power of the Merck shareholders following completion of the merger, and the fact that the stock portion of the merger consideration is a fixed ratio and will not be affected by changes in the market price of Merck s stock;

the required regulatory consents and the views of Merck s advisors that the merger will be approved by the requisite authorities without the imposition of conditions sufficiently material to preclude the merger, and that the transaction would otherwise be completed in accordance with the terms of the merger agreement;

the fact that Merck s directors and senior management prior to closing will be members of the board of directors and management of the combined company following completion of the merger, and the enhanced value of the combined company that may be realized through continuity of management and implementation of Merck s long-range strategic plans;

the fact that, following completion of the merger, New Merck will be entitled to all of the benefits related to *Vytorin* and *Zetia*, the drugs marketed by the Merck/Schering-Plough cholesterol partnership;

the scope and results of Merck s due diligence investigation, which included reviews of organizational, operational, financial, commercial, regulatory, legal, employee and other matters related to Schering-Plough s business and potential financial, operational and other impacts of the merger on Merck;

after reviewing the merger agreement with its legal advisors, that the terms of the merger agreement offered Merck reasonable assurances as to the likelihood of consummation of the transaction; and

that the structure of the transaction would permit Schering-Plough s revolving credit line of up to $2 billion to remain outstanding following completion of the merger.

Merck s board of directors also considered the potential risks of the merger, including the following:

Certain risks inherent in Schering-Plough s business and operations, including, in particular:

FDA approval prospects for its product candidates, the investment required to develop experimental compounds and the timing of such development efforts;

the various contingent liabilities, including pending legal proceedings, to which Schering-Plough is subject;

the results of operations and prospects of Schering-Plough s global animal health business, the possibility that divestiture of all or a portion of Schering-Plough s animal health business or Merck s

interests in Merial Ltd. may be required in order to obtain regulatory approvals for the merger, and the possibility of New Merck selling all or a portion of the animal health business to Merial Ltd.;

to the extent of issues raised concerning the efficacy of *Vytorin* and *Zetia* in connection with certain clinical trials, the fact that New Merck will be subject to all of the risk associated with these drugs; and

the possibility that Centocor, a wholly owned subsidiary of Johnson & Johnson may, through the required arbitration process, seek to terminate Schering-Plough s distribution agreement with respect to *Remicade* and golimumab, prior to, or following completion of, the merger; and the possibility that Centocor could be successful in convincing an arbitrator that Centocor will have the right to effect such termination and the adverse impact that any termination could have.

Certain provisions of the merger agreement, including in particular:

the obligation of Merck to pay a $2.5 billion fee if the drop-dead date occurs, the conditions to Merck s obligations to close have been satisfied and the merger agreement is terminated because the full proceeds of the financing are not available to Merck;

restrictions on Merck s operations until completion of the transactions, and the extent of those restrictions as negotiated between the parties;

Schering-Plough s right to terminate to enter into a transaction representing a superior proposal;

restrictions on Merck s ability to consider alternative transactions except in limited circumstances;

the amount of and circumstances in which Merck may be required to pay termination fees to Schering-Plough and reimburse Schering-Plough for its expenses;

the requirement that Merck hold a shareholder vote on the merger agreement, even though the board of directors may have withdrawn its recommendation;

the challenges inherent in the combination of two business enterprises of the size and scope of Merck and Schering-Plough, including the possibility the anticipated cost savings and synergies and other benefits sought to be obtained from the merger might not be achieved in the time frame contemplated or at all;

the possibility of disruption to business and operational relationships and employee morale as a result of the pending transaction and in the event the merger is not completed;

the risks associated with the timing of, the possibility that adverse conditions are imposed in connection with, and the possibility of not obtaining, necessary regulatory approvals required for the transaction;

the potential length of the regulatory approval process and the period of time Merck may be subject to the merger agreement;

in light of the turbulence in the credit markets, the possibility that the financing for the transaction may not be available and that Merck may be required to pay $2.5 billion under those circumstances;

the failure of Merck or Schering-Plough shareholders to approve the merger agreement;

- the risks described under Risk Factors located beginning on page 17; and
- the risks of not satisfying the closing conditions in the merger agreement.

Merck s board of directors believed that, overall, the potential benefits of the transactions to Merck and Merck s shareholders outweighed the risks, many of which are mentioned above. Merck s board of directors realized that there can be no assurance about future results, including results considered or expected as described in the factors listed above.

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Opinion of Merck s Financial Advisor

At a meeting of the Merck board of directors on March 8, 2009, J.P. Morgan rendered its oral opinion, subsequently confirmed in writing, to the Merck board of directors that, as of such date and based upon and subject to the factors, limitations and assumptions set forth in its opinion, the consideration to be received by holders of shares of Merck common stock in the Merck merger, was fair, from a financial point of view, to such holders.

The full text of the written opinion of J.P. Morgan, dated March 8, 2009, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limits on the opinion and review undertaken in connection with rendering its opinion, is included as Annex B to this joint proxy statement/prospectus and is incorporated herein by reference. Holders of Merck common stock are urged to read the opinion carefully in its entirety.

J.P. Morgan s opinion is addressed to the Merck board of directors, is directed only to the consideration in the proposed Merck merger and does not constitute a recommendation to any shareholder of Merck as to how such shareholder should vote with respect to the proposed Merck merger or any other matter. The summary of the opinion of J.P. Morgan set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of such opinion. J.P. Morgan s opinion was authorized for issuance by the fairness opinion committee of J.P. Morgan.

In arriving at its opinion, J.P. Morgan, among other things:

- reviewed a draft dated March 8, 2009 of the merger agreement;
- reviewed certain publicly available business and financial information concerning Merck and Schering-Plough and the industries in which they operate;
- compared the proposed financial terms of the transaction with the publicly available financial terms of certain transactions involving companies J.P. Morgan deemed relevant and the consideration received for such companies;
- compared the financial and operating performance of Merck and Schering-Plough with publicly available information concerning certain other companies J.P. Morgan deemed relevant and reviewed the current and historical market prices of Merck common stock and Schering-Plough common stock and certain publicly traded securities of such other companies;
- reviewed certain internal financial analyses and forecasts prepared by (i) the management of Schering-Plough relating to its businesses and (ii) the management of Merck relating to the respective businesses of Merck and Schering-Plough, as well as the estimated amount and timing of the cost savings and related expenses and synergies expected to result from the proposed merger, which J.P. Morgan refers to as the synergies ; and
- performed such other financial studies and analyses and considered such other information as J.P. Morgan deemed appropriate for the purposes of its opinion.

J.P. Morgan also held discussions with certain members of the management of Merck and Schering-Plough with respect to certain aspects of the proposed transaction, the past and current business operations of Merck and Schering-Plough, the financial condition and future prospects and operations of Merck and Schering-Plough, the effects of the proposed transaction on the financial condition and future prospects of Merck and Schering-Plough, and

certain other matters J.P. Morgan believed necessary or appropriate to its inquiry.

In giving its opinion, J.P. Morgan relied upon and assumed the accuracy and completeness of all information that was publicly available or was furnished to or discussed with J.P. Morgan by Merck and Schering-Plough or otherwise reviewed by or for J.P. Morgan, and J.P. Morgan did not independently verify (nor did J.P. Morgan assume responsibility or liability for independently verifying) any such information or its accuracy or completeness. J.P. Morgan did not conduct and was not provided with any valuation or appraisal of any assets or liabilities, nor did J.P. Morgan evaluate the solvency of Merck or Schering-Plough under any state or federal laws relating to bankruptcy, insolvency or similar matters. In relying on financial analyses and

forecasts prepared and provided to it by Merck or derived therefrom, including the synergies, J.P. Morgan assumed that they were reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management as to the expected future results of operations and financial condition of Merck and Schering-Plough. J.P. Morgan expressed no view as to such analyses or forecasts (including the synergies), the financial analyses and forecasts prepared by the management of Schering-Plough or the assumptions on which they were based. J.P. Morgan also assumed that the proposed Merck merger will qualify as a tax-free reorganization for U.S. federal income tax purposes, that the Merck merger and other transactions contemplated by the merger agreement would be consummated as described in the merger agreement, and that the definitive merger agreement would not differ in any material respects from the draft thereof furnished to J.P. Morgan. J.P. Morgan also assumed that the representations and warranties made by Merck and Schering-Plough in the merger agreement and the related agreements were and will be true and correct in all respects material to J.P. Morgan s analysis. J.P. Morgan is not a legal, regulatory or tax expert and relied on the assessments made by advisors to Merck with respect to such issues. J.P. Morgan further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the proposed merger would be obtained without any adverse effect on Merck or Schering-Plough, or on the contemplated benefits of the proposed merger, in each case material to J.P. Morgan s analysis, and any divestitures required to be made by Merck or Schering-Plough in connection with receiving such consents or approval will not be on terms which would have a material adverse effect on the results of J.P. Morgan s analysis.

J.P. Morgan s opinion was necessarily based on economic, market and other conditions as in effect on, and the information made available to J.P. Morgan as of, the date of its opinion. The opinion also indicates that subsequent developments may affect J.P. Morgan s opinion and that J.P. Morgan does not have any obligation to update, revise, or reaffirm its opinion. J.P. Morgan s opinion is limited to the fairness, from a financial point of view, to the holders of Merck common stock of the consideration to be received by such holders in the proposed transaction and J.P. Morgan expressed no opinion as to the fairness of the proposed Merck merger to, or any consideration received by, the holders of any other class of securities, creditors or other constituencies of Merck or as to the underlying decision by Merck to engage in the proposed transaction. Furthermore, J.P. Morgan expressed no opinion with respect to the amount or nature of any compensation to any officers, directors, or employees of any party to the proposed transaction, or any class of such persons relative to the consideration to be received by the holders of Merck common stock in the proposed Merck merger or with respect to the fairness of any such compensation. J.P. Morgan expressed no opinion as to the price at which Merck or Schering-Plough common stock would trade at any future time.

J.P. Morgan s opinion notes that it was not authorized to and did not solicit any expressions of interest from any other parties with respect to any other merger, sale or other business combination involving any part of Merck.

The terms of the merger agreement, including the consideration payable to Merck shareholders in the proposed Merck merger, were determined through negotiation between Merck and Schering-Plough, and the decision to enter into the merger agreement was solely that of the Merck and Schering-Plough boards of directors. J.P. Morgan s opinion and financial analyses were only one of the many factors considered by Merck in its evaluation of the proposed transaction and should not be viewed as determinative of the views of the Merck board of directors or management with respect to the proposed merger or the merger consideration.

