

SCHERING PLOUGH CORP

Form 424B3

September 19, 2007

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The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

**Filed Pursuant to Rule 424(B)(3)  
Registration Statement No. 333-145055**

**Subject To Completion: Dated September 19, 2007**

**Prospectus Supplement to Prospectus Dated August 2, 2007**

**Schering-Plough Corporation**  
% Senior Notes due 20

Schering-Plough Corporation is offering principal amount of % Senior Notes due 20 (the Notes ). The Notes will bear interest at % per year and will mature on , 20 . Interest on the Notes is payable on of each year, beginning on , 2008. The Notes will be unsecured obligations and will rank equally with all of Schering-Plough's other unsecured and unsubordinated debt from time to time outstanding. Schering-Plough may redeem some or all of the Notes at any time at 100% of their principal amount plus a make-whole premium. In the event of certain developments involving United States taxation, Schering-Plough may redeem the Notes in whole at any time at their principal amount, together with interest accrued to the date fixed for redemption. The Notes are not subject to any sinking fund.

Schering-Plough has applied to admit the Notes to the Official List of the Irish Stock Exchange and to trading on the Regulated Market of the Irish Stock Exchange. This prospectus supplement on its own does not constitute a prospectus for purposes of Directive 2003/71/EC (the Prospectus Directive ). Schering-Plough cannot assure you that the Notes will be admitted to trade on the Irish Stock Exchange.

*See Risk Factors on page S-7 of this prospectus supplement to read about factors you should consider before buying the Notes.*

**Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.**

	Per Note	Total
Initial price to the public	%	
Underwriting discount	%	
Proceeds, before expenses, to Schering-Plough	%	

The initial public offering price set forth above does not include accrued interest, if any. Interest on the Notes will accrue from \_\_\_\_\_, 2007 and must be paid by purchasers if the Notes are delivered after \_\_\_\_\_, 2007.

The underwriters expect to deliver the Notes in book-entry form only through the facilities of Clearstream Banking, *société anonyme* ( Clearstream ) and Euroclear Bank SA/NV ( Euroclear ) against payment on or about \_\_\_\_\_, 2007.

**Goldman Sachs International**  
*Global Coordinator*

**BNP PARIBAS**

**Credit Suisse**

**JPMorgan**

Prospectus Supplement dated \_\_\_\_\_, 2007.

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No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus supplement or the accompanying prospectus. You must not rely on any unauthorized information or representations. This prospectus supplement is an offer to sell only the Notes, and only under circumstances and in

jurisdictions where it is lawful to do so. The information contained in this prospectus supplement and the accompanying prospectus is current only as of its date.

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference in this prospectus supplement. The second part, the accompanying prospectus, provides more general information, some of which may not apply to this offering. You should read both this prospectus supplement and the accompanying prospectus, together with additional information described below under the heading "Where You Can Find More Information."

If the information contained in this prospectus supplement varies from that contained in the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information provided in or incorporated by reference in this prospectus supplement or the accompanying prospectus. Schering-Plough has not authorized anyone else to provide you with different information. Schering-Plough is not making an offer of any securities in any state where the offer is not permitted. You should not assume that the information in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front cover of those documents and that any information Schering-Plough has incorporated by reference is accurate as of any date other than the date of the document incorporated by reference or such other date referred to in such document, regardless of the time of delivery of this prospectus supplement or any sale or issuance of a security.

**In connection with this issue of Notes, Goldman Sachs International (the "Stabilizing Manager") or persons acting on its behalf may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after [redacted], 2007. However, the Stabilizing Manager or persons acting on its behalf are not under any obligation to do this. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it may end no later than the earlier of 30 days after the issue of the Notes and 60 days after the date of the allotment of Notes. Such stabilization shall be in accordance with all applicable laws, regulations and rules.**

Unless indicated otherwise, or the context otherwise requires, references in this prospectus supplement and the accompanying prospectus to Schering-Plough Corporation, Schering-Plough and the company or similar terms are to Schering-Plough Corporation and its consolidated subsidiaries, unless, in each case, the context clearly indicates otherwise.

The trademarks indicated by CAPITAL LETTERS in this prospectus supplement are the property of, licensed to, promoted or distributed by Schering-Plough Corporation, its subsidiaries or related companies. The trademarks indicated by ® in this prospectus supplement are the property of, licensed to, promoted or distributed by Organon BioSciences N.V., its subsidiaries or related companies.

**FORWARD-LOOKING STATEMENTS**

This prospectus supplement, the accompanying prospectus, the documents incorporated by reference in this prospectus supplement and the accompanying prospectus and other written reports and oral statements Schering-Plough makes from time to time may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to expectations or forecasts of future

events. Schering-Plough uses words such as anticipate, believe, could, estimate, expect, forecast, project, potential, will, and other words and terms of similar meaning in connection with a discussion of potential future events, circumstances or future operating or financial performance. You can also

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identify forward-looking statements by the fact that they do not relate strictly to historical or current facts.

In particular, forward-looking statements include statements relating to future actions; ability to access the capital markets; prospective products or product approvals; timing and conditions of regulatory approvals; patent and other intellectual property protection; future performance or results of current and anticipated products; sales efforts; research and development programs and anticipated spending; estimates of rebates, discounts and returns; expenses and programs to reduce expenses; the anticipated cost of and savings from reductions in work force; the outcome of contingencies such as litigation and investigations; growth strategy; expected synergies, cost savings and acquisition costs related to the planned Organon BioSciences acquisition; financial risks with respect to funding acquisitions; and financial results.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Actual results may vary materially from those anticipated in such forward-looking statements as a result of several factors, some of which are more fully described in the Risk Factors section beginning on page S-7 of this prospectus supplement and in the reports to the Securities and Exchange Commission incorporated by reference into this prospectus supplement and the accompanying prospectus, and there are no guarantees about the financial and operational performance or the performance of your investment. Schering-Plough does not assume the obligation to update any forward-looking statement for any reason.

**EXCHANGE RATES**

The following table sets forth, for the periods indicated, information concerning the noon buying rate for euro, expressed in U.S. dollars per 1.00. The rates set forth below are provided solely for your convenience and were not used in the preparation of the Organon BioSciences combined financial statements and accompanying notes included in the accompanying prospectus or the unaudited pro forma condensed combined financial statements and accompanying notes included elsewhere in this prospectus supplement. The noon buying rate is the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York.

**Noon Buying Rate**

	<b>Period End</b>	<b>Average<sup>(1)</sup></b>	<b>High</b>	<b>Low</b>
Year:				
2004	1.3538	1.2478	1.3625	1.1801
2005	1.1842	1.2400	1.3476	1.1667
2006	1.3197	1.2665	1.3327	1.1860
2007 (through September 18, 2007)	1.3869	1.3448	1.3904	1.2904

<sup>(1)</sup> The average of the noon buying rate for euro on the last day of each full month during the relevant year or period.

The noon buying rate for euro on September 18, 2007 was \$1.3869.



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**SUMMARY**

*This summary highlights information contained elsewhere or incorporated by reference in this prospectus supplement, the accompanying prospectus and in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. This summary does not contain all of the information that you should consider before buying these Notes. You should read the entire prospectus supplement and the accompanying prospectus carefully, including the section titled Risk Factors beginning on page S-7 of this prospectus supplement and in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, before making an investment decision.*

**Schering-Plough Corporation**

***Overview***

Schering-Plough is a global science-based company that discovers, develops and manufactures pharmaceuticals for three customer markets — human prescription, consumer and animal health. While most of the research and development activity is directed toward prescription products, there are important applications of this central research and development platform into the consumer healthcare and animal health products. Schering-Plough also accesses external innovation via partnering, in-licensing and acquisition for all three customer markets.

