

Merck Merger and Schering-Plough Merger

The combination of Merck and Schering-Plough (the "transaction") was 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 merged into Schering-Plough. We refer to the surviving company in this merger as "New Merck." In the second merger, which we refer to as the Merck merger, a second wholly owned subsidiary of Schering-Plough merged into Merck. Merck continued as the surviving company in the second merger, but as a wholly owned subsidiary of New Merck.

Each shareholder who exchanged shares of Schering-Plough common stock for shares of New Merck common stock and cash in the Schering-Plough merger is referred to as a "Schering-Plough shareholder" below and should read the discussion in the "Schering-Plough Shareholders" section below. Each shareholder who exchanged shares of Merck common stock for shares of New Merck common stock in the Merck merger is referred to as a "Merck shareholder" below and should read the discussion in the "Merck Shareholders" section below.

Determining the actual tax consequences of the transaction to you is complex and will depend on your specific situation. You are urged to read the section titled "Certain Material U.S. Federal Income Tax Consequences" (the "Tax Disclosure") in the joint proxy statement/prospectus dated June 25, 2009 and filed by Schering-Plough and Merck (the "Proxy Statement"), available at www.merck.com/joint_proxy/pdf/special_meeting_joint_proxy.pdf, and to consult your tax adviser to determine the particular tax consequences to you of the transaction. This summary is subject to each of the qualifications and limitations set forth in the Tax Disclosure.

Schering-Plough Shareholders

This summary describes certain material U.S. federal income tax consequences of the Schering-Plough merger to a Schering-Plough shareholder who

- is a U.S. individual citizen or resident,
- holds his or her shares of Schering-Plough common stock as a capital asset within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"), and
- does **not** own (directly or constructively, as determined under the Code) Merck stock at the time of the transaction and does **not** contemporaneously acquire shares in New Merck.

If you are not described in the foregoing sentence or if you are otherwise subject to special treatment under U.S. federal income tax laws, the U.S. federal income tax consequences of the Schering-Plough merger to you may be significantly different from the consequences described below. For example, if you own Merck stock at the time of the transaction or you contemporaneously acquire shares of New Merck, you may be treated for U.S. federal income tax purposes as receiving ordinary dividend income equal to the full amount of cash you receive in the Schering-Plough merger.

Schering-Plough Merger Consideration

Pursuant to the Schering-Plough merger, each share of Schering-Plough common stock will be exchanged for

- (1) \$10.50 in cash, and
- (2) 0.5767 of a share of New Merck common stock.

Tax Treatment of the Schering-Plough Merger Consideration

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 generally will be treated as a redemption in which each exchanging Schering-Plough shareholder retains 0.5767 of each share of Schering-Plough common stock and exchanges the remaining 0.4233 of such share for \$10.50 in cash.

For the cash portion of the merger consideration received in the Schering-Plough merger, Schering-Plough shareholders must calculate taxable capital gain or loss. Each Schering-Plough shareholder generally will recognize capital gain or loss equal to the difference between the cash received and the allocable (that is, 0.4233 of each share) adjusted tax basis of the shares of Schering-Plough common stock considered to be redeemed. Gain or loss is computed separately with respect to each block of Schering-Plough common stock (that is, stock acquired at the same time for the same price).

For example, if a block of 100 shares of Schering-Plough common stock was acquired at one time for the same price, the shares generally will be treated for U.S. federal income tax purposes as follows:

- 0.4233 of each share of Schering-Plough common stock (or, in the aggregate, the equivalent of 42.33 shares of the block of 100 shares of Schering-Plough common stock) will be treated as being redeemed for cash, and capital gain or loss generally will be recognized on such redemption
- 0.5767 of each share of Schering-Plough common stock (or, in the aggregate, the equivalent of the 57.67 shares of New Merck common stock received in the Schering-Plough merger) will be treated as being retained, and gain or loss generally will not be recognized on the receipt of the 57.67 shares of New Merck common stock in the Schering-Plough merger

In the Schering-Plough merger, a Schering-Plough shareholder will receive cash in lieu of fractional shares of New Merck common stock, which will be treated as additional cash proceeds for any fraction of a share of Schering-Plough common stock treated as retained, for purposes of determining gain or loss on the exchange.