In accordance with customary investment banking practice, J.P. Morgan employed generally accepted valuation methods in reaching its opinion. The following is a summary of the material financial analyses used by J.P. Morgan in connection with providing its opinion and does not purport to be a complete description of the analyses or data presented by J.P. Morgan. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. J.P. Morgan believes that the summary set forth below and its analyses must be considered as a whole and that selecting portions thereof, or focusing on information in tabular format, without considering all of its analyses and the narrative description of the analyses, could create an incomplete

view of the processes underlying its analyses and opinion. The order of analyses described does not represent the relative importance or weight given to those analyses by J.P. Morgan. In arriving at its fairness determination, J.P. Morgan considered the results of all the analyses and

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did not attribute any particular weight to any factor or analysis considered by it; rather, J.P. Morgan arrived at its opinion based on the results of all the analyses undertaken by it and assessed as a whole. J.P. Morgan s analyses are not necessarily indicative of actual values or actual future results that might be achieved, which values may be higher or lower than those indicated. Moreover, J.P. Morgan s analyses are not and do not purport to be appraisals or otherwise reflective of the prices at which businesses actually could be bought or sold. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before March 6, 2009 and is not necessarily indicative of current market conditions.

Standalone Valuation of Schering-Plough

Historical common stock performance: J.P. Morgan reviewed the publicly available historical trading price performance of Schering-Plough common stock over the 52-week period from March 6, 2008 to March 6, 2009 relative to the amount to be received by holders of such stock in the proposed transaction. During that period, Schering-Plough common stock achieved a closing price high of $22.32 per share and a closing price low of $12.76 per share relative to the implied value of the cash and stock consideration (based on the closing price for Merck common stock on March 6, 2009 of $22.74 per share) to be received by the Schering-Plough shareholders of $23.61 per share.

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Selected public market multiples: J.P. Morgan performed a selected public market multiples financial analysis on Schering-Plough s constituent businesses to analyze the entire company on a segment-by-segment basis using certain trading multiples and Wall Street equity research, in each case as selected by J.P. Morgan based on its judgment. J.P. Morgan analyzed Schering-Plough s pharmaceutical, consumer and animal health businesses. J.P. Morgan reviewed publicly available information for the following public companies and calculated the multiples set forth below:

Segment/Company	Metric/Multiple
Consumer	***2009E P/E***
Procter & Gamble	10.9x
Colgate Palmolive	13.0x
Reckitt-Benckiser	13.4x
Kimberly Clark	10.6x
Henkel	9.2x
Clorox	12.1x
Church & Dwight	14.4x
Energizer	6.8x
Alberto Culver	15.1x
Animal Health	***2009E Firm Value/ EBITDA***
Virbac S.A.	9.1x
Vetoquinol	5.0x
Pharmaceutical	***2009E P/E***
Johnson & Johnson	10.7x
Abbott	12.7x
Pfizer	7.0x
Wyeth	10.4x
Eli Lilly	6.9x
Bristol-Myers Squibb	9.7x
Roche	12.1x
GlaxoSmithKline	8.1
Novartis	8.1x
Sanofi-Aventis	6.3x
AstraZeneca	5.6x

Based on the selected public market multiples analysis described above, J.P. Morgan calculated an implied per share equity range for Schering-Plough of $15.30 to $19.00.

Selected precedent transaction analysis: J.P. Morgan performed a selected precedent transaction analysis, which compares the per share merger consideration to be received in the proposed transaction by holders of Schering-Plough common stock to an implied range of per share values for Schering-Plough common stock derived from an analysis of selected precedent transactions deemed by J.P. Morgan to be reasonably similar to the proposed transaction. Using publicly available information, J.P. Morgan examined selected transactions within the pharmaceutical industry that J.P. Morgan, based on its experience with mergers and acquisitions analysis, deemed relevant to arriving at its opinion. J.P. Morgan noted that none of the selected precedent transactions is either identical or directly comparable to the proposed transaction and that any analysis of selected precedent transactions necessarily involves complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition values of the companies concerned. J.P. Morgan determined the firm value for each of the target

companies in these precedent transactions based on the aggregate value of the consideration to be paid to the target company s shareholders at the time of announcement, plus debt less cash, and the earnings before interest, taxes and depreciation, or

EBITDA, based on data for the latest 12 months that were publicly available prior to announcement of the applicable precedent transaction. J.P. Morgan also calculated Schering-Plough s firm value based on the implied value of the cash and stock consideration (based on the closing price for Merck common stock on March 6, 2009 of $22.74 per share) to be received by the Schering-Plough shareholders in the proposed transaction and Schering-Plough s EBITDA for the 12 months ended December 31, 2008, plus debt minus cash. In each case, J.P. Morgan then divided the firm value by the latest 12 month EBITDA, and performed the same calculation after taking into account the synergies. Specifically, J.P. Morgan reviewed the following transactions and calculated the multiples set forth below:

Announcement	Acquiror	Target	Firm Value/LTM EBITDA	Firm Value/LTM EBITDA & Synergies
01/26/2009	Pfizer	Wyeth	8.3x	5.5x
01/26/2004	Sanofi-Synthelabo	Aventis	10.2x	7.9x
07/15/2002	Pfizer	Pharmacia	19.0x	10.6x
02/02/2000	Pfizer	Warner-Lambert	31.8x	20.3x

Based on various judgments concerning the relative comparability of each of the selected transactions to the proposed transaction, J.P. Morgan did not rely solely on the quantitative results of the selected transaction analysis in developing a reference range or otherwise applying its analysis. J.P. Morgan observed that, if the above multiples were applied to the transaction, the resulting range of implied equity values for Schering-Plough common stock would be $21.40 to $50.45. J.P. Morgan noted that the implied value of the proposed cash and stock consideration to be received by holders of Schering-Plough common stock of $23.61 was within this range. J.P. Morgan also compared the dollar premium (based on (i) trading prices 1 day and 1 month prior to announcement and (ii) the 1 month average trading price prior to announcement) in each of the above noted transactions to the announced synergies for such transaction and observed multiples of 3.9x to 12.9x. J.P. Morgan noted that the range of multiples of the dollar premium to be received by Schering-Plough shareholders relative to announced synergies in the transaction was 1.8x to 3.0x.

Discounted cash flow analysis: J.P. Morgan calculated ranges of implied equity value per share for Schering-Plough common stock by performing a discounted cash flow, or DCF, analysis. The discounted cash flow analysis assumed a valuation date of October 1, 2009.

J.P. Morgan performed its DCF analysis of Schering-Plough based primarily on two sets of assumptions: (1) a set of assumptions provided by Merck management relating to Schering-Plough s business, referred to as Merck s Schering-Plough base case ; and (2) a set of assumptions provided by Merck which reflect Merck s Schering-Plough base case plus the synergies, referred to as Merck s Schering-Plough base case with synergies. For references purposes, J.P. Morgan also considered: (1) a set of assumptions provided by Schering-Plough relating to Schering-Plough s business, referred to as the Schering-Plough management case ; and (2) a set of assumptions based on publicly available Wall Street research relating to Schering-Plough s business, referred to as the Schering-Plough street case.

A discounted cash flow analysis is a traditional method of evaluating an asset by estimating the future cash flows of an asset and taking into consideration the time value of money with respect to those future cash flows by calculating the present value of the estimated future cash flows of the asset. Present value refers to the current value of one or more future cash payments, or cash flows, from an asset and is obtained by discounting those future cash flows or amounts by a discount rate that takes into account macro-economic assumptions, estimates of risk, the opportunity cost of capital, expected returns and other appropriate factors. Another financial term utilized below is terminal value,

which refers to the value of all future cash flows from an asset at a particular point in time.

In arriving at the estimated equity values per share of Schering-Plough common stock using the DCF analysis, J.P. Morgan calculated terminal values for each of Schering-Plough s business segments as of December 31, 2018 by applying a range of terminal value growth rates of negative (10)% to 2.0%, added synergies and applied a range of discount rates of 7% to 10%, in each case depending on the business.

Based on the assumptions set forth above, this analysis implied for Schering-Plough common stock ranges of $19.15 to $21.80, $38.45 to $45.05, $25.20 to $27.80 and $20.65 to $23.25 per share for Merck s Schering-Plough base case, Merck s Schering-Plough base case with synergies, the Schering-Plough management case and the Schering-Plough street case, respectively. The range of discount rates used by J.P. Morgan in its analysis was estimated using traditional investment banking methodology, including the analysis of selected publicly traded companies engaged in businesses that J.P. Morgan deemed relevant to Schering-Plough s businesses. These publicly traded companies were analyzed to determine the appropriate beta (an estimate of systematic risk) and target debt/total capital ratio to use in calculating the ranges of discount rates described above.

Standalone Valuation of Merck

Historical common stock performance: J.P. Morgan reviewed the historical trading price performance of Merck common stock over the 52-week period from March 6, 2008 to March 6, 2009. During that period, Merck common stock achieved a closing price high of $44.78 and a closing price low of $22.14.

Selected public market multiples: J.P. Morgan undertook a selected public market multiples analysis similar to that described above under Standalone Valuation of Schering-Plough Selected public market multiples. J.P. Morgan analyzed Merck s pharmaceutical business and animal health business based on the selected public market multiples described above. J.P. Morgan also analyzed Merck s *Singulair* product using a DCF analysis. These analyses resulted in an implied per share equity range for Merck of $21.68 to $25.86.

Discounted cash flow analysis: Using a DCF methodology similar to that described above under Standalone Valuation of Schering-Plough Discounted cash flow analysis, J.P. Morgan calculated terminal values for each of Merck s business segments as of December 31, 2018 by applying a terminal value growth rate of 2% (except for the Merck/Schering-Plough cholesterol partnership, for which J.P. Morgan assumed no terminal value) and applied a range of discount rates of 8% to 10%, depending on the business. In performing this analysis, J.P. Morgan used the following sets of assumptions: (1) a set of assumptions provided by Merck relating to Merck s business, referred to as the Merck management case ; and (2) a set of assumptions based on publicly available Wall Street research relating to Merck s business, referred to as the Merck street case. Based on these assumptions, this analysis implied for Merck common stock ranges of $42.00 to $46.75 to $38.95 to $43.15 per share for the Merck management case and Merck street case, respectively.