***Strategy Focused on Science***

Earlier this decade, Schering-Plough experienced a number of business, regulatory, and legal challenges. In April 2003, the Board of Directors named Fred Hassan as the new Chairman of the Board and Chief Executive Officer of Schering-Plough Corporation. With support from the Board, he initiated a strategic plan, with the goal of stabilizing, repairing and turning around Schering-Plough in order to build long-term shareholder value. He also recruited a new senior executive team. That strategic plan, the Action Agenda, is a six- to eight-year, five-phase plan. In October 2006, Schering-Plough announced that it entered the fourth phase of the Action Agenda — Build the Base. During the Build the Base phase, Schering-Plough continues to focus on its strategy of value creation across a broad front, including:

growing the business;

penetrating new markets;

expanding the product portfolio for Schering-Plough's three customer markets — human pharmaceutical, consumer healthcare and animal health; and

discovering and developing or acquiring new products.

As part of the Build the Base phase, in March 2007 Schering-Plough announced its planned acquisition of Organon BioSciences N.V., referred to as Organon BioSciences or the OBS Group, for approximately \$11 billion in cash. This planned acquisition further supports Schering-Plough's value creation strategy.

A key component of the Action Agenda is applying science to meet unmet medical needs. Research and development activities focus on mechanisms to treat serious diseases. As a result, a core strategy of Schering-Plough is to invest substantial funds in scientific research with the goal of creating therapies and treatments that address important unmet medical needs and also have commercial value. Consistent with this core strategy, Schering-Plough has been

increasing its investment in research and development. Schering-Plough's progressing pipeline includes drug candidates across a wide range of therapeutic areas with more than 20 compounds now approaching or in Phase I development. As Schering-Plough continues to develop the later phase growth-drivers of

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the pipeline (e.g., thrombin receptor antagonist, golimumab, vicriviroc and HCV protease inhibitor), it anticipates higher spending on clinical trial activities.

As part of the Action Agenda, Schering-Plough is enhancing infrastructure, upgrading processes and systems and strengthening talent both the recruitment of talented individuals and the development of key employees. While these efforts are being implemented on a companywide basis, Schering-Plough is focusing especially on research and development to support Schering-Plough's science-based business.

Schering-Plough's principal executive offices are located at 2000 Galloping Hill Road, Kenilworth, NJ 07033, and Schering-Plough's telephone number is (908) 298-4000. Schering-Plough was incorporated in New Jersey in 1970.

***Planned Organon BioSciences Acquisition***

On March 12, 2007, Schering-Plough announced that its board of directors approved the acquisition of Organon BioSciences, the human and animal health care businesses of Akzo Nobel N.V., referred to as Akzo Nobel, for approximately \$11 billion in cash. Schering-Plough believes the acquisition of Organon BioSciences will be a strong fit strategically, scientifically and financially.

Organon BioSciences will provide Schering-Plough with a strong base of products and businesses. Organon BioSciences' pharmaceutical business, Organon, includes leading products such as Puregon®/Follistim®, a follicle-stimulating hormone for infertility; Esmeron®/Zemuron®, a neuromuscular blocker used in surgical procedures; and NuvaRing® and Implanon® for contraception. In addition, Organon BioSciences' animal health business, Intervet, is one of the top three animal health care companies globally, based on 2006 revenues, with products treating a broad array of animals and disease states.

The acquisition is subject to certain closing conditions, including regulatory approvals from the United States Federal Trade Commission and the European Commission and completion of customary consultation procedures with the Works Council of Organon BioSciences in the Netherlands.

The Organon BioSciences acquisition, which is expected to close by the end of 2007, is anticipated to be accretive to Schering-Plough's earnings per share in the first full year, excluding purchase-accounting adjustments and acquisition-related costs. Schering-Plough expects to achieve annual synergies of approximately \$500 million, however, it is expected that it will take three years from the closing of the acquisition to reach this level of synergies. Schering-Plough will finance the Organon BioSciences acquisition through a mix of cash, equity and debt, including the net proceeds from this offering. This offering is not conditioned upon the completion of the Organon BioSciences acquisition. For more information on the Organon BioSciences acquisition, see "Planned Acquisition of Organon BioSciences N.V." on page S-43.

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**The Offering**

Notes	aggregate principal amount of % Notes due 20 .
Final Maturity Date	, 20 .
Interest Rate	The Notes will bear interest at the rate of % per annum.
Interest Payment Date	of each year, commencing , 2008.
Ranking	The Notes will be unsecured obligations of Schering-Plough and will rank equally with all of its other senior unsecured and unsubordinated indebtedness from time to time outstanding. The Notes will be effectively subordinated to all of Schering-Plough's existing and future secured indebtedness to the extent of the assets securing that indebtedness. The Notes will also be effectively subordinated to all existing and future liabilities of Schering-Plough's subsidiaries.
Further Issuances	Schering-Plough may from time to time, without your consent, increase the size of the issue of the Notes, or issue additional debt securities that may be consolidated and form a single series with the outstanding Notes. See Description of Notes Principal, Maturity and Interest.
Optional Redemption	The Notes will be redeemable as a whole or in part, at Schering-Plough's option at any time, at a redemption price equal to the greater of (1) 100% of the principal amount of the Notes and (2) as calculated by the Quotation Agent, the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on an annual basis (computed on the basis of the actual number of days in the relevant annual interest period, from and including the date from which interest begins to accrue, to, but excluding, the date on which it falls due) using a discount rate equal to the sum of the Reference Dealer Rate plus %, plus accrued and unpaid interest thereon to the date of redemption. See Description of Notes Optional Redemption.
Change of Control Triggering Event	If a Change of Control Triggering Event occurs, Schering-Plough must offer to repurchase the Notes at the redemption price set forth under Description of Notes Change of Control Triggering Event.
Additional Amounts	All payments of principal and interest in respect of the Notes will be made free and clear of, and without deduction or withholding for or on account of any present or future taxes, duties, assessments or other governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by the United States or any political subdivision or taxing authority of or in the United States (collectively, Taxes ), unless such withholding or deduction is required by law.

In the event such withholding or deduction of Taxes is required by law,  
then, subject to certain exceptions,

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Schering-Plough will pay any additional amounts necessary so that the net payment received by each holder, including additional amounts, after the withholding or deduction, will not be less than the amount the holder would have received if those Taxes had not been withheld or deducted. See Description of Notes Additional Amounts.

**Tax Redemption**

If, due to certain reasons, Schering-Plough has or will become obligated to pay additional amounts on the Notes or if there is a substantial probability that Schering-Plough will become obligated to pay additional amounts on the Notes, then Schering-Plough may, on giving not less than 30 days nor more than 60 days notice, at its option, redeem the Notes at any time, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, together with interest accrued and unpaid to the date fixed for redemption. See Description of Notes Tax Redemption.

**Form and Denomination**

The Notes will be issued in fully registered form without interest coupons in minimum denominations of 50,000 and integral multiples of 1,000 in excess thereof. See Description of Notes Principal, Maturity and Interest.

**Clearance and Settlement**

The Notes will be issued in book-entry form through the facilities of Clearstream and Euroclear for the accounts of their participants and will settle in same-day funds.

Beneficial interests in the global notes will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear or Clearstream. Beneficial owners will not be entitled to receive physical delivery of certificated notes, except in certain limited circumstances. See Description of Notes Book-Entry System.

**Listing**

Schering-Plough has applied to admit the Notes to the Official List of the Irish Stock Exchange and to trading on the Regulated Market of the Irish Stock Exchange.

**Listing Agent**

Arthur Cox Listing Services Limited.

**Trustee, Registrar and Transfer Agent**

The Bank of New York.

**Principal Paying Agent**

The Bank of New York, London office.

