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HEADCOUNT	33,500
YEAR ESTABLISHED	1971
PHARMA REVENUES*	\$10,461 +19%
TOTAL REVENUES*	\$12,494 +17%
NET INCOME	\$1,143 +325%
R&D BUDGET	\$2,188 +17%

DRUGS APPROVED/LAUNCHED

Drug	Indication
zetia	lipid lowering - monotherapy (Japan)
remicade	pediatric Crohn's disease, psoriatic arthritis (EU)
PEG-intron	chronic hepatitis B (China)
noxafil	serious fungal infections, oropharyngeal candidiasis
suboxone	opioid dependence - sublingual tablets (EU)
temodar	malignant glioma
PEG-intron, rebetol	chronic hepatitis C coinfecting with HIV

DRUGS PENDING APPROVAL

Drug	Indication
garenoxacin	gram+/gram-bacterial infections

DRUGS IN PHASE IIB AND BEYOND

Drug	Indication
asmanex	asthma
caelyx	multiple myeloma
integrilin	early acute coronary syndrome
nasonex	rhinosinusitis, perennial allergic rhinitis (Japan)
pegintron	malignant melanoma
temodar	metastatic melanoma
vytorin	aortic stenosis, renal disease, hypercholesterolemia, acute coronary syndrome

claritin/singulair	seasonal allergic rhinitis
golimumab	inflammatory diseases
mometasone/ formoterol combination	asthma, COPD
sarasar	myelodysplastic syndrome
sch 530348	antiplatelet therapy
asentar	androgen-independent prostate cancer

TOP SELLING DRUGS

Drug	Indication	\$	(+/- %)
zetia/vytorin	cholesterol	\$1,900	59%
remicade	anti-inflammatory	\$1,240	32%
PEG-intron	hepatitis C	\$837	11%
nasonex	allergic rhinitis	\$944	28%
clarinex	allergy	\$722	12%
temodar	oncology (brain)	\$703	20%
claritin (int'l.)	allergy	\$356	-4%
rebetol	hepatitis C	\$311	-6%
Integrilin	coronary disease	\$329	4%
avelox	anti-bacterial	\$304	33%

Account for 73% of total pharma sales, up from 70% in 2005.

* Pharma revenues include \$1.9 billion in sales of Vytorin/Zetia. Merck and Schering-Plough report this as equity income from a joint venture, not as drug revenues. In order to give a clearer idea of Schering-Plough's pharma business, I have reported Vytorin/Zetia income as revenues.

Last year, I wrote that Schering-Plough "can't move into the Lupper ranks without an invitation from a big dance partner," which was my incredibly veiled way of writing, "Merck will buy SP." I'm always happy to be wrong (I'm good at it!). SP has worked to bring itself up to the cusp of the top 12, and slumping results from Abbott and BMS, combined with SP's proposed acquisition of Akzo Nobel's Organon BioSciences unit, may just be enough to propel SP near the Top 10.

SP has yet to complete the Action Agenda detailed by chief executive Fred Hassan four years ago, but it's made great strides during his tenure. It turns out the \$14.4 billion Organon buy is only part of the "Build the Base" phase, not "Breakout." Past phases were "Stabilize," "Repair," and "Turnaround."

Proposed in March 2007, The Organon purchase will bring in nearly \$5 billion in annual revenues (not all from human pharma) as well as an estimated \$500 million in cost savings by 2010. Some analysts are cool on Organon's pipeline, but SP contends that it's quite promising and will integrate well with its own offerings, especially since SP's late-stage pipeline was

looking bare. Said Mr. Hassan, "We expect a smooth and efficient transition that will allow us to unlock more value from the Organon BioSciences products and pipeline than would have been possible on a stand-alone basis."

The company saw more tremendous results from its Zetia/Vytorin joint venture with Merck. (Neither company counts sales from those products in their top line revenues, but I've fudged the numbers a little to reflect Vytorin's contribution.) The companies are working on another cholesterol collaboration (see Merck's profile for information), and SP is also rumored (as reported by WSJ's healthblog) to be working on a combination of Claritin and Merck's Singulair. If true, this will not make Merck happy, since it would cannibalize sales of Merck's #1 drug.

Conventional wisdom was that Mr. Hassan was in place to prep SP for sale, but the Organon purchase and the success of its Vytorin JV (which reverts to Merck if there's a change of ownership) make it look like SP's planning to stick around for a while. ■