Pro Forma Combined Business Valuation

Value creation analysis: J.P. Morgan also performed an illustrative value creation analysis with respect to Merck using a DCF analysis, an analysis of public trading values and a selected public multiples analysis. In performing the DCF analysis, J.P. Morgan compared (1) the Merck management case with respect to Merck s business to the Schering-Plough management case with respect to Schering-Plough s business and (2) the Merck management case with respect to Merck s business to Merck s Schering-Plough base case with respect to Schering-Plough s business, yielding an implied equity value increase to Merck shareholders of $14.1 billion and $6.8 billion, respectively.
J.P. Morgan also analyzed the current market capitalizations of Merck and Schering-Plough and observed an implied equity value increase to Merck shareholders of $6.7 billion. Lastly, J.P. Morgan analyzed each of Merck and Schering-Plough s constituent businesses to analyze each respective company on a segment-by-segment basis using certain trading multiples and Wall Street equity research, as described above under Standalone Valuation of Schering-Plough Selected public market multiples. This analysis yielded an implied equity value increase to Merck shareholders of $5.7 billion.

Miscellaneous

As a part of its investment banking business, J.P. Morgan and its affiliates are continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, investments for passive and control purposes, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements, and valuations for estate, corporate and other purposes.

J.P. Morgan was selected by Merck as its exclusive financial advisor based on J.P. Morgan s qualifications, reputation and experience in the valuation of businesses and securities in connection with mergers and acquisitions and its familiarity with Merck. Merck has agreed to pay J.P. Morgan a fee for its services as financial advisor, a portion of which was payable upon public announcement of the proposed transaction and a substantial portion of which will become payable only if the Merck merger is consummated. In addition, Merck has agreed to reimburse J.P. Morgan for its expenses incurred in connection with its services, including the fees and disbursements of counsel, and will indemnify J.P. Morgan for certain liabilities.

During the two years preceding the date of its opinion, J.P. Morgan and its affiliates have had commercial or investment banking relationships with each of Merck and Schering-Plough, for which it and such affiliates have received customary compensation. Such services during such period have included acting as a financial advisor to Merck in making an investment in FoxHollow Technologies in March 2007 and serving as joint bookrunner for Merck s $1.5 billion revolving credit facility in April 2007, joint bookrunner for an offering by Schering-Plough of senior unsecured notes and Euro-denominated senior unsecured notes in September 2007 and as co-manager and joint bookrunner for offerings of mandatory convertible preferred stock and common stock of Schering-Plough in August 2007. In addition, J.P. Morgan s commercial banking affiliates are lenders under outstanding credit facilities of each of Merck and Schering-Plough, for which such affiliates receive customary compensation or other financial benefits. J.P. Morgan also expects that it and its commercial bank affiliates will act as sole lead arranger and sole bookrunner of, and agent bank and a lender under, new credit facilities of Merck, Schering-Plough or their respective affiliates to finance a portion of the cash consideration to be paid to holders of Schering-Plough common stock in the transaction and as a lead underwriter, lead placement agent or lead initial purchaser of subsequent capital markets offerings of debt securities to refinance such credit facilities. It is anticipated that the $1.5 billion Merck Credit Facility, referred to herein as the Merck Credit Facility, will be amended or replaced in connection with the transaction and that such amendment or replacement will result in the payment of customary compensation to J.P. Morgan s affiliate and in certain of the terms under the Merck Credit Facility being amended to be more favorable to the lenders thereunder. J.P. Morgan also expects that it and its affiliates will perform various investment banking and financial services for Merck and Schering-Plough and their affiliates in the future, and expects to receive customary fees for such services. In the ordinary course of J.P. Morgan s businesses, it and its affiliates may actively trade the debt and equity securities of Merck or Schering-Plough for J.P. Morgan s own account or for the accounts of customers and, accordingly, may at any time hold long or short positions in such securities.

Schering-Plough s Reasons for the Transaction and Recommendation of Schering-Plough s Board of Directors

At its meeting on March 8, 2009, following detailed presentations by Schering-Plough s management, its legal counsel and financial advisors, the members of Schering-Plough s board of directors unanimously determined that the merger and the transactions contemplated by the merger agreement were fair to and in the best interests of Schering-Plough and its shareholders, unanimously approved the merger agreement and the transactions contemplated by the merger agreement, and unanimously recommended that the shareholders of Schering-Plough vote **FOR** the proposal to approve the merger agreement and the transactions contemplated by the merger agreement.

In evaluating the merger agreement and the transactions contemplated by the merger agreement, including the issuance of Schering-Plough stock in connection with the merger, the Schering-Plough board of directors consulted with Schering-Plough s management and its legal and financial advisors. In reaching its decision, the Schering-Plough board of directors considered a number of factors, including the following factors which the Schering-Plough board viewed as generally supporting its decision to approve and enter into the merger agreement and the transactions contemplated by the merger agreement.

Strategic Considerations

Increased Scale and Scope. The Schering-Plough board of directors considered the current and prospective competitive climate in the industry in which Schering-Plough and Merck operate, which

includes challenging conditions that are likely to persist, and the relatively better position that the combined company would have in facing such challenges, as a result of:

the advantages presented by the larger scale and greater scope of the combined company in meeting the challenges facing the pharmaceutical industry in light of changes in regulatory, financial and economic conditions affecting the industry, as well as the possibility of future industry consolidation;

the greater financial flexibility of the combined company to invest in promising drug candidates and to invest in internal and external research and development opportunities; and

the significantly greater scope of the combined company s operations and product offerings, including the broadening of the portfolio of blockbuster products and expansion of the global footprint for both companies, resulting in a more diverse mix of business.

Complementary Products and Customer Bases. The Schering-Plough board of directors considered the complementary nature of the respective products and customer bases of Schering-Plough and Merck and the opportunity created by the transaction to enhance the capabilities of both companies to more effectively and efficiently serve customers.

Significant Cost Savings. The Schering-Plough board of directors considered the opportunity for the combined company to achieve significant annual cost savings and revenue opportunities, including:

savings and revenue opportunities from operational efficiencies, including with respect to a consolidation of the Merck/Schering-Plough cholesterol partnership; and

savings and revenue opportunities from consolidating other operations, procurement savings, and sharing support infrastructure and best practices.

Other Factors Considered by the Schering-Plough Board

In addition to considering the strategic factors described above, the Schering-Plough board considered the following additional factors, all of which it viewed as supporting its decision to approve the transaction:

its knowledge of Schering-Plough s business, operations, financial condition, earnings and prospects and of Merck s business, operations, financial condition, earnings and prospects, taking into account the results of Schering-Plough s due diligence review of Merck;

the adequacy of the merger consideration and the other value provided to Schering-Plough shareholders including:

the spot implied per share price of the merger consideration on various measurement dates and the premium to the price of Schering-Plough common stock as of various dates represented by such implied prices;

the stock component of the merger consideration, which would give Schering-Plough shareholders an equity interest in the combined entity providing the Schering-Plough shareholders an opportunity to benefit from the future performance of the combined Merck and Schering-Plough businesses and synergies resulting from the merger;

the cash component of the merger consideration, which would allow Schering-Plough shareholders to diversify a portion of their current exposure to the evolving U.S. pharmaceutical industry;

the Merck dividend rate, which Merck has stated it will maintain at the combined company and which is three times the current Schering-Plough dividend; and

the current market price of Schering-Plough s common stock, as well as the historical, present and anticipated future earnings of Schering-Plough and the anticipated future earnings of the combined companies;

the analyses and presentations of Goldman Sachs, including the opinion of Goldman Sachs, dated March 8, 2009, to the Schering-Plough board of directors to the effect that, as of that date, and based

upon the factors and subject to the assumptions set forth in such opinion, the merger consideration is fair, from a financial point of view, to Schering-Plough shareholders (other than Merck and its affiliates), as more fully described below under the caption Opinions of Schering-Plough s Financial Advisors Opinion of Goldman, Sachs & Co. ;

the analyses and presentations of Morgan Stanley, including the opinion of Morgan Stanley, dated March 8, 2009, to the Schering-Plough board of directors to the effect that, as of that date, and based upon the factors and subject to the assumptions set forth in such opinion, the merger consideration is fair, from a financial point of view, to Schering-Plough shareholders, as more fully described below under the caption Opinions of Schering-Plough s Financial Advisors Opinion of Morgan Stanley & Co. Incorporated ;

the efforts made to negotiate a merger agreement favorable to Schering-Plough and its shareholders and the financial and other terms and conditions of the merger agreement, including the fact that Schering-Plough is permitted to terminate the merger agreement in order to approve an alternative transaction proposed by a third party that is a Superior Proposal as defined in the merger agreement, upon the payment of a $1.25 billion termination fee, and its belief that such termination fee was reasonable in the context of break-up fees that were payable in other transactions and should not preclude another party from making a competing proposal;

the extent of the commitments to obtain required antitrust regulatory approvals that Merck has made under the merger agreement;

the fact that Merck has firmly committed financing from a reputable financing source for the merger, the efforts that Merck is required to make under the merger agreement to obtain the proceeds of the financing on the terms and conditions described in the financing commitment letters, and the resulting likelihood that Merck will have the financing available to complete the merger despite the difficulties in the financial markets, including if such difficulties increase in the coming months;

the knowledge that another company with a potentially strong strategic fit, and similar capability to effect a transaction such as the one proposed by Merck, and which Schering-Plough s financial advisors advised may be the only other logical potential bidder for the company, declined to make an offer for a business combination or other arrangement; and

the opportunity to combine two strong teams with compatible corporate cultures and a strong and successful existing relationship in connection with the Merck/Schering-Plough cholesterol partnership and the inclusion of three Schering-Plough directors on the board of directors of the combined company.

The Schering-Plough board of directors weighed these advantages and opportunities against a number of other factors identified in its deliberations weighing negatively against the transaction, including:

the challenges inherent in the combination of two businesses of the size and scope of Schering-Plough and Merck and the size of the companies relative to each other, including the risk that integration costs may be greater than anticipated and the possible diversion of management attention for an extended period of time;

the risk that changes in the regulatory or competitive landscape may adversely affect the business benefits anticipated to result from the transaction;

the risk of not capturing all the anticipated cost savings and operational synergies between Schering-Plough and Merck and the risk that other anticipated benefits might not be realized;

the risk that regulatory agencies may not approve the transaction or may impose terms and conditions on their approvals that adversely affect the financial results of the combined company, including divestitures of key businesses (see the section entitled Regulatory Approvals beginning on page 97);

the challenges in the financial markets and the risk that the required financing will not be available to Merck;

the various contingent liabilities, including pending legal proceedings with respect to *Singulair* and *Vioxx*, to which Merck is subject;

the possibility that Centocor, a wholly owned subsidiary of Johnson & Johnson, would challenge the right of the combined company to maintain its rights under Schering-Plough s distribution agreement with Centocor with respect to *Remicade* and golimumab;

the potential impact of the merger announcement and the consummation of the transaction on employees, however the board recognized the overall benefits of the greater scale and size of the combined entity, given the challenges in the pharmaceutical industry, and in light of changes in the regulatory and financial conditions and broader economic changes affecting the industry; and

the risks of the type and nature described under Risk Factors beginning on page 17 and the matters described under Cautionary Statement Regarding Forward-Looking Statements beginning on page 37.

