

Merck & Co and Schering-Plough: a Marriage of Convenience?

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Abstracts

The prospects for a major new company

The pharmaceutical industry's appetite for major mergers seems unabated, and the \$41.1 billion Merck & Co/Schering-Plough deal - one of the largest ever mergers in the industry – has been confirmed just a few weeks after Pfizer announced that it would acquire Wyeth.

Several observers have questioned both the timing and the value of the deal, arguing that, for example, the unresolved issue surrounding the potential loss of marketing rights to Remicade and Simponi make a proper valuation of Schering-Plough impossible. Remicade posted sales of US\$2.11 billion in 2008, a major contribution to its US\$14.25 billion prescription pharma revenues.

The combined company faces a number of issues:

Product pipelines, which are seen by some observers as too diverse and lack lustre

Ongoing concerns with Zetia, Vytorin and Vioxx.

Price reductions affecting products such as Gardasil

Loss of patent protection on several blockbuster products in the medium term

Adverse currency exchange rates which particularly affected Schering-Plough most of whose revenues are generated outside of the USA

However, for Merck, the merger is expected to have a number of benefits:

Mitigation of expected revenue-loss for key products whose patents are due to expire in the near-term

Expansion of Merck's international presence

Bolstering of the R&D portfolio, particularly in the area of respiratory products

Minimal overlap in compounds

Significant synergistic opportunities combining sales, marketing, research and other back-office functions.

Easily assess the prospects for the new company!

For a complete and concise assessment turn to this new FirstWord Report Merck & Schering-Plough: a marriage of convenience? Using primary source data and information, this 50-page report presents a timely, comprehensive yet easy-to-read briefing for all executives tracking developments in one of the industry's major company mergers.

This cost-effective report answers key questions:

What are the products most exposed to loss of market exclusivity and what contribution did they make to revenues in 2007 and 2008?

What products will lose patent protection in the medium term

What effect is the merger likely to have on the combined companies' R&D pipelines and where are the synergies?

What products are close to approval in the combined pipeline?

How is the deal being financed?

Contents

EXECUTIVE SUMMARY

RATIONALE FOR THE MERGER

Schering-Plough R&D Pipeline, July 2009
Merck & Co R&D Pipeline, July 2009
Combined R&D Portfolio, by Therapeutic Area, July 2009
Respiratory Pipeline
 Respiratory Franchise – Major On-Market
 Respiratory Franchise – In Development
“Official” Strategic Benefits from the Merger
 Leading Franchises
 Effect on Revenues
 Combined Company: Revenues by Therapeutic Area, 2008
 Merck & Co: Revenues by Geographic Origin, 2008
 Combined Company: Revenues by Geographic Origin, 2008
Financial Benefits of the Transaction

RATIONALE FOR THE MERGER STRUCTURE

Merger Mechanics
Reverse Merger = Change-of-Control?
 Ambiguity of “Change-of-Control” in the Schering-Centocor Distribution Agreement
 Effect of Contractual Ambiguity on Reverse Merger Structure

DEAL STRUCTURE

Future Management
Financing
Ownership

THREATS TO THE DEAL

Johnson & Johnson
Class Action

REACTIONS TO THE MERGER

Merck & Co and Schering-Plough: a Marriage of Convenience?

Employees
Industry Comment

EFFECTS ON THE LOCAL ECONOMY

ANIMAL HEALTH INDUSTRY

R&D DEVELOPMENTS

Merck R&D – Selected Recent Developments
Tredaptive/Cordaptive
Telcagepant
Rolofylline
Schering-Plough R&D – Selected Recent Developments
Loratadine/montelukast
Sugammadex
Sycrest (asenapine)
Simponi
Issues over Simponi
Mometasone/Formoterol Combination
Schering-Plough - Recent Approvals

APPENDIX

Financial Results
Schering-Plough: Major Product Revenues, 2007-2008
Merck & Co: Major Product Revenues, 2007-2008
Recent Quarterly Financials
First Quarter 2009
Second Quarter 2009
Merck & Co: Patent Expiries
Schering-Plough: Patent Expiries

INDEX

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