**Irish Paying Agent**

BNY Financial Services Plc.

**Use of Proceeds**

Schering-Plough intends to use the net proceeds from the sale of the Notes to fund a portion of the purchase price for the planned Organon BioSciences acquisition. If the Organon BioSciences acquisition is not completed, Schering-Plough will use the net proceeds from this offering for general corporate purposes, and Schering-Plough will have broad discretion in allocating the net proceeds from this offering. See Use of Proceeds.

ISIN and Common Code

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The following summary historical financial data have been derived from Schering-Plough's consolidated financial statements and should be read in conjunction with Schering-Plough's 2006 10-K and the second quarter 2007 10-Q, which are incorporated by reference into this prospectus supplement. Schering-Plough's unaudited financial information presented below for the six months ended June 30, 2007 and 2006 reflects all normal and recurring adjustments that, in the opinion of management, are necessary for a fair presentation of Schering-Plough's results of operations and financial position. Results for the six months ended June 30, 2007 are not necessarily indicative of the results to be expected for the full year.

	<b>As of and for the Six Months Ended June 30,</b>		<b>As of and for the Year Ended December 31,</b>		
	<b>2007</b>	<b>2006</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
	<b>(Unaudited)</b>				
	(In millions, except per share data)				
<b>Operating Results</b>					
Net sales	\$ 6,153	\$ 5,369	\$ 10,594	\$ 9,508	\$ 8,272
Equity (income) from cholesterol joint venture	(978)	(666)	(1,459)	(873)	(347)
Income/(loss) before income taxes <sup>(1)</sup>	1,293	780	1,483	497	(168)
Net income/(loss) <sup>(1)(2)</sup>	1,103	630	1,143	269	(947)
Net income/(loss) available to common shareholders	1,060	587	1,057	183	(981)
Diluted earnings/(loss) per common share <sup>(1)</sup>	0.70	0.40	0.71	0.12	(0.67)
Basic earnings/(loss) per common share <sup>(1)</sup>	0.71	0.40	0.71	0.12	(0.67)
Research and development expenses	1,403	1,020	2,188	1,865	1,607
Depreciation and amortization expenses	243	251	568	486	453
<b>Financial Position and Cash Flows</b>					
Property, net	\$ 4,395	\$ 4,396	\$ 4,365	\$ 4,487	\$ 4,593
Total assets	17,061	15,367	16,071	15,469	15,911
Long-term debt	2,414	2,413	2,414	2,399	2,392
Shareholders' equity	8,870	7,968	7,908	7,387	7,556
Capital expenditures	275	192	458	478	489

(1) Operating results for the years ended 2006, 2005 and 2004 include special charges and manufacturing streamlining costs of \$248 million, \$294 million and \$153 million, respectively. Operating results for the six months ended June 30, 2007 and 2006 include special charges and manufacturing streamlining costs of \$12 million and \$138 million, respectively. See Note 2 to the Schering-Plough financial statements in the 2006 10-K incorporated by reference into this prospectus supplement for additional information on these charges that have been incurred in 2006, 2005, and 2004. See also Note 2 to the Schering-Plough financial statements in the second quarter 2007 10-Q incorporated by reference into this prospectus supplement for additional information on these charges that have been incurred in the six months ended June 30, 2007 and 2006.

(2) In 2004, Schering-Plough recorded the tax impact of the intended repatriation of funds under the American Jobs Creation Act of 2004.





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Schering-Plough's consolidated ratio of earnings to fixed charges for the six months ended June 30, 2007 and for the years ended December 31, 2002 through 2006 is set forth below. For the purpose of computing these ratios, earnings consist of income/(loss) before income taxes and equity income, plus fixed charges (other than capitalized interest and preference dividends), amortization of capitalized interest and distributed income of equity investee; and fixed charges and preferred stock dividends consist of interest expense, capitalized interest, preference dividends and one-third of rentals, which Schering-Plough believes to be a reasonable estimate of an interest factor on leases. Schering-Plough includes interest expense or interest income on unrecognized tax benefits as a component of income tax expense. The ratio was calculated by dividing the sum of the fixed charges into the sum of the earnings before taxes and fixed charges.

	<b>Six Months Ended June 30,</b>		<b>Year Ended December 31,</b>			
	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Ratio of earnings to fixed charges and preferred stock dividends	7.4	5.1	1.6	(0.3)*	0.4**	33.2

\* For the year ended December 31, 2004, earnings were insufficient to cover fixed charges and preferred stock dividends by \$332 million.

\*\* For the year ended December 31, 2003, earnings were insufficient to cover fixed charges by \$70 million.

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**RISK FACTORS**

Schering-Plough's business faces significant risks. Before you invest in the Notes, you should carefully consider all of the information included or incorporated by reference in this prospectus supplement and in the accompanying prospectus. In addition, you should carefully consider the following risks in addition to the risks and uncertainties described in Schering-Plough's reports to the SEC incorporated by reference into this prospectus supplement and the accompanying prospectus as the same may be updated from time to time.

Schering-Plough's future operating results and cash flows may differ materially from the results described in the accompanying prospectus and the documents incorporated by reference due to risks and uncertainties related to Schering-Plough's business, including those discussed below. In addition, these factors represent risks and uncertainties that could cause actual results to differ materially from those implied by forward-looking statements contained in this prospectus supplement and the accompanying prospectus and the documents incorporated by reference.

**Risks Related to the Planned Organon BioSciences Acquisition**

*The acquisition of Organon BioSciences is subject to certain closing conditions, including regulatory approvals, that could delay or prevent the completion of the acquisition or change the anticipated structure of the acquisition, which could impact anticipated cost savings from synergies, projected accretion to earnings from the transaction and results of future operations.*

The completion and structure of the Organon BioSciences acquisition is subject to certain outside factors, including regulatory approvals from the European Commission and the Federal Trade Commission.

Schering-Plough expects that the outcome of these proceedings will not impact the anticipated synergies and earnings accretion that Schering-Plough currently expects to achieve upon the acquisition of Organon BioSciences, the integration of the businesses of Schering-Plough and Organon BioSciences, or its plans to complete the acquisition no later than the end of 2007. For example, one of the possible outcomes is that Schering-Plough could be required to divest certain businesses or products; however, Schering-Plough expects that all such divestitures in the aggregate will not be material. Until all regulatory proceedings are concluded, there are no assurances that the outcome of these proceedings will occur in accordance with these expectations.

In addition, the failure to complete the acquisition as currently contemplated could negatively affect Schering-Plough's stock price, future business and results of operations.

*In the event that the Organon BioSciences acquisition does not close by December 30, 2007, Schering-Plough could incur material damages.*

Schering-Plough currently anticipates that it will receive any necessary regulatory approvals and satisfy other closing conditions in sufficient time to close the acquisition of Organon BioSciences on or before December 30, 2007, as required by the binding offer from Schering-Plough to Akzo Nobel. However, were certain regulatory approvals not obtained by that date as a result of a failure by Schering-Plough to use its reasonable best efforts and Schering-Plough does not close by that date, then Schering-Plough might be liable for damages relating to its breach of its obligations to complete the transaction by December 30, 2007, and such damages could be material.

*Schering-Plough will face financial risks in funding the acquisition, which may have a material impact on results of operations and cash flows.*

Schering-Plough intends to fund the acquisition purchase price with a mix of cash, the net proceeds from its offerings of common shares and 6.00% mandatory convertible preferred stock that closed on August 15, 2007 and debt, including the issuance of 6.00% Senior Notes due 2017 and 6.55% Senior Notes due 2037 on September 17, 2007, and the net proceeds from this offering.

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Schering-Plough has obtained a fully committed \$1.1 billion bridge facility to fund any portion of the acquisition cost that has not been provided from the above sources by the acquisition closing date. The bridge facility must be repaid within a year of the acquisition closing date.