Schering-Plough s board of directors concluded that the anticipated benefits of the merger would outweigh the preceding considerations.

In addition, the Schering-Plough board of directors was aware of and considered the interests that Schering-Plough s directors and executive officers may have with respect to the merger that differ from, or are in addition to, their interests as shareholders of Schering-Plough generally, as described in Interests of Schering-Plough s Directors and Management in the Transaction beginning on page 90.

The reasons set forth above are not intended to be exhaustive, but include material facts considered by the board of directors in approving the merger agreement. In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, the Schering-Plough board of directors did not find it useful and did not attempt to quantify or assign any relative or specific weights to the various factors that it considered in reaching its determination to approve the merger and the merger agreement and to make its recommendations to Schering-Plough shareholders. In addition, individual members of the Schering-Plough board of directors may have given differing weights to different factors. The Schering-Plough board of directors conducted an overall review of the factors described above, including thorough discussions with Schering-Plough s management and outside legal and financial advisors.

Opinions of Schering-Plough s Financial Advisors

Opinion of Goldman, Sachs & Co. Goldman Sachs rendered its opinion to the Schering-Plough board of directors that, as of March 8, 2009 and based upon and subject to the factors and assumptions set forth therein, the $10.50 in cash and 0.5767 shares of New Merck common stock to be paid as consideration for each share of common stock of Schering-Plough to the holders (other than Merck and any of its affiliates) of such Schering-Plough common stock pursuant to the merger agreement was fair from a financial point of view to such holders.

The full text of the written opinion of Goldman Sachs, dated March 8, 2009, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex C to this joint proxy statement/prospectus and is incorporated by reference herein. Goldman Sachs provided its opinion for the information and assistance of the Schering-Plough board of directors in connection with its consideration of the transaction. The Goldman Sachs opinion is not a

recommendation as to how any holder of Schering-Plough common stock should vote with respect to the transaction or any other matter.

In connection with rendering the opinion described above and performing its related financial analyses, Goldman Sachs reviewed, among other things:

- the merger agreement;
- annual reports to shareholders and Annual Reports on Form 10-K of Schering-Plough and Merck;

certain interim reports to shareholders and Quarterly Reports on Form 10-Q of Schering-Plough and Merck;

certain other communications from Schering-Plough and Merck to their respective shareholders;

certain publicly available research analyst reports for Schering-Plough and Merck; and

certain internal financial analyses and forecasts for Schering-Plough prepared by its management and for Merck by its management, in each case, as approved for Goldman Sachs s use by Schering-Plough, including certain cost savings and operating synergies projected by the managements of Schering-Plough and Merck to result from the transaction.

Goldman Sachs also held discussions with members of the senior management of Schering-Plough and Merck regarding their assessment of the strategic rationale for, and the potential benefits of, the transaction and the past and current business operations, financial condition and future prospects of their respective companies. In addition, Goldman Sachs reviewed the reported price and trading activity for the shares of Schering-Plough common stock and Merck common stock, compared certain financial and stock market information for Schering-Plough and Merck with similar information for certain other companies the securities of which are publicly traded, reviewed the financial terms of certain recent business combinations in the healthcare industry specifically and in other industries generally and performed such other studies and analyses, and considered such other factors, as it considered appropriate.

For purposes of rendering the opinion described above, Goldman Sachs relied upon and assumed, without assuming any responsibility for independent verification, the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with or reviewed by it. Goldman Sachs assumed, with the consent of the Schering-Plough board of directors, that the internal financial analyses and forecasts prepared by the management of Schering-Plough, and the synergies estimated by Merck, were reasonably prepared on a basis reflecting the best then-currently available estimates and judgments of the management of Schering-Plough. In addition, Goldman Sachs did not make an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or off-balance-sheet assets and liabilities) of Schering-Plough, Merck or any of their respective subsidiaries and it has not been furnished with any such evaluation or appraisal. Goldman Sachs also has assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the transaction will be obtained without any adverse effect on Schering-Plough, Merck or the combined company or on the expected benefits of the transaction in any way meaningful to its analysis.

Goldman Sachs s opinion does not address any legal, regulatory, tax or accounting matters, the underlying business decision of Schering-Plough to engage in the transaction, the relative merits of the transaction as compared to any strategic alternatives that may be available to Schering-Plough. Goldman Sachs s opinion addresses only the fairness from a financial point of view of, as of the date of the opinion, the $10.50 in cash and 0.5767 shares of New Merck common stock to be paid as consideration for each share of common stock of Schering-Plough to the holders (other than Merck and any of its affiliates) of such Schering-Plough common stock pursuant to the merger agreement. Goldman Sachs s opinion does not express any view on, and does not address, any other term or aspect of the merger agreement or the transaction, including, without limitation, the fairness of the transaction to, or any consideration received in connection therewith by, the holders of any other class of securities, creditors or other constituencies of Schering-Plough or Merck; the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of Schering-Plough or Merck, or class of such persons in connection with the transaction, whether relative to the $10.50 in cash and 0.5767 shares of New Merck common stock to be paid as consideration for each share of common stock of Schering-Plough to the holders (other than Merck and any of its affiliates) of such Schering-Plough common stock pursuant to the merger agreement or otherwise. Goldman Sachs did not express any opinion as to the prices at which shares of Schering-Plough, Merck or the combined company will

trade at any time. Goldman Sachs s opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to it as of, the date of the opinion and Goldman Sachs assumed no responsibility for updating, revising or reaffirming its opinion based on circumstances,

developments or events occurring after the date of its opinion. Goldman Sachs s opinion was approved by a fairness committee of Goldman Sachs.

The following is a summary of the material financial analyses delivered by Goldman Sachs to the Schering-Plough board of directors in connection with rendering the opinion described above. The following summary, however, does not purport to be a complete description of the financial analyses performed by Goldman Sachs. The order of analyses described does not represent the relative importance or weight given to those analyses by Goldman Sachs. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of Goldman Sachs s financial analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before March 8, 2009 and is not necessarily indicative of current market conditions.

Historical Stock Trading Analysis. Goldman Sachs reviewed the historical trading prices for shares of Schering-Plough and Merck common stock for the five-year period ended March 6, 2009. In addition, Goldman Sachs analyzed the consideration to be received by holders of Schering-Plough common stock pursuant to the merger agreement in relation to the market prices of Schering-Plough and Merck common stock as of March 6, 2009, the average market prices for the month ending March 6, 2009, the average market prices for the three, six and twelve months ending March 6, 2009 and the average market prices for the two-, three- and five-year periods ending March 6, 2009.

This analysis indicated that the implied consideration per share of Schering-Plough common stock to be paid to Schering-Plough shareholders pursuant to the merger agreement represented:

- a premium of 33.9% based on the March 6, 2009 market price of $17.63 per share of Schering-Plough common stock and $22.74 per share of Merck common stock;
- a premium of 43.8% based on the latest one month s average market price of $18.08 per share of Schering-Plough common stock and $26.87 per share of Merck common stock;
- a premium of 64.3% based on the latest twelve months average market price of $18.06 per share of Schering-Plough common stock and $33.25 per share of Merck common stock;
- a premium of 50.4% based on the latest two years average market price of $23.24 per share of Schering-Plough common stock and $42.42 per share of Merck common stock.

Selected Companies Analysis. Goldman Sachs reviewed and compared certain financial information and public market multiples for Schering-Plough and Merck to corresponding financial information and public market multiples for the following publicly traded companies in the large cap pharmaceutical industry:

- U.S.: Abbott Laboratories, Bristol-Myers Squibb Company, Eli Lilly and Company, Johnson & Johnson, Pfizer Inc.
- U.K.: AstraZeneca PLC, GlaxoSmithKline plc
- Continental Europe: Bayer AG, Merck KgaA, Novartis AG, Novo Nordisk A/S, Roche Holdings Ltd.

Although none of the selected companies is directly comparable to Schering-Plough or Merck, the companies included were chosen because they are publicly traded companies with operations that for purposes of analysis may be

considered similar to certain operations of Schering-Plough or Merck.

Goldman Sachs also calculated and compared the selected companies estimated price-to-earnings multiples for calendar year 2009 to the corresponding multiples for Schering-Plough and Merck using certain publicly available financial information and the Institutional Brokers Estimate System, or IBES. The following table summarizes the results of this analysis:

Price/Earnings Multiples	2009E
Novo Nordisk A/S	15.4x
Abbott Laboratories	12.7x
Roche Holdings Ltd.	11.2x
Johnson & Johnson	10.7x
Schering-Plough	**10.4x**
Merck KGaA	9.6x
Bristol-Myers Squibb Company	9.5x
Bayer AG	9.2x
GlaxoSmithKline plc	8.8x
Novartis AG	8.5x
Merck	**7.0x**
Eli Lilly and Company	6.7x
Sanofi-Aventis	6.6x
Pfizer Inc.	6.5x
AstraZeneca PLC	5.7x

Illustrative Discounted Cash Flow Analysis. Goldman Sachs performed an illustrative discounted cash flow analysis on Schering-Plough using Schering-Plough management forecasts through 2013 and estimates for the Merck/Schering-Plough cholesterol partnership based on year-over-year growth rates for 2013 to 2020. Goldman Sachs calculated the illustrative standalone discounted cash flow value per share of Schering-Plough common stock, consisting of the illustrative discounted cash flow value of the Merck/Schering-Plough cholesterol partnership and the illustrative discounted cash flow value of Schering-Plough excluding the Merck/Schering-Plough cholesterol partnership. Goldman Sachs calculated the illustrative discounted cash flow value for the Merck/Schering-Plough cholesterol partnership through 2020, assuming no terminal value and taking into account the potential 2017 patent expiry, using a discount rate ranging from 8.0% to 9.0% and a compound annual growth rate (excluding additional sales, general and administrative expenses) between 2012 and 2016 ranging from 1.6% to 11.6%. Goldman Sachs calculated the indicative standalone discounted cash flow value of Schering-Plough excluding the Merck/Schering-Plough cholesterol partnership using a discount rate ranging from 8.0% to 9.0% and a perpetuity growth rate ranging from 0.0% to 2.0%. The following table presents the results of this analysis:

	Illustrative Discounted Cash Flow Value (per Share) of Schering-Plough (Including Merck/Schering-Plough Cholesterol Partnership) Discount Rate		
Perpetuity Growth Rate	**8.0%**	**8.5%**	**9.0%**
0.0%	$ 20.93	$ 19.78	$ 18.75
1.0%	$ 22.76	$ 21.36	$ 20.13
2.0%	$ 25.20	$ 23.43	$ 21.90

Goldman Sachs also performed a sensitivity analysis on the impact on the illustrative discounted cash flow value of certain operational events, such as decreases in EBIT margin, increases and decreases in pipeline contribution, risks with respect to *Vytorin* / *Zetia*, tax rate increases and exchange rate fluctuation. These analyses resulted in impacts on discounted cash flow values ranging from $(9.00) to $4.00 per share of Schering-Plough common stock.