Tax Basis and Holding Period of New Merck Common Stock

The aggregate tax basis of the shares of New Merck common stock received in the Schering-Plough merger generally will be equal to the adjusted tax basis in the shares of Schering-Plough common stock exchanged, less the adjusted tax basis allocated to the portion of the shares of Schering-Plough common stock exchanged for cash in the Schering-Plough merger. The holding period of the shares of the New Merck common stock received in the Schering-Plough merger generally will include the holding period of the shares of Schering-Plough common stock exchanged.

Examples**Example #1:**

Shareholder owns a block of 100 shares of Schering-Plough common stock that he or she purchased for \$20 per share.

Cash Received (100 shares x \$10.50)	\$1,050.00
Allocable Tax Basis of Shares Redeemed for Cash (0.4233 x \$20/share x 100 shares)	<u>846.60</u>
Capital Gain on Cash Portion of Merger Consideration	\$ 203.40

Aggregate Tax Basis in New Merck Shares

Original number of Schering-Plough shares	100
Aggregate Tax Basis of Schering-Plough Shares (100 shares x \$20/share)	\$2,000.00
Less Allocable Tax Basis of Shares Redeemed for Cash (0.4233 x \$20/share x 100 shares)	<u>846.60</u>
Aggregate Tax Basis in New Merck Shares	\$1,153.40

Example #2:

Shareholder owns a block of 100 shares of Schering-Plough common stock that he or she purchased for \$30 per share.

Cash Received (100 shares x \$10.50)	\$1,050.00
Allocable Tax Basis of Shares Redeemed for Cash (0.4233 x \$30/share x 100 shares)	<u>\$1,269.90</u>
Capital Loss on Cash Portion of Merger Consideration	\$ 219.90

Aggregate Tax Basis in New Merck Shares

Original number of Schering-Plough shares	100
Aggregate Tax Basis of Schering-Plough Shares (100 shares x \$30/share)	\$3,000.00
Less Allocable Tax Basis of Shares Redeemed for Cash (0.4233 x \$30/share x 100 shares)	<u>1,269.90</u>
Aggregate Tax Basis in New Merck Shares	\$1,730.10

Capital gain or loss generally will be long-term capital gain or loss if the shares of Schering-Plough common stock have been held by the shareholder for more than one year as of the date of the Schering-Plough merger. Currently, long-term capital gain is subject to U.S. federal income tax at a maximum rate of 15%. There are limitations on the deductibility of capital losses.

Merck Shareholders

This summary describes certain material U.S. federal income tax consequences of the Merck merger to a Merck shareholder who

- is a U.S. individual citizen or resident, and
- holds his or her shares of Merck common stock as a capital asset within the meaning of the Code.

If you are not described in the foregoing sentence or if you are otherwise subject to special treatment under U.S. federal income tax laws, the U.S. federal income tax consequences of the Merck merger to you may be significantly different from the consequences described below.

Merck Merger Consideration

Pursuant to the Merck merger, without any action on the part of a Merck shareholder, each share of Merck common stock will be exchanged for one share of New Merck common stock.

Tax Treatment of the Merck Merger Consideration

The Merck merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Code. Assuming the Merck merger qualifies as a reorganization within the meaning of Section 368(a) of the Code, a Merck shareholder generally will not recognize gain or loss upon receipt of shares of New Merck common stock solely in exchange for shares of Merck common stock in the Merck merger.

Tax Basis and Holding Period of New Merck Common Stock

The aggregate tax basis of the shares of New Merck common stock received in the Merck merger generally will be equal to the aggregate tax basis in the shares of Merck common stock surrendered. The holding period of the shares of the New Merck common stock received in the Merck merger generally will include the holding period of the shares of Merck common stock surrendered.

If a Merck shareholder acquired different blocks of Merck shares at different times or at different prices, the shareholder's tax basis and holding period in the shares of New Merck common stock received in the Merck merger may be determined with reference to each block of shares of Merck common stock.

Example:

Shareholder owns a block of 100 shares of Merck common stock that he or she purchased for \$30 per share.

Aggregate Tax Basis in New Merck Shares	
Original number of Merck shares	100
Aggregate Tax Basis of Merck Shares (100 shares x \$30/share)	\$3,000
Aggregate Tax Basis in New Merck Shares	\$3,000

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IRS Circular 230 Disclosure: Any U.S. tax advice herein (or in any attachments hereto) was not intended or written to be used, and cannot be used, by any taxpayer to avoid U.S. tax penalties. Any such tax advice that is used or referred to by others to promote, market or recommend any entity, plan or arrangement should be construed as written in connection with that promotion, marketing or recommendation, and the taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.