Schering-Plough's ability to complete the anticipated debt financing to fund the acquisition and/or repay the bridge facility, and the terms of the debt financing, will depend upon market conditions, and unfavorable conditions could increase costs beyond what is anticipated. Such costs could have a material adverse impact on cash flows or the results of operations or both.

Further, the purchase price is significant and this use of funds will impact the availability of cash flows from operations and the capacity for future issuances of debt or equity or both, all of which could reduce Schering-Plough's flexibility to pursue future acquisitions and other opportunities. In addition, higher debt levels may make Schering-Plough more vulnerable to general adverse economic conditions.

Because Schering-Plough is increasing its debt levels relating to the acquisition, its credit ratings could decline below their current levels. The impact of such decline could reduce the availability of commercial paper borrowing and could increase the interest rate on Schering-Plough's short and long-term debt. Any such increase in cost would negatively impact future cash flows and results of operations.

***The integration of the businesses of Schering-Plough and Organon BioSciences to create a combined company will be a complex process, subject to unforeseen developments, which could impact anticipated cost savings from synergies, expected accretion to earnings and results of future operations.***

As the two companies are combined, the workforces of Schering-Plough and Organon BioSciences will face uncertainties in the interim period from the closing date until the completion of the integration phase. Although substantial efforts will be made to complete the integration phase as quickly as possible, it is difficult to predict how long the integration phase will last.

During the interim period from closing through completion of the integration phase, the workforces of both companies may need to learn to use new processes as work is integrated and streamlined. Further, for those employees of the new combined company who have not in the past worked for a U.S.-based global company, the applicable regulatory requirements are different in a number of respects. While substantial efforts will be made to facilitate smooth integration planning and execution—including thorough training and transparent and motivational employee communications—there may be an increased risk of slower execution of various work processes, repeated execution to achieve quality standards and reputational harm in the event of a compliance failure with new and complex regulatory requirements, even if such a failure were inadvertent. Any such events could have an adverse impact on anticipated cost savings from synergies, anticipated accretion to earnings from the transaction and the results of future operations.

Organon BioSciences currently is a subsidiary of Akzo Nobel, and Akzo Nobel performs certain functions for Organon BioSciences (including information technology, compensation, benefits and other human resources functions). Akzo Nobel and Organon BioSciences had made certain arrangements to separate those functions prior to the time Schering-Plough and Akzo Nobel agreed that Schering-Plough would purchase Organon BioSciences. To date, however, the separation has not been fully completed, and some separation activities are continuing. As a result, Organon BioSciences and Schering-Plough will need to depend on certain services and cooperation from Akzo Nobel for some period after the acquisition closing date to facilitate a smooth transition and complete separation. Unforeseen delays or complications in the transition and separation process or the lack of cooperation from Akzo Nobel could increase integration costs.



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***Schering-Plough has not completed an analysis of change of control or other contractual provisions that may result from the Organon BioSciences acquisition.***

Certain of Organon BioSciences licenses and collaboration, co-development, co-marketing and other agreements may have change of control provisions that may be triggered by the acquisition. Should the final negotiation of these matters result in a loss of rights under these agreements, profits may be materially and adversely affected.

***The acquisition of Organon BioSciences would increase the concentration of Schering-Plough's global operations, particularly in Europe, which would increase the risk that negative events in Europe could have a negative impact on future results of operations.***

The acquisition of Organon BioSciences would further expand Schering-Plough's global human pharmaceutical and animal health businesses, particularly in Europe. Schering-Plough operates in more than 120 countries, and the majority of Schering-Plough's profit and cash flow is generated from its non-U.S. operations. There are inherent risks in increasing the concentration in a particular geographic area. These risks include currency exchange rate volatility; increasing regulation of research and development, product marketing, and product pricing; economic destabilization; political instability or other disruption; or war, terrorism, or a natural disaster that resulted in disruption/destruction in a geographic region where there are substantial business operations. After the acquisition of Organon BioSciences businesses, Schering-Plough would become more vulnerable to these adverse risks were such events to occur in Europe.

***The acquisition of Organon BioSciences would expand Schering-Plough's animal health business worldwide, which would increase the risk that negative events in the animal health industry could have a negative impact on future results of operations.***

Through the acquisition of Organon BioSciences animal health businesses, Schering-Plough's global animal health business will become a more significant business segment. The combined company's future sales of key animal health products could be adversely impacted by a number of factors including interruptions in manufacturing or supply, new competitive developments to treat the same conditions, technological advances, factors affecting production or marketing costs, or pricing actions by one or more of Schering-Plough's competitors. Further, the outbreak of disease carried by animals, such as Bovine Spongiform Encephalopathy ( BSE ), or mad cow disease, could lead to their widespread death and precautionary destruction, which could adversely impact Schering-Plough's results of operations. As the animal health segment of Schering-Plough's business becomes more significant, the impact of any such events on future results of operations would also become more significant.

***Upon the acquisition of Organon BioSciences, Schering-Plough would increase its biologics human and animal health product offerings, including animal health vaccines. Biologics carry unique risks and uncertainties, which could have a negative impact on future results of operations.***

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 E.U., could result in restricted access to, or transport or use of, such materials. If Schering-Plough loses access to sufficient sources of such materials, or if tighter restrictions are imposed on the use of such materials, Schering-Plough may not be able to conduct research activities as planned and may incur additional development costs.





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The development, manufacturing and marketing of biologics are subject to regulation by the FDA, the European Medicines Agency 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 the manufacturing procedures, is required for vaccine candidates and FDA approval for the release of each manufactured lot.

Manufacturing biologics, especially in large quantities, is sometimes complex and may require the use of innovative technologies to handle living micro-organisms. 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.

Biologics are frequently costly to manufacture because the 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.

***Upon the acquisition of Organon BioSciences, Schering-Plough would acquire marketed products and pipeline projects in therapeutic areas not currently covered by Schering-Plough's existing marketed products portfolio and pipeline projects, including women's health and fertility, anesthesia, and neuroscience, each of which carry unique risks and uncertainties which could have a negative impact on future combined results of operations.***

Organon BioSciences markets products in therapeutic areas that are new to Schering-Plough. Each therapeutic area presents a different risk profile, including different benefits and safety issues that must be balanced by Schering-Plough and the regulators as various R&D and marketing decisions are made; unique product liability risks; different patient and prescriber priorities; and different societal pressures. While adding new therapeutic areas may strengthen the business by increasing sales and profits; making the combined company more relevant to patients and prescribers; and diversifying enterprise risk across more areas, such positives may not outweigh the additional risk in a particular therapeutic area or could result in unanticipated costs that could be material.

***If the Organon BioSciences acquisition does not close, Schering-Plough will have broad discretion to use the proceeds from this offering.***

Because the closing of the Organon BioSciences acquisition is subject to a number of closing conditions as described above, Schering-Plough cannot assure you that the acquisition will close. If the acquisition does not close, the Board of Directors will have significant discretion to allocate the proceeds from this offering to other uses.

## **Risks Related to Schering-Plough**

The risks and uncertainties described below related to Schering-Plough's existing business will continue to apply to the combined company after the closing of Schering-Plough's planned acquisition of Organon BioSciences. References to Schering-Plough in this section refer to Schering-Plough before the closing of the acquisition and the combined company from and after the closing of the acquisition.



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***Key Schering-Plough products generate a significant amount of Schering-Plough's profits and cash flows, and any events that adversely affect the market for its leading products could have a material and negative impact on results of operations and cash flows.***

Schering-Plough's ability to generate profits and operating cash flow is largely dependent upon the continued profitability of Schering-Plough's cholesterol franchise, consisting of VYTORIN and ZETIA. In addition, other key products such as REMICADE, NASONEX, PEGINTRON, TEMODAR, CLARINEX, and AVELOX account for a material portion of revenues. As a result of Schering-Plough's dependence on key products, any events that adversely affect the markets for these products could have a significant impact on results of operations. These events include loss of patent protection, increased costs associated with manufacturing, OTC availability of 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.