In addition, Goldman Sachs performed an illustrative pro forma discounted cash flow analysis using Schering-Plough management forecasts and Merck management forecasts, assuming $3.5 billion of synergies phased in over three years (55% in 2010, 80% in 2011 and 100% thereafter), a discount rate ranging from 8.0% to 9.0% and a perpetuity growth rate ranging from (1.0)% to 1.0%. The following table presents the results of this analysis:

	Illustrative Pro Forma Discounted Cash Flow Value (per Share) of the Combined Company Discount Rate		
Perpetuity Growth Rate	**8.0%**	**8.5%**	**9.0%**
(1.0)%	$ 43.47	$ 41.16	$ 39.07
0.0%	$ 47.23	$ 44.46	$ 41.99
1.0%	$ 52.06	$ 48.64	$ 45.62

Goldman Sachs calculated the illustrative pro forma discounted cash flow value per share of Schering-Plough common stock on an as-converted basis for the merger consideration, using Schering-Plough management forecasts and Merck management forecasts, assuming $3.5 billion of synergies phased in over three years (55% in 2010, 80% in 2011 and 100% thereafter), a discount rate of 8.5% and a 0.0% perpetuity growth rate. The discount rate was derived from a weighted average cost of capital analysis. The illustrative pro forma discounted cash flow value per share of Schering-Plough common stock, on an as-converted basis for the merger consideration, was calculated as the present value of the sum of (i) $10.50 in cash and (ii) the product of 0.5767 multiplied by the illustrative pro forma discounted cash flow value per share of common stock of the combined company. This calculation resulted in an illustrative pro forma discounted cash flow value of $36.14 per share of Schering-Plough common stock on an as-converted basis for the merger consideration.

Selected Transactions Analysis. Goldman Sachs analyzed certain information relating to the following selected transactions in the pharmaceutical industry since 1999 (acquiror target):

2009: Pfizer Inc. Wyeth

2004: Sanofi SA Aventis

2002: Pfizer Inc. Pharmacia Corporation

2000: Pfizer Inc. Warner-Lambert Company; Glaxo Wellcome plc SmithKline Beecham plc

1999 Monsanto Company Pharmacia & Upjohn, Inc.; American Home Products Corporation Warner-Lambert Company

For each of the selected transactions, Goldman Sachs calculated and compared enterprise consideration as a multiple of latest twelve months EBIT and revenues, forward price-to-equity multiples and the premium represented by such multiples over a composite price-to-equity multiple for large pharmaceutical companies on the date of such transaction. While none of the companies that participated in the selected transactions are directly comparable to Schering-Plough, the companies that participated in the selected transactions are companies that, for the purposes of analysis, may be considered similar to certain of Schering-Plough s operations, market size or product profile. The range of enterprise consideration as a multiple of the latest twelve months EBIT for these transactions is 9.2x to 33.9x

and as a multiple of the latest twelve months revenues is 2.8x to 7.5x, compared to 11.4x and 2.5x, respectively, for the transaction. The range of forward price-to-equity multiples is 13.6x to 40.1x, representing a premium over the composite price-to-equity multiple for large pharmaceutical companies on the date of such transaction ranging from 5.8% to 53.7%, compared to a forward price-to-equity multiple of 14.0x for the transaction, representing a premium over the composite multiple of 41.1%.

Pro Forma Transaction Analysis. Goldman Sachs prepared illustrative pro forma analyses of the potential financial impact of the transaction using earnings estimates for Schering-Plough and Merck prepared by their respective managements with assumed synergies in the amount of $3.5 billion phased in over three

years (55% in 2010, 80% in 2011 and 100% thereafter). For each of the years 2010 and 2011, Goldman Sachs compared the projected earnings per share of Schering-Plough common stock, on a standalone basis, to the projected earnings per share of the common stock of the combined companies. Based on such analyses, the proposed transaction would be accretive to Schering-Plough s shareholders on an earnings per share basis in the years 2010 and 2011.

In addition, based on the projected dividend to be paid in 2010 on the Schering-Plough common stock of $0.26 per share, based on a 1.5% dividend yield, and on the combined company s common stock of $1.52 per share, based on a 6.7% dividend yield, Schering-Plough shareholders would receive an additional $0.62 in dividends on a pro forma per share basis.

Present Value of Future Share Price Analysis. Goldman Sachs performed an illustrative analysis of the implied present value of (a) the future price per share of Schering-Plough common stock and (b) the estimated future dividends to be paid by Schering-Plough to holders of such shares. This analysis is designed to provide an indication of the present value of a theoretical future value of a company s equity as a function of such company s estimated future earnings and its assumed price to future earnings per share multiple, plus any dividends paid by the company to common equity holders. For this analysis, Goldman Sachs used the financial information for Schering-Plough prepared by Schering-Plough for the fiscal years 2009 to 2013.

Goldman Sachs first calculated the implied values per share of Schering-Plough common stock in the years from 2009 to 2013 by applying forward price-to-earnings multiple estimates of 9.4x to 11.4x earnings per share of Schering-Plough common stock for the fiscal years 2009 to 2013. The implied values per share of Schering-Plough common stock in each year were then discounted back using a discount rate of 9.5%. Goldman Sachs also calculated the implied present value of the future estimated dividends per share of Schering-Plough common stock paid by the Company in the years from 2009 to 2013, and then discounted the dividends back using a discount rate of 9.5%. The present value of the implied value per share of Schering-Plough common stock in any given year was calculated as the sum of (i) the present value of the product of the forward price-to-earnings multiple and the earnings per share estimate for that given year and (ii) the present value of each annual dividend paid through the year prior to the given year. This analysis resulted in implied present values ranging from $16.17 to $23.69 per share of Schering-Plough common stock.

In addition, Goldman Sachs performed an illustrative analysis of the implied present pro forma value per share of Schering-Plough common stock by applying a blended forward price-to-earnings multiple of 8.1x for the fiscal years 2010 to 2013, using information provided by Schering-Plough and Merck management, $3.5 billion of synergies phased in over three years (55% in 2010, 80% in 2011 and 100% thereafter) and the sale of 50% of Schering-Plough s Animal Health business segment. The blended forward price-to-earnings multiple is based on Schering-Plough s current price-to-earnings multiple of 10.4x and Merck s current price-to-earnings multiple of 7.0x. The implied pro forma values per share of common stock of the combined company as well as the estimated pro forma dividends paid to holders of shares of common stock of the combined company in the years 2010 to 2013 were then discounted back using a discount rate of 9.5%. The implied pro forma present value per share of Schering-Plough common stock in one year was calculated as the sum of (i) $10.50 in cash, (ii) the present value of the product of 0.5767 multiplied by the forward price-to-earnings multiple and the earnings per share estimate per share of common stock of the combined company for that given year and (iii) the present value of the product of 0.5767 multiplied by each estimated pro forma annual dividend per share of common stock of the combined company paid through the year prior to the given year. This analysis resulted in implied present pro forma values ranging from $26.39 to $30.25 per share of Schering-Plough common stock. Applying Schering-Plough s current price-to-earnings multiple of 10.4x, this analysis resulted in implied present pro forma values ranging from $30.92 to $35.28 per share of Schering-Plough common stock, and applying Merck s current price-to-earnings multiple of 7.0x, this analysis resulted in implied present pro forma values ranging from $24.16 to $27.76.

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Premium Comparison of Selected Transactions. Goldman Sachs analyzed certain publicly available information relating to selected transactions involving companies in the pharmaceutical industry. Using this information, Goldman Sachs calculated the respective premium, defined as the difference between the price offered to the holders of the shares in the transaction compared to latest, undisturbed market price for the shares of the acquired company (i.e., before any rumors or disclosure, as the case may be, may have affected the share price) and compared these premia to the premia analysis set out above. For its premium comparison, Goldman Sachs selected certain large transactions in the pharmaceutical industry and other transactions with a value greater than $20 billion. The following table sets forth the analysis described above for selected transactions in the pharmaceutical industry:

Target	Acquirer	Date Announced	Type of Consideration	Premium Paid
Schering-Plough	Merck	March 2009	cash/stock	44.7%
Synthelabo SA	Sanofi SA	December 1998	all stock	39.6%
Pharmacia Corporation	Pfizer Inc.	July 2002	all stock	34.0%
Schering AG	Bayer AG	March 2006	all cash	33.4%
Aventis	Sanofi SA	January 2004	cash/stock	31.2%
Warner-Lambert Company	Pfizer Inc.	November 1999	all stock	29.8%
Wyeth	Pfizer Inc.	January 2009	cash/stock	28.8%

The 44.7% premium for the transaction is calculated based on the undisturbed market price of $16.32 per share of Schering-Plough common stock on March 5, 2009 and the undisturbed market price of $22.74 per share of Merck common stock on March 6, 2009. The average premium for transactions with a value greater than $20 billion is 24.1%.

Illustrative Break-Up Analysis. Goldman Sachs performed an illustrative analysis of the break-up values of Schering-Plough s business segments (Consumer Health, Animal Health, *Remicade*/golimumab, *Vytorin*/*Zetia* and the remainder of Pharmaceuticals), based on information provided by Schering-Plough management. The break-up values were calculated using EBIT multiples, sales multiples or discounted cash flows, as appropriate in Goldman Sachs s judgment, taking into account tax assumptions provided by Schering-Plough management. This analysis resulted in total aggregate values of the business segments ranging from $34.4 billion to $45.3 billion, based on which the aggregate consideration to be paid to Schering-Plough shareholders pursuant to the merger agreement represents a premium ranging from 1.8% to 34.2% over such total aggregate values.

General. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Goldman Sachs s opinion. In arriving at its fairness determination, Goldman Sachs considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, Goldman Sachs made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses. No company or transaction used in the above analyses as a comparison is directly comparable to Schering-Plough or Merck, respectively, or the contemplated transaction.

Goldman Sachs prepared these analyses for the purpose of undertaking a study to enable Goldman Sachs to render its opinion to the Schering-Plough board of directors as to the fairness from a financial point of view of, as of the date of the opinion, the $10.50 in cash and 0.5767 shares of New Merck common stock to be paid as consideration for each share of common stock of Schering-Plough to the holders (other than Merck and any of its affiliates) of such shares pursuant to the merger agreement. These analyses do not purport to be appraisals and they do not necessarily reflect

the prices at which businesses or securities may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of Schering-Plough, Goldman Sachs or any other person assumes responsibility if future results are materially different from those forecasted.

The $10.50 in cash and 0.5767 shares of New Merck common stock per outstanding share of common stock of Schering-Plough was determined through arm s-length negotiations between Schering-Plough and Merck and was approved by the Schering-Plough board of directors. Goldman Sachs provided advice to Schering-Plough during these negotiations. Goldman Sachs did not, however, recommend any specific amount of consideration to Schering-Plough or its board of directors or that any specific amount of consideration constituted the only appropriate consideration for the transaction.

As described above, Goldman Sachs s opinion to the Schering-Plough board of directors was one of many factors taken into consideration by the Schering-Plough board of directors in making its determination to approve the merger agreement. The foregoing summary does not purport to be a complete description of the analyses performed by Goldman Sachs in connection with its fairness opinion and is qualified in its entirety by reference to the written opinion of Goldman Sachs attached as Annex C.

Goldman Sachs and its affiliates are engaged in investment banking and financial advisory services, securities trading, investment management, principal investment, financial planning, benefits counseling, risk management, hedging, financing, brokerage activities and other financial and non-financial activities and services for various persons and entities. In the ordinary course of these activities and services, Goldman Sachs and its affiliates may at any time make or hold long or short positions and investments, as well as actively trade or effect transactions, in the equity, debt and other securities (or related derivative securities) and financial instruments (including bank loans and other obligations) of Schering-Plough, Merck, the combined company and any of their respective affiliates or any currency or commodity that may be involved in the transaction contemplated by the merger agreement for their own account and for the accounts of their customers. Goldman Sachs acted as financial advisor to Schering-Plough in connection with, and participated in certain of the negotiations leading to, the transaction. In addition, Goldman Sachs has provided certain investment banking and other financial services to Schering-Plough and its affiliates from time to time, including having acted as sole lead arranger on an acquisition bridge financing provided to Schering-Plough (aggregate principal amount of 11.0 billion) in March 2007, sole physical bookrunner on a mandatory convertible preferred offering by Schering-Plough (aggregate amount of $2.5 billion) in August 2007, sole physical bookrunner on a common stock offering by Schering-Plough (aggregate amount of $1.5 billion) in August 2007, joint bookrunner on two investment grade offerings by Schering-Plough (aggregate principal amounts of $2.0 billion and 2.0 billion, respectively) in September 2007, sole financial advisor on Schering-Plough s acquisition of Organon Biosciences in November 2007, and sole financial advisor on a divestiture of certain of Schering-Plough s animal health assets in September 2008. Goldman Sachs also has provided certain investment banking and other financial services to Merck and its affiliates from time to time, including having acted as joint bookrunner on Merck s 5 year investment grade bond offering and swap (aggregate principal amount of $750 million) in November 2006. Goldman Sachs also may provide investment banking and other financial services to Schering-Plough, Merck, the combined company and their respective affiliates in the future. In connection with the above-described services, Goldman Sachs has received, and may receive in the future, compensation.

The board of directors of Schering-Plough engaged Goldman Sachs as its financial advisor because it is an internationally recognized investment banking firm that has substantial experience in transactions similar to the transaction described in this joint proxy statement/prospectus. Pursuant to the terms of this engagement letter, Schering-Plough has agreed to pay Goldman Sachs a customary transaction fee, a significant portion of which is contingent upon consummation of the transaction. In addition, Schering-Plough has agreed to reimburse Goldman Sachs for its expenses, including attorneys fees and disbursements, and to indemnify Goldman Sachs and related persons against various liabilities, including certain liabilities under the federal securities laws.

Opinion of Morgan Stanley & Co. Incorporated. Schering-Plough retained Morgan Stanley in 2009 to act as its financial advisor in connection with a potential transaction involving Schering-Plough. Schering-Plough selected Morgan Stanley to act as its financial advisor based on Morgan Stanley s qualifications, expertise, reputation and

knowledge of the business and affairs of Schering-Plough. As financial advisor to Schering-Plough, on March 8, 2009, Morgan Stanley rendered to the Schering-Plough board of directors its oral opinion, which opinion was confirmed by delivery of a written opinion dated as of the same date, that, as of such date and based

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upon and subject to the various assumptions, qualifications and limitations set forth in its opinion, the merger consideration to be received by the holders of shares of Schering-Plough s common stock pursuant to the merger agreement was fair from a financial point of view to such holders.

The full text of the written fairness opinion of Morgan Stanley, dated March 8, 2009, is attached hereto as Annex D to this joint proxy statement/prospectus and is incorporated by reference herein. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations of the reviews undertaken by Morgan Stanley in rendering its opinion. You should read the entire opinion carefully and in its entirety. Morgan Stanley s opinion is directed to the Schering-Plough board of directors and addresses only the fairness from a financial point of view of the merger consideration to be received by the holders of shares of Schering-Plough s common stock pursuant to the merger agreement as of the date of the opinion. It does not address any other aspect of the transaction and does not constitute a recommendation to the shareholders of Schering-Plough or Merck as to how to vote or act on any matter with respect to the transaction. The summary of the opinion of Morgan Stanley set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion.

In arriving at its opinion, Morgan Stanley, among other things:

- reviewed certain publicly available financial statements and other business and financial information of Schering-Plough and Merck, respectively;

- reviewed certain internal financial statements and other financial and operating data concerning Schering-Plough and Merck, respectively;

- reviewed certain financial projections prepared by the managements of Schering-Plough and Merck, respectively;

- reviewed information relating to certain strategic, financial and operational benefits anticipated from the merger, prepared by the managements of Schering-Plough and Merck, respectively;

- discussed the past and current operations and financial condition and the prospects of Schering-Plough, including information relating to certain strategic, financial and operational benefits anticipated from the transaction, with senior executives of Schering-Plough;

- discussed the past and current operations and financial condition and the prospects of Merck, including information relating to certain strategic, financial and operational benefits anticipated from the transaction, with senior executives of Merck;

- reviewed the pro forma impact of the transaction on Merck s earnings per share, cash flow, consolidated capitalization and financial ratios;

- reviewed the reported prices and trading activity for Schering-Plough s common stock and Merck s common stock;

- compared the financial performance of Schering-Plough and Merck and the prices and trading activity of Schering-Plough s common stock and Merck s common stock with that of certain other publicly traded companies comparable with Schering-Plough and Merck, respectively, and their securities;

- reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;

participated in certain discussions and negotiations among representatives of Schering-Plough and Merck and their financial and legal advisors;

reviewed the draft merger agreement dated March 7, 2009, the draft commitment letter from J.P. Morgan Securities Inc. and JPMorgan Chase Bank, N.A. substantially in the form of the draft dated March 6, 2009 and certain related documents; and

performed such other analyses, reviewed such other information and considered such other factors as Morgan Stanley had deemed appropriate.

In arriving at its opinion, Morgan Stanley assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made available to it by Schering-Plough and Merck and that formed a substantial basis for its opinion. With respect to the financial projections, including information relating to certain strategic, financial and operational benefits anticipated from the transaction, Morgan Stanley assumed that they had been reasonably prepared on bases reflecting the best currently available estimates and judgments of the respective managements of Schering-Plough and Merck of the future financial performance of Schering-Plough and Merck. In addition, Morgan Stanley assumed that the transaction would be consummated in accordance with the terms described in the draft merger agreement dated March 7, 2009 without any waiver, amendment or delay of any terms or conditions, including, among other things, that Merck would obtain financing in accordance with the terms set forth in the draft commitment letter dated March 6, 2009. Morgan Stanley assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the proposed transaction, no delays, limitations, conditions or restrictions would be imposed that would have a material adverse effect on the contemplated benefits expected to be derived in the proposed transaction.

In its opinion, Morgan Stanley noted that it is not a legal, tax or regulatory advisor and that as financial advisor it relied upon, without independent verification, the assessment of Schering-Plough and Merck and their legal, tax or regulatory advisors with respect to such matters. Morgan Stanley expressed no opinion with respect to the fairness of the amount or nature of the compensation to any of Schering-Plough s officers, directors or employees, or any class of such persons, relative to the consideration to be received by the holders of shares of Schering-Plough s common stock in the transaction. Morgan Stanley did not make any independent valuation or appraisal of the assets or liabilities of Schering-Plough or Merck, nor was it furnished with any such appraisals. Morgan Stanley s opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to it as of, the date of the opinion. Events occurring after the date of the opinion may affect Morgan Stanley s opinion and the assumptions used in preparing it, and Morgan Stanley did not assume any obligation to update, revise or reaffirm its opinion. Morgan Stanley s opinion did not in any manner address the prices at which Schering-Plough s common stock or Merck s common stock would trade following the announcement of the transaction or at any other time.

In arriving at its opinion, Morgan Stanley was not authorized to solicit, and did not solicit, interest from any party with respect to an acquisition, business combination or other extraordinary transaction, involving Schering-Plough, nor did it negotiate with any party other than Merck.

The following is a brief summary of the material analyses performed by Morgan Stanley in connection with its opinion dated March 8, 2009. This summary of financial analyses includes information presented in tabular format. In order to fully understand the financial analyses used by Morgan Stanley, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. The analyses listed in the tables and described below must be considered as a whole; considering any portion of such analyses and of the factor considered, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying Morgan Stanley s fairness opinion. For purposes of its analyses, Morgan Stanley utilized projections based on Wall Street analyst consensus estimates for each of Schering-Plough and Merck and Schering-Plough management forecasts and Merck management forecasts.