For example, the profitability of Schering-Plough's cholesterol franchise may be adversely affected by the introduction of multiple generic forms in December 2006 of two competing cholesterol products that lost patent protection earlier in 2006.

***There is a high risk that funds invested in research will not generate financial returns because the development of novel drugs requires significant expenditures with a low probability of success.***

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 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.

***Schering-Plough's success is dependent on the development and marketing of new products, and uncertainties in the regulatory and approval process may result in the failure of products to reach the market.***

Products that appear promising in development may fail to reach market for numerous reasons, including the following:

findings of ineffectiveness, superior safety or efficacy of competing products, or harmful side effects in clinical or pre-clinical testing;

failure to receive the necessary regulatory approvals, including delays in the approval of new products and new indications;

lack of economic feasibility due to manufacturing costs or other factors; and

preclusion from commercialization by the proprietary rights of others.

***Intellectual property protection for innovation is an important contributor to Schering-Plough's profitability. Generic forms of Schering-Plough's products may be introduced to the market as a result of the expiration of patents covering Schering-Plough's products, a successful challenge to Schering-Plough's patents, or the at-risk launch of a generic version of a Schering-Plough product, which may have a material and negative effect on results of operations.***

Intellectual property protection is critical to Schering-Plough's ability to successfully commercialize its products. Upon the expiration or the successful challenge of Schering-Plough's patents covering a product, competitors may introduce lower-priced generic versions of that product, which may include Schering-Plough's well-established products. In recent years, some generic manufacturers have launched generic versions of products before the ultimate resolution of patent

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litigation (commonly known as at-risk product launches). Such generic competition could result in the loss of a significant portion of sales or downward pressures on the prices at which Schering-Plough offers formerly patented products, particularly in the U.S. Patents and patent applications relating to Schering-Plough's significant products are of material importance to Schering-Plough.

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 Schering-Plough's results of operations. Further, recent court decisions relating to other companies' patents in the U.S., as well as the discussion of regulatory initiatives, may result in further erosion of intellectual property protection.

***Patent disputes can be costly to prosecute and defend and adverse judgments could result in damage awards, increased royalties and other similar payments and decreased sales.***

Patent positions can be highly uncertain and patent disputes in the pharmaceutical industry are not unusual. An adverse result in a patent dispute involving Schering-Plough's patents, or the patents of its collaborators, may lead to a loss of market exclusivity and render such patents invalid. An adverse result in a patent dispute involving patents held by a third party may preclude the commercialization of Schering-Plough's products, force Schering-Plough to obtain licenses in order to continue manufacturing or marketing the affected products, which licenses may not be available on commercially reasonable terms, negatively affect sales of existing products or result in injunctive relief and payment of financial remedies.

The potential for litigation regarding Schering-Plough's intellectual property rights always exists and may be initiated by third parties attempting to abridge Schering-Plough's rights, as well as by Schering-Plough in protecting its rights. A generic manufacturer may file an Abbreviated New Drug Application seeking approval after the expiration of the applicable data exclusivity and alleging that one or more of the patents listed in the innovator's New Drug Application are invalid or not infringed. This allegation is commonly known as a Paragraph IV certification. The innovator then has the ability to file suit against the generic manufacturer to enforce its patents. In recent years, generic manufacturers have used Paragraph IV certifications extensively to challenge patents on a wide array of innovative pharmaceuticals, and it is anticipated that this trend will continue. Even if Schering-Plough is ultimately successful in a particular dispute, Schering-Plough may incur substantial costs in defending its patents and other intellectual property rights. See Patent Challenges Under the Hatch-Waxman Act in Part II, Item 1, Legal Proceedings in the second quarter 2007 10-Q, for a list of current Paragraph IV certifications for Schering-Plough products.

***Multi-jurisdictional regulations, including those establishing Schering-Plough's ability to price products, may negatively affect Schering-Plough's sales and profit margins.***

Schering-Plough faces increased pricing pressure globally from managed care organizations, institutions and government agencies and programs that could negatively affect Schering-Plough's sales and profit margins. For example, in the U.S., the Medicare Prescription Drug Improvement and Modernization Act of 2003 contains a prescription drug benefit for individuals who are eligible for Medicare. The prescription drug benefit became effective on January 1, 2006 and is resulting in increased use of generics and increased purchasing power of those negotiating on behalf of Medicare recipients.

In addition to legislation concerning price controls, other trends that could affect Schering-Plough's business include legislative or regulatory action relating to pharmaceutical pricing and reimbursement, health care reform initiatives and drug importation legislation, involuntary approval of medicines for OTC use, consolidation among customers and trends toward managed care and health care costs containment. Increasingly, market approval or reimbursement of products may be impacted by health technology assessments, which seek to condition approval or reimbursement on

an assessment of the impact of health technologies on the healthcare system.

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In the U.S., as a result of the government's efforts to reduce Medicaid expenses, managed care organizations continue to grow in influence, and Schering-Plough faces increased pricing pressure as managed care organizations continue to seek price discounts with respect to Schering-Plough's products.

In other countries, many governmental agencies strictly control, directly or indirectly, the prices at which pharmaceutical products are sold. In these markets, cost control methods including restrictions on physician prescription levels and patient reimbursements; emphasis on greater use of generic drugs; and across-the-board price cuts may decrease revenues internationally.

***Government investigations against Schering-Plough 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.***

Schering-Plough cannot predict whether future or pending investigations to which it 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 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. Attorney's 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 Schering-Plough 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 Schering-Plough or cause those entities or private parties to bring civil claims against it. Schering-Plough also cannot predict whether any investigations will affect its marketing practices or sales. Any such result could have a material adverse impact on Schering-Plough's results of operations, cash flows, financial condition, or its business.

Regardless of the merits or outcomes of any investigations, government investigations are costly, divert management's attention from Schering-Plough's business and may result in substantial damage to Schering-Plough's reputation.

***There are other legal matters in which adverse outcomes could negatively affect Schering-Plough's 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 could subject Schering-Plough to substantial fines, penalties and injunctive or administrative remedies, including exclusion from government reimbursement programs. Any such result could materially and adversely affect Schering-Plough's results of operations, cash flows, financial condition, or its business.

Please refer to "Legal Proceedings" in Item 3 in Schering-Plough's 2006 10-K and Part II, Item 1 in Schering-Plough's second quarter 2007 10-Q for descriptions of significant pending litigation. For the combined company after the acquisition closing date, see also Note 27 of Organon BioSciences' combined financial statements for the years ended December 31, 2006, 2005 and 2004 and Note 17





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to Organon BioSciences unaudited condensed combined interim financial statements for the six months ended June 30, 2007 and 2006 included in the accompanying prospectus.

***Schering-Plough is subject to governmental regulations, and the failure to comply with, as well as the costs of compliance of, these regulations may adversely affect Schering-Plough's financial position and results of operations.***

Schering-Plough's manufacturing facilities and clinical/research practices must meet stringent regulatory standards and are subject to regular inspections. The cost of regulatory compliance, including that associated with compliance failures, can materially affect Schering-Plough's financial position, cash flows and results of operations. Failure to comply with regulations, which include pharmacovigilance reporting requirements and standards relating to clinical, laboratory and manufacturing practices, can result in delays in the approval of drugs, seizure or recalls of drugs, suspension or revocation of the authority necessary for the production and sale of drugs, fines and other civil or criminal sanctions.

For example, in May 2002, Schering-Plough agreed with the FDA to the entry of a Consent Decree to resolve issues related to compliance with current Good Manufacturing Practices at certain of Schering-Plough's facilities in New Jersey and Puerto Rico. The Consent Decree work placed significant additional controls on production and release of products from these sites, which increased costs and slowed production and led to a reduction in the number of products produced at the sites. Further, Schering-Plough's research and development operations were negatively impacted by the Consent Decree because these operations share common facilities with the manufacturing operations.

Schering-Plough also is subject to other regulations, including environmental, health and safety, and labor regulations.

***Developments following regulatory approval may decrease demand for Schering-Plough'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 Schering-Plough's products, including the following:

- the re-review of products that are already marketed;
- new scientific information and evolution of scientific theories;
- the recall or loss of marketing approval of products that are already marketed;
- uncertainties concerning safety 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. These situations also have raised concerns among some prescribers and patients relating to the safety and efficacy of pharmaceutical products in general, which have negatively affected the sales of such products.

In addition, following the wake of recent product withdrawals of other companies and other significant safety issues, health authorities such as the U.S. Food and Drug Administration, the European Medicines Agency and the Pharmaceuticals and Medicines Device Agency 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 the prevalence of negative publicity regarding known side effects of any of Schering-Plough's products, it could

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significantly reduce demand for the product or may require Schering-Plough to remove the product from the market. Further, in the current environment in which all pharmaceutical companies operate, Schering-Plough is at risk for product liability claims for its products.

***New products and technological advances developed by Schering-Plough's competitors may negatively affect sales.***

Schering-Plough operates in a highly competitive industry. Schering-Plough competes with a large number of multinational pharmaceutical companies, biotechnology companies and generic pharmaceutical companies. Many of Schering-Plough's competitors have been conducting research and development in areas served both by Schering-Plough's current products and by those products Schering-Plough is in the process of developing. Competitive developments that may impact Schering-Plough include technological advances by, patents granted to, and new products developed by competitors or new and existing generic, prescription and/or OTC products that compete with products of Schering-Plough or the Merck/Schering-Plough Cholesterol Partnership. In addition, it is possible that doctors, patients and providers may favor those products offered by competitors due to safety, efficacy, pricing or reimbursement characteristics, and as a result Schering-Plough will be unable to maintain its sales for such products.

***Competition from third parties may make it difficult for Schering-Plough to acquire or license new products or product candidates (regardless of stage of development) or to enter into such transactions on terms that permit Schering-Plough to generate a positive financial impact.***

Schering-Plough depends on acquisition and in-licensing arrangements as a source for new products. Opportunities for obtaining or licensing new products are limited, however, and securing rights to them typically requires substantial amounts of funding or substantial resource commitments. Schering-Plough competes for these opportunities against many other companies and third parties that have greater financial resources and greater ability to make other resource commitments. Schering-Plough may not be able to acquire or license new products, which could adversely impact Schering-Plough and its prospects. Schering-Plough may also have difficulty acquiring or licensing new products on acceptable terms. To secure rights to new products, Schering-Plough may have to make substantial financial or other resource commitments that could limit its ability to produce a positive financial impact from such transactions.

***Schering-Plough relies on third-party relationships for its key products, and the conduct and changing circumstances of such third parties may adversely impact the business.***

Schering-Plough has several relationships with third parties on which Schering-Plough depends for many of its key products. Very often these third parties compete with Schering-Plough or have interests that are not aligned with the interests of Schering-Plough. Notwithstanding any contracts Schering-Plough has with these third parties, Schering-Plough may not be able to control or influence the conduct of these parties, or the circumstances that affect them, either of which could adversely impact Schering-Plough.

***Schering-Plough's global operations expose Schering-Plough to additional risks, and any adverse event could have a material negative impact on results of operations.***

Schering-Plough operates in more than 120 countries, and the majority of Schering-Plough's profit and cash flow is generated from international operations. Acquisitions, such as the recently announced purchase of Organon BioSciences, would further expand the size, scale and scope of its global operations. 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 Schering-Plough's ability to manufacture and sell its products in key markets;

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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 Schering-Plough'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.

***Schering-Plough is exposed to market risk from fluctuations in currency exchange rates and interest rates.***

Schering-Plough operates in multiple jurisdictions and as such, virtually all sales are denominated in currencies of the local jurisdiction. Additionally, Schering-Plough has entered and will enter into acquisition, licensing, borrowings or other financial transactions that may give rise to currency and interest rate exposure. Since Schering-Plough cannot, with certainty, foresee and mitigate against such adverse fluctuations, fluctuations in currency exchange rates and interest rates could negatively affect Schering-Plough's results of operations and/or cash flows.

In order to mitigate against the adverse impact of these market fluctuations, Schering-Plough will from time to time enter into hedging agreements. Schering-Plough has entered into foreign currency options to partially mitigate the currency exchange rate risk on the euro purchase price of the Organon BioSciences acquisition. In addition, Schering-Plough has entered into interest rate swaps to partially mitigate interest rate risk associated with financing the purchase of Organon BioSciences. While hedging agreements, such as currency options and interest rate swaps, limit some of the exposure to exchange rate and interest rate fluctuations, such attempts to mitigate these risks are costly and not always successful.

***Insurance coverage for product liability may be limited, cost prohibitive or unavailable.***

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. For certain products, third-party insurance may be cost prohibitive, available on limited terms or unavailable.

***Schering-Plough is subject to evolving and complex tax laws, which may result in additional liabilities that may affect results of operations.***

Schering-Plough is subject to evolving and complex tax laws in its jurisdictions. Significant judgment is required for determining Schering-Plough's tax liabilities, and Schering-Plough's tax returns are periodically examined by various tax authorities. Schering-Plough's 1997-2006 tax returns remain open for examination by the Internal Revenue Service. Schering-Plough may be challenged by the IRS and other tax authorities on positions it has taken in its income tax returns. Although Schering-Plough believes that its accrual for tax contingencies is adequate for all open years, based on past experience, interpretations of tax law, and judgments about potential actions by tax authorities, due to the complexity of tax contingencies, the ultimate resolution of any tax matters may result in payments greater or less than amounts accrued.

In addition, Schering-Plough may be impacted by changes in tax laws including tax rate changes, changes to the laws related to the remittance of foreign earnings, new tax laws and revised tax law interpretations in domestic and foreign jurisdictions.



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**USE OF PROCEEDS**

Schering-Plough estimates that the net proceeds from the sale of the Notes will be approximately \_\_\_\_\_, after deducting the underwriting discounts and estimated offering expenses payable by Schering-Plough.

Schering-Plough intends to use the net proceeds from the sale of the Notes to fund a portion of the approximately \$11 billion purchase price (or \$15.3 billion based on the noon buying rate for euro on September 18, 2007) for the planned Organon BioSciences acquisition, which is expected to close by the end of 2007. Schering-Plough intends to fund the remainder of the acquisition price through a combination of cash on hand, the net proceeds from its recent public offerings of common shares, 6.00% mandatory convertible preferred stock, 6.00% Senior Notes due 2017 and 6.55% Senior Notes due 2037, and debt, which may include borrowings under a committed \$11 billion bridge facility.

If the planned Organon BioSciences acquisition is not completed, Schering-Plough will use the net proceeds from this offering for general corporate purposes, including:

to acquire additional marketed products and pipeline projects (through acquisitions of companies or through product licenses which may include royalties, license fees and milestone payments),

research and development costs,

the repayment of debt,

litigation costs, and

other capital expenses and other operating expenses.

Schering-Plough will invest the net proceeds from this offering in euro or U.S. dollar denominated short-term, interest-bearing, investment-grade obligations and bank deposits until they are applied as described above. If the planned Organon BioSciences acquisition is not completed, Schering-Plough will have broad discretion in allocating the net proceeds from this offering.