Transaction Premium Analysis. Morgan Stanley calculated the implied premium of the offer value, based on the merger consideration per share of Schering-Plough s common stock of $10.50 in cash and 0.5767 shares of Merck s common stock, to the average price of Schering-Plough s common stock. The average prices of Schering-Plough s common stock and Merck s common stock for these calculations were derived from their closing prices on March 5, 2009, for periods varying from one calendar month to three calendar years. Morgan Stanley selected March 5, 2009 for the purpose of its analyses because that was the last trading day before publication of media reports of a potential transaction involving Schering-Plough. The following table summarizes Morgan Stanley s analysis:

Range	Merck Average Price per Share of Common Stock	Implied Offer Value	Schering-Plough Average Price per Share of Common Stock	Implied Premium to Schering-Plough Average Price
Unaffected	$ 22.74	$ 23.61	$ 16.32	45%
1 calendar month	$ 27.29	$ 26.24	$ 18.19	44%
3 calendar months	$ 28.13	$ 26.72	$ 17.82	50%
6 calendar months	$ 28.64	$ 27.01	$ 16.85	60%
1 calendar year	$ 33.37	$ 29.74	$ 18.09	64%
2 calendar years	$ 42.48	$ 35.00	$ 23.26	50%
3 calendar years	$ 41.64	$ 34.51	$ 22.53	53%

The premium of 44.7% is based on Merck s unaffected share price as of March 6, 2009 and on Schering-Plough s unaffected share price as of March 5, 2009.

Morgan Stanley also noted that the merger consideration had an implied value of $23.61 per share of Schering-Plough s common stock based upon the closing price of Merck s common stock on March 6, 2009, the last trading day prior to announcement of the proposed transaction, and that based on such value, an all-stock transaction using Merck s closing stock price on March 6, 2009 would have resulted in an exchange ratio of 1.038 shares of Merck s common stock for each share of Schering-Plough s common stock. Morgan Stanley compared this exchange ratio to the closing price of Schering-Plough s common stock relative to Merck s common stock over varying periods of time and calculated the implied exchange ratio premium for each such period. The following table summarizes Morgan Stanley s analysis:

Time Period	Exchange Ratio	Implied Exchange Ratio Premium
3 calendar months	0.635x	64%
6 calendar months	0.589x	76%
1 calendar year	0.551x	89%
2 calendar years	0.552x	88%
3 calendar years	0.544x	91%

Premia Paid Analysis. Morgan Stanley performed a premia paid analysis based upon the premia paid in 23 selected public company transactions that were announced between December 2, 1998 and January 26, 2009 in which the target company was a publicly traded pharmaceutical company and the transaction value was greater than $5 billion. The following table summarizes Morgan Stanley s analysis of these transactions:

Precedent Transactions Premia	**Premium to Price 1-Day Prior to Announcement**
Mean	26.6%
Median	28.8%
High	52.9%
Low	(1.1)%

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Morgan Stanley selected a representative range of implied premia and applied this range of premia to the unaffected price of Schering-Plough s common stock of $16.32 as of March 5, 2009. The following summarizes Morgan Stanley s analysis:

Precedent Transaction Financial Statistic	Representative Premium Range	Implied Value per Share
Premium to Unaffected Stock Price	25% - 35%	$20.40 - $22.03

Morgan Stanley noted that the consideration to be received by holders of Schering-Plough s common stock pursuant to the merger agreement had an implied value of $23.61 per share, calculated by multiplying the merger exchange ratio of 0.5767 by the closing price of Merck s common stock of $22.74 as of March 6, 2009 plus $10.50 in cash. Morgan Stanley also noted that Schering-Plough s closing share price was $16.32 as of March 5, 2009 and $17.63 as of March 6, 2009.

No company or transaction utilized in the premia paid analysis is identical to Schering-Plough, Merck or the merger. In evaluating the precedent transactions, Morgan Stanley made judgments and assumptions with regard to general business, market and financial conditions and other matters, which are beyond the control of Schering-Plough and Merck, such as the impact of competition on the business of Schering-Plough, Merck or the industry generally, industry growth and the absence of any adverse material change in the financial condition of Schering-Plough, Merck or the industry or in the financial markets in general, which could affect the public trading value of the companies and the aggregate value of the transactions to which they are being compared.

Comparable Company Analysis. Morgan Stanley performed a comparable company analysis, which attempts to provide an implied value of a company by comparing it to similar companies. Morgan Stanley compared selected financial information for Schering-Plough with publicly available information for comparable pharmaceutical companies that shared similar characteristics with Schering-Plough. The companies used in this comparison included those companies listed below:

U.S Pharmaceutical Companies:

Abbott Laboratories Inc.

Amgen Inc.

Bristol-Myers Squibb Co.

Eli Lilly & Co.

Johnson & Johnson

Merck & Co. Inc.

Pfizer Inc.

European Pharmaceutical Companies:

AstraZeneca P.L.C.

GlaxoSmithKline P.L.C.

Novartis A.G.

Roche Holding A.G.

Sanofi-Aventis S.A.

Based upon Institutional Broker Estimate System, or IBES, consensus estimates for calendar year 2009 earnings per share (EPS) and long-term growth rate of EPS, and using the closing prices as of March 6,

2009 for shares of the comparable companies, Morgan Stanley calculated the following ratios for each of these companies:

- the closing stock price divided by the estimated IBES consensus EPS for calendar year 2009, referred to below as the P/E multiple; and

- the annual dividend divided by the closing stock price, referred to below as the dividend yield.

Based on the analysis of the relevant metrics for each of the comparable companies, Morgan Stanley calculated (i) that the mean P/E multiple was 8.7x and the mean dividend yield was 4.7% and (ii) that Schering-Plough s P/E multiple as of March 5, 2009, was 9.7x and its dividend yield was 1.6%. Based on the relevant financial statistic(s) as provided by Schering-Plough management and publicly available information, Morgan Stanley calculated that the price offered by Merck for each share of Schering-Plough s common stock constituted an implied transaction P/E multiple of 14.0x and this represented an approximately 44% premium to Schering-Plough s P/E multiple as of March 5, 2009.

No company included in the comparable company analysis is identical to Schering-Plough. In evaluating the comparable companies, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters. Many of these matters are beyond the control of Schering-Plough, such as the impact of competition on the business of Schering-Plough and the industry in general, industry growth and the absence of any material adverse change in the financial condition and prospects of Schering-Plough or the industry or in the financial markets in general. Mathematical analysis, such as determining the arithmetic mean or median, or the high or low, is not in itself a meaningful method of using comparable company data.

Equity Research Analyst Price Targets Analysis. Morgan Stanley reviewed and analyzed the price targets for Schering-Plough s common stock and Merck s common stock prepared and published by equity research analysts during the period from February 3, 2009 through March 2, 2009. These targets reflect each analyst s estimate of the future public market trading price of Schering-Plough s common stock and Merck s common stock and are not discounted to reflect present values.

Morgan Stanley noted that the range of undiscounted equity analyst price targets of Schering-Plough s common stock was between $17.00 and $24.00 per share. Morgan Stanley further calculated that using a cost of equity of 9.0% and a discount period of one year, the present value of the equity analyst price target range for Schering-Plough s common stock was approximately $15.60 to $22.02 per share. In connection with its analysis, Morgan Stanley noted that the consideration to be received by holders of Schering-Plough s common stock pursuant to the merger agreement had an implied value of $23.61 per share, calculated by multiplying the merger exchange ratio of 0.5767 by the closing price of Merck s common stock of $22.74 as of March 6, 2009 plus $10.50 in cash. Morgan Stanley also noted that Schering-Plough s closing share price was $16.32 as of March 5, 2009 and $17.63 as of March 6, 2009.

Morgan Stanley also noted that the range of undiscounted equity analyst price targets of Merck s common stock was between $30.00 and $40.00 per share. Morgan Stanley further calculated that using a cost of equity of 9.0% and a discount period of one year, the present value of the equity analyst price target range for Merck s common stock was approximately $27.52 to $36.70 per share. In connection with its analysis, Morgan Stanley noted that Merck s closing share price was $22.74 as of March 6, 2009.

In each case above, the 9.0% cost of equity was selected based on a cost of equity calculation that factored in a company s beta which is a measure of a company s volatility relative to the overall market, a 6% market risk premium and a relevant predicted beta and risk-free rate.

The public market trading price targets published by equity research analysts do not necessarily reflect current market trading prices for Schering-Plough s common stock and Merck s common stock and these estimates are subject to uncertainties, including the future financial performance of Schering-Plough and Merck and future financial market conditions.

Discounted Equity Value Analysis. Morgan Stanley performed a discounted equity value analysis, which is designed to provide insight into the future value of a company s common equity as a function of the

company s future earnings and its current forward price to earnings multiples. The resulting value is subsequently discounted to arrive at a present value for the company s stock price. Morgan Stanley calculated ranges of implied equity values per share for Schering-Plough based on discounted equity values that were based on estimated 2013 EPS utilizing Wall Street analyst estimates and the Schering-Plough management forecasts. In arriving at the estimated equity values per share of Schering-Plough s common stock, Morgan Stanley applied a 9.0x to 11.0x next twelve months price to earnings multiple range to Schering-Plough s expected 2013 earnings per share and discounted those values to present value at an assumed 8.5% to 9.5% cost of equity. Morgan Stanley selected a 9.0x to 11.0x next twelve month price to earnings multiple range based on the next twelve month price to earnings multiples of other pharmaceutical companies that Morgan Stanley viewed as sharing similar characteristics with Schering-Plough and the next twelve month price to earnings multiple of Schering-Plough. Morgan Stanley selected a 8.5% to 9.5% cost of equity range based on a cost of equity calculation that factored in a company s beta which is a measure of a company s volatility relative to the overall market, a 6% market risk premium and a relevant predicted beta and risk-free rate. Morgan Stanley then added the present value of the estimated dividends paid on Schering-Plough s common stock over the period beginning on January 1, 2009 through December 31, 2012. The present value of these dividends was calculated using a 8.5% to 9.5% cost of equity. Based on the calculations set forth above, this analysis implied a range for Schering-Plough s common stock of approximately $16.79 to $21.07 per share based on Wall Street analyst estimates and approximately $18.84 to $23.67 per share based on the Schering-Plough management forecasts. Morgan Stanley noted that the consideration to be received by holders of Schering-Plough s common stock pursuant to the merger agreement had an implied value of $23.61 per share, calculated by multiplying the merger exchange ratio of 0.5767 by the closing price of Merck s common stock of $22.74 as of March 6, 2009 plus $10.50 in cash. Morgan Stanley also noted that Schering-Plough s closing share price was $16.32 as of March 5, 2009 and $17.63 as of March 6, 2009.

Morgan Stanley also calculated ranges of implied equity values per share for Merck based on discounted equity values that were based on estimated 2013 earnings per share utilizing Wall Street analyst estimates and the Merck management projections. In arriving at the estimated equity values per share of Merck s common stock, Morgan Stanley applied a 6.0x to 8.0x next twelve months price to earnings multiple range to Merck s expected 2013 earnings per share and discounted those values to present value at an assumed 8.5% to 9.5% cost of equity. Morgan Stanley selected a 6.0x to 8.0x next twelve month price to earnings multiple range based on the next twelve month price to earnings multiples of other pharmaceutical companies that Morgan Stanley viewed as sharing similar characteristics with Merck and the next twelve months price to earnings multiple of Merck. Morgan Stanley selected a 8.5% to 9.5% cost of equity range based on a cost of equity calculation that factored in a company s beta which is a measure of a company s volatility relative to the overall market, a 6% market risk premium and a relevant predicted beta and risk-free rate. Morgan Stanley then added the present value of the estimated dividends paid on Merck s common stock over the period beginning on January 1, 2009 through December 31, 2012. The present value of these dividends was calculated using a 8.5% to 9.5% cost of equity. Based on the calculations set forth above, this analysis implied a range for Merck s common stock of approximately $19.84 to $25.57 per share based on Wall Street analyst estimates and approximately $24.25 to $31.68 per share based on the Merck management projections. Morgan Stanley noted that the closing stock price of Merck common stock on March 6, 2009 was $22.74.

Discounted Cash Flow Analysis. Morgan Stanley performed a discounted cash flow analysis, which is designed to imply a value of a company by calculating the present value of estimated future cash flows of the company. Morgan Stanley calculated ranges of implied equity values per share for Schering-Plough based on discounted cash flow analyses as of December 31, 2008 utilizing Wall Street analyst estimates and the Schering-Plough management forecasts. In arriving at the estimated equity values per share of Schering-Plough s common stock, Morgan Stanley calculated the sum of the discounted cash flows of the Merck/Schering-Plough cholesterol partnership through 2019 and the five-year discounted cash flows and terminal value of the remainder of Schering-Plough. The terminal value was calculated by applying a range of perpetual free cash flow growth rates ranging from 0.0% to 2.0%. The unlevered free cash flows and the terminal value were then discounted to present values using a range of weighted

average cost of capital from 8.0% to 9.0%. The weighted average cost of capital is a measure of the average expected return on all of a given company s equity securities or debt based on their proportions in such company s capital structure.

Based on the calculations set forth above, this analysis implied a range for Schering-Plough s common stock of approximately $17.48 to $24.98 per share based on Wall Street analyst estimates and approximately $18.76 to $25.01 per share based on the Schering-Plough management forecasts. Morgan Stanley noted that the consideration to be received by holders of Schering-Plough s common stock pursuant to the merger agreement had an implied value of $23.61 per share, calculated by multiplying the merger exchange ratio of 0.5767 by the closing price of Merck s common stock of $22.74 as of March 6, 2009 plus $10.50 in cash. Morgan Stanley also noted that Schering-Plough s closing share price was $16.32 as of March 5, 2009 and $17.63 as of March 6, 2009.

Morgan Stanley also calculated ranges of implied equity values per share for Merck based on discounted cash flow analyses as of December 31, 2008 using Wall Street analyst estimates and the Merck management projections. In arriving at the estimated equity values per share of Merck s common stock, Morgan Stanley calculated the sum of the discounted cash flows of the Merck/Schering-Plough cholesterol partnership through 2019 and the five-year discounted cash flows and terminal value of the remainder of Merck. The terminal value was calculated by applying a range of perpetual free cash flow rates ranging from (2.0%) to 0.0%. The unlevered free cash flows and the terminal value were then discounted to present values using a range of weighted average cost of capital from 8.0% to 9.0%. Based on the calculations set forth above, this analysis implied a range for Merck s common stock of approximately $30.34 to $37.46 per share based on Wall Street analyst estimates and $37.84 to $46.12 per share based on the Merck management projections. Morgan Stanley noted that the closing stock price of Merck common stock on March 6, 2009 was $22.74.

Sum-of-the-Parts Analysis. Morgan Stanley performed a sum-of-the-parts analysis which is designed to imply a value of a company based on the separate valuation of the company s business segments. Morgan Stanley calculated ranges of implied equity values per share for Schering-Plough based on the Schering-Plough management forecasts and assuming a hypothetical disposition of Schering-Plough s Consumer Health, Animal Health, Merck/Schering-Plough cholesterol partnership and *Remicade* divisions. Morgan Stanley valued some of Schering-Plough s divisions using multiple ranges derived from comparable precedent transactions and the others based on discounted cash flow analyses. Morgan Stanley used a 14.0x to 16.0x multiple of estimated 2009 earnings before interest and taxes for Schering-Plough s Consumer Health division and a 9.0x to 11.0x multiple of estimated 2009 earnings before interest and taxes for the Animal Health division. The Merck/Schering-Plough cholesterol partnership was valued assuming a 20% discount to the discounted cash flows through 2019, an 8.0% 9.0% weighted average cost of capital and no terminal value. The *Remicade*/golimumab franchise was valued assuming a 20% discount to the discounted cash flows through 2024, an 8.0% 9.0% weighted average cost of capital, and a (5.0%) to (25.0%) perpetual decline thereafter. The remaining pharmaceutical division was valued at a multiple range of 1.0x to 1.5x estimated 2009 sales. Based on the multiple ranges described above, and including the value of the tax benefit associated with Schering-Plough s accumulated net operating loss, this analysis implied a range for Schering-Plough s common stock of approximately $16.56 to $21.78 per share. Morgan Stanley noted that the consideration to be received by holders of Schering-Plough s common stock pursuant to the merger agreement had an implied value of $23.61 per share, calculated by multiplying the merger exchange ratio of 0.5767 by the closing price of Merck s common stock of $22.74 as of March 6, 2009 plus $10.50 in cash. Morgan Stanley also noted that Schering-Plough s closing share price was $16.32 as of March 5, 2009 and $17.63 as of March 6, 2009.

Synergies Valuation. Morgan Stanley also analyzed the premium paid by Merck as compared to the total value of the $3.5 billion in expected annual, run-rate, pre-tax synergies. The total value of the synergies was calculated using three benchmark methodologies: (i) Morgan Stanley capitalized the $3.5 billion in annual synergies at Merck s 2009 price to earnings multiple of 7.0x; (ii) Morgan Stanley capitalized the $3.5 billion in annual synergies at Merck s and Schering-Plough s blended (based on after-tax earnings before interest and taxes contribution to the combined company) 2009 price to earnings multiple of 7.7x; and (iii) Morgan Stanley calculated the discounted cash flow value of the synergies assuming an 8.5% discount rate; a 7.0x exit multiple applied to 2012 after-tax earnings before interest and taxes of the combined company; costs to achieve synergies of $1.10 per $1.00 of synergies spread equally over

the first full three years after the effective date; and a gradual phase-in of the $3.5 billion in annual synergies over the projected period on the following schedule: 55% in calendar year 2010; 80% in calendar year 2011; 100% in calendar year 2012 and

thereafter. These three benchmarks for the total value of the synergies were then compared to the $12.9 billion total-dollar implied premium of the transaction based on Schering-Plough s stock price as of March 5, 2009. The results of this analysis are outlined below:

Valuation Basis	2009E P/E Multiple Merck (7.0x)	2009E P/E Multiple Blended (7.7x)	DCF Value
	(In billions of dollars)		
Total Value of Synergies	$ 17.1	$ 19.0	$ 17.3
Premium Paid as a Percentage of Total Value of Synergies	75.8%	68.2%	74.6%

Pro Forma Accretion/Dilution Analysis. Based on financial information provided by the management of Merck and Schering-Plough and other publicly available information, Morgan Stanley calculated the pro forma impact of the transaction on the earnings per share of Merck s common stock as a result of the transaction for each of the years ending December 31, 2010 through December 31, 2013 by comparing the projected earnings per share of the pro forma entity and Merck as a standalone entity for each year. This calculation assumed merger consideration of $10.50 per share in cash and 0.5767 shares of Merck s common stock at a share price of $22.74 as of March 6, 2009, among other assumptions. This analysis indicated that the transaction would be modestly accretive to Merck s calendar year 2010 estimated earnings per share and significantly accretive to Merck s calendar years 2011, 2012 and 2013 estimated earnings per share.

Pro Forma Trading Analysis. Morgan Stanley performed a pro forma trading analysis for the purpose of illustrating the potential effect of the combined company trading at various forward multiples on the value of the merger consideration (assuming merger consideration of $10.50 in cash and 0.5767 shares of Merck s common stock per share of Schering-Plough s common stock). For purposes of this analysis, Morgan Stanley reviewed a range of pro forma 2009 price to earnings trading multiples, including Merck s 2009 price to earnings multiple of 7.0x, a blended 2009 price to earnings multiple of 7.7x (based on after-tax earnings before interest and taxes contribution to the combined company), and Schering-Plough s 2009 price to earnings multiple of 9.7x, each of which was based on Wall Street analyst consensus estimates of the combined company s 2009 earnings. Using a 9.0% discount rate (i.e., the midpoint in the 8.5% to 9.5% range of Schering-Plough s cost of equity used by Morgan Stanley for its other analyses), Morgan Stanley then calculated the current value of the merger consideration (assuming merger consideration of $10.50 in cash and 0.5767 shares of Merck s common stock per share of Schering-Plough s common stock), based on Wall Street analyst consensus estimates of 2010 2013 earnings for each of Schering-Plough and Merck, on the one hand, and the combined Merck management and Schering-Plough management forecasts of estimated 2010 2013 earnings, on the other hand. This analysis implied a range for the pro forma entity s common stock of approximately $24.65 to $31.41 per share based on Wall Street analyst consensus estimates, and approximately $24.95 to $34.73 per share based on the Merck management forecasts and Schering-Plough management forecasts.

General