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**DESCRIPTION OF NOTES**

The Notes will be issued under an indenture between Schering-Plough and The Bank of New York, as trustee, and as supplemented by a supplemental indenture (which is collectively referred to as the indenture). The following summary of the material provisions of the indenture is qualified in its entirety by the provisions of the indenture, including definitions of certain terms used in the indenture. Wherever Schering-Plough refers to particular sections or defined terms of the indenture, those sections or defined terms are incorporated by reference in this prospectus supplement and accompanying prospectus. For additional information, you should review the indenture that was filed as an exhibit to a Form 8-K with the SEC on November 28, 2003 and the supplemental indenture that will be filed as an exhibit to a Form 8-K and made available at the offices of the Irish Paying Agent.

The following description of the terms of the Notes supplements and modifies the description of the general terms of the debt securities set forth in the accompanying prospectus, which you should read carefully.

**Principal, Maturity and Interest**

The Notes will be initially limited to \_\_\_\_\_ in aggregate principal amount. The Notes will mature on \_\_\_\_\_, 20 \_\_\_\_ . Schering-Plough will issue the Notes in denominations of \$50,000 and integral multiples of \$1,000 in excess thereof.

Schering-Plough may, at any time, without the consent of the holders of Notes, issue additional Notes having the same ranking and the same interest rate, maturity and other terms as the Notes (except for the payment of interest accruing prior to the issue date of the additional Notes or, in some cases, the first interest payment date following the issue date of the additional Notes), and any such additional Notes, together with the Notes offered by this prospectus supplement, will form a single series of the senior debt securities under the indenture.

The Notes will bear interest at the rate of \_\_\_\_\_ % per annum. Interest will accrue from and including \_\_\_\_\_, 2007, and will be payable annually on \_\_\_\_\_ of each year, commencing \_\_\_\_\_, 2008. Schering-Plough will make interest payments to the holders of record of Notes at the close of business on the \_\_\_\_\_ preceding the interest payment date. If any payment date for the Notes is not a business day in New York or Dublin, Ireland, Schering-Plough will make the payment on the next business day, but Schering-Plough will not be liable for any additional interest as a result of the delay in payment. Business day means any Monday, Tuesday, Wednesday, Thursday or Friday that is not a day when banking institutions are authorized or obligated to be closed in The City of New York and, for any place of payment outside The City of New York, in such place of payment, and on which the Trans-European Automated Real-Time Gross Settlement Express Transfer ( TARGET ) System is open for settlement of payment in euros.

Where interest is to be calculated in respect of a period which is equal to or shorter than the relevant interest period, it will be calculated on the basis of the actual number of days in such equal or shorter period, from and including the date from which interest begins to accrue, to, but excluding, the date on which it falls due, divided by the number of days in the relevant interest period (including the first such day but excluding the last).

Principal and interest on the Notes will be payable in euro. If you measure your investment returns by reference to a currency other than euro, an investment in the Notes will entail foreign currency exchange related risks due to, among other factors, possible significant changes in the value of the euro relative to the currency by reference to which you measure the return on your investments, because of economic, political and other factors over which Schering-Plough has no control. Depreciation of the euro against such other currency could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you when payments on the Notes are translated into such other currency. There may also be tax consequences for you as a result of any foreign currency exchange gains resulting from an investment in the Notes.





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The trustee, through its corporate trust office in London, England (in such capacity, the paying agent ) will act as Schering-Plough's principal paying agent with respect to the Notes and BNY Financial Services Plc will act as its Irish Paying Agent. Payments of principal, interest and premium, if any, will be made by Schering-Plough through the paying agent to Clearstream and/or Euroclear, as applicable.

No service charge will be made for any registration of transfer, exchange or redemption of the Notes, but Schering-Plough may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection with any such registration of transfer or exchange.

## **Ranking**

The Notes constitute senior debt securities as described in the accompanying prospectus. The Notes will be unsecured obligations of Schering-Plough and will rank equally with all of its other senior unsecured and unsubordinated indebtedness from time to time outstanding. The Notes will be effectively subordinated to all of Schering-Plough's existing and future secured indebtedness to the extent of the assets securing that indebtedness.

Schering-Plough's subsidiaries are separate and distinct legal entities and have no obligation to pay the amounts that will be due on the Notes or to make any funds available for payment of amounts that will be due on the Notes. Schering-Plough's obligations under the Notes will be effectively subordinated to all existing and future liabilities of its subsidiaries. Therefore, Schering-Plough's rights, and the rights of its creditors, including the rights of the holders of the Notes to participate in any distribution of assets of any of Schering-Plough's subsidiaries, if such subsidiary were to be liquidated or reorganized, is subject to the prior claims of the subsidiary's creditors.

## **Optional Redemption**

The Notes will be redeemable as a whole or in part, at Schering-Plough's option at any time, at a redemption price equal to the greater of (1) 100% of the principal amount of the Notes and (2) as calculated by the Quotation Agent, the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on an annual basis (computed on the basis of the actual number of days in the relevant annual interest period, from and including the date from which interest begins to accrue, to, but excluding, the date on which it falls due) using a discount rate equal to the sum of the Reference Dealer Rate plus % , plus accrued and unpaid interest thereon to the date of redemption.

Quotation Agent means the Reference Dealer selected by Schering-Plough.

Reference Dealer means any of Goldman Sachs International, BNP Paribas, Credit Suisse Securities (Europe) Limited and J.P. Morgan Securities Ltd. or their successors.

Reference Dealer Rate means, with respect to any redemption date, the average of the four quotations of the average midmarket annual yield to maturity of the , or, if the applicable security is no longer outstanding, a similar security in the reasonable judgment of the Reference Dealer, at 11:00 a.m. (London time) on the third business day in London preceding such redemption date quoted in writing to the Trustee by the Reference Dealer.

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Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of Notes to be redeemed.

Unless Schering-Plough defaults in payment of the redemption or repurchase price payable pursuant to an optional redemption or a redemption or repurchase described under Tax Redemption or

Change of Control Triggering Event, on and after the applicable redemption or repurchase date, interest will cease to accrue on the Notes or portions thereof called for redemption or repurchase.

If the Notes are listed at such time on the Irish Stock Exchange, Schering-Plough will inform the Exchange of the principal amount of Notes that have not been redeemed or repurchased in connection with any optional redemption or redemption or repurchase described under Tax Redemption or Change of Control Triggering Event.

## **Sinking Fund**

The Notes will not be entitled to the benefit of a sinking fund.

## **Defeasance**

The Notes are subject to Schering-Plough's defeasance option. See Description of Securities Defeasance in the accompanying prospectus.

## **Change of Control Triggering Event**

If a Change of Control Triggering Event occurs with respect to the Notes, unless Schering-Plough has exercised its right to redeem the Notes as described above under Optional Redemption or below under Tax Redemption, you will have the right to require Schering-Plough to repurchase all or any part (equal to 50,000 or an integral multiple of 1,000 in excess thereof) of your Notes pursuant to the offer described below (the Change of Control Offer) on the terms set forth in the indenture. In the Change of Control Offer, Schering-Plough will offer payment in cash equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest, if any, on the Notes repurchased, to the date of purchase (the Change of Control Payment). Within 30 days following any Change of Control Triggering Event, Schering-Plough will mail a notice to you describing the transaction or transactions that constitute the Change of Control Triggering Event and offering to repurchase the Notes on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed (the Change of Control Payment Date), pursuant to the procedures required by the indenture and described in such notice. Schering-Plough will comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended (the Exchange Act), and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Triggering Event provisions of the indenture, Schering-Plough will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control Triggering Event provisions of the indenture by virtue of such conflicts.

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On the Change of Control Payment Date, Schering-Plough will, to the extent lawful:

accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

deposit with the paying agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

deliver or cause to be delivered to the trustee for cancellation the Notes properly accepted together with an officers certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by Schering-Plough.

For purposes of the foregoing discussion of a repurchase at the option of holders upon the occurrence of a Change of Control Triggering Event, the following definitions are applicable:

*Below Investment Grade Rating Event* means the ratings on the Notes are lowered by each of the Rating Agencies and the Notes are rated below an Investment Grade Rating by each of the Rating Agencies on any date from the date of the public notice of an arrangement that could result in a Change of Control until the end of the 60-day period following public notice of the occurrence of the Change of Control (which 60-day period shall be extended so long as the rating of the Notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies); provided that a Below Investment Grade Rating Event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular Change of Control (and thus shall not be deemed a Below Investment Grade Rating Event for purposes of the definition of Change of Control Triggering Event hereunder) if the Rating Agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm or inform the Trustee or Schering-Plough in writing at its or Schering-Plough's request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Below Investment Grade Rating Event).

*Capital Stock* of any Person means any and all shares, interests, rights to purchase, warrants, options, participation or other equivalents of or interests in (however designated) equity of such Person, including any preferred stock and limited liability or partnership interests (whether general or limited), but excluding any debt securities convertible into such equity.

*Change of Control* means the occurrence of any of the following: (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of Schering-Plough's properties or assets and of Schering-Plough's subsidiaries' properties or assets taken as a whole to any person or group of related persons (as that term is used in Section 13(d)(3) of the Exchange Act) (a Group) other than Schering-Plough or one of its subsidiaries; (2) the adoption of a plan relating to Schering-Plough's liquidation or dissolution; (3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any Person or Group becomes the beneficial owner, directly or indirectly, of more than 50% of the then outstanding number of shares of Schering-Plough's Voting Stock; or (4) the first day on which a majority of the members of Schering-Plough's board of directors are not Continuing Directors.

*Change of Control Triggering Event* means the occurrence of both a Change of Control and a Below Investment Grade Rating Event.

*Continuing Director* means, as of any date of determination, any member of Schering-Plough's board of directors who (1) was a member of Schering-Plough's board of directors on the date of the issuance of the Notes; or (2) was nominated for election or elected to Schering-Plough's board of directors with the approval of a majority of the

Continuing Directors who were members of Schering-Plough's board of directors at the time of such nomination or election (either by a specific vote or by

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approval of Schering-Plough's proxy statement in which such member was named as a nominee for election as a director).

*Fitch* means Fitch Ratings.

*Investment Grade Rating* means a rating equal to or higher than BBB- (or the equivalent) by Fitch, Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P.

*Moody's* means Moody's Investors Service, Inc.

*Person* means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity, and includes a person as used in Section 13(d)(3) of the Exchange Act.

*Rating Agencies* means (1) each of Fitch, Moody's and S&P; and (2) if any of Fitch, Moody's or S&P ceases to rate the Notes or fails to make a rating of the Notes publicly available for reasons outside of Schering-Plough's control, a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act, selected by Schering-Plough (as certified by a resolution of Schering-Plough's board of directors) as a replacement agency for Fitch, Moody's or S&P, or all of them, as the case may be.

*S&P* means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

*Voting Stock* of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors, managers or trustees, as applicable.

Schering-Plough's ability to repurchase the Notes pursuant to a Change of Control Offer may be limited by its then-existing financial resources. Even if sufficient funds were otherwise available, the terms of future senior credit facilities and other indebtedness may prohibit Schering-Plough's prepayment of the Notes before the scheduled maturity of the Notes.

**Additional Amounts**

All payments of principal and interest in respect of the Notes will be made free and clear of, and without deduction or withholding for or on account of any present or future taxes, duties, assessments or other governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by the United States or any political subdivision or taxing authority of or in the United States (collectively, "Taxes"), unless such withholding or deduction is required by law. See "Certain United States Federal Income Tax Consequences."

In the event such withholding or deduction of Taxes is required by law, subject to the limitations described below, Schering-Plough will pay to the holder or beneficial owner of any Note that is not a U.S. holder (as defined under "Certain United States Federal Income Tax Consequences") such additional amounts ("Additional Amounts") as may be necessary in order that every net payment by Schering-Plough or any paying agent of principal of or interest on the Notes (including upon redemption), after deduction or withholding for or on account of such Taxes, will not be less than the amount provided for in such Note to be then due and payable before deduction or withholding for or on account of such Taxes.

However, Schering-Plough's obligation to pay Additional Amounts shall not apply to:

(a) any Taxes which would not have been so imposed but for:

(1) the existence of any present or former connection between such holder or beneficial owner (or between a fiduciary, settlor, beneficiary, member or shareholder or other equity owner of, or a person having a power over, such holder or beneficial owner, if such holder or beneficial owner is an estate, a trust, a limited liability company, a partnership, a corporation or other entity) and the United States, including, without limitation, such holder or beneficial

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owner (or such fiduciary, settlor, beneficiary, member, shareholder or other equity owner or person having such a power) being or having been a citizen or resident or treated as a resident of the United States or being or having been engaged in a trade or business in the United States or being or having been present in the United States or having or having had a permanent establishment in the United States;

(2) the failure of such holder or beneficial owner to comply with any requirement under United States tax laws and regulations to establish entitlement to a partial or complete exemption from such Taxes (including, but not limited to, the requirement to provide Internal Revenue Service Forms W-8BEN, Forms W-8ECI, or any subsequent versions thereof or successor thereto, and including, without limitation, any documentation requirement under an applicable income tax treaty); or

(3) such holder's or beneficial owner's present or former status as a personal holding company or a foreign personal holding company with respect to the United States, as a controlled foreign corporation with respect to the United States, as a passive foreign investment company with respect to the United States, as a foreign tax exempt organization with respect to the United States or as a corporation which accumulates earnings to avoid United States federal income tax;

(b) any Taxes imposed by reason of the holder or beneficial owner:

(1) owning or having owned, directly or indirectly, actually or constructively, 10% or more of the total combined voting power of all classes of Schering-Plough's stock;

(2) being a bank receiving interest described in section 881(c)(3)(A) of the Internal Revenue Code; or

(3) being a controlled foreign corporation with respect to the United States that is related to Schering-Plough by stock ownership;

(c) any Taxes which would not have been so imposed but for the presentation by the holder or beneficial owner of such Note for payment on a date more than 10 days after the date on which such payment became due and payable or the date on which payment of the Note is duly provided for and notice is given to holders, whichever occurs later, except to the extent that the holder or beneficial owner would have been entitled to such additional amounts on presenting such Note on any date during such 10-day period;

(d) any Taxes which would not have been so imposed but for the presentation by the holder or beneficial owner of such Note for payment on a date after the date on which such payment became due and payable or the date on which payment of the Note was duly provided for and notice was given to holders, whichever occurs later, imposed solely because of a change in law, regulation or administrative or judicial interpretation that became effective after the day on which the payment became due and payable or the date on which payment of the Note was duly provided for, whichever occurs later;

(e) any estate, inheritance, gift, sales, excise, transfer, personal property, wealth, interest equalization or similar Taxes;

(f) any Taxes which are payable otherwise than by withholding by Schering-Plough or a paying agent from payment of principal of or interest on such Note;

(g) any Taxes which are payable by a holder that is not the beneficial owner of the Note, or a portion of the Note, or that is a fiduciary, partnership, limited liability company or other fiscally transparent entity, but only to the extent that a beneficial owner, a beneficiary or settlor with respect to such fiduciary or member of such partnership, limited liability company or similar entity would not have been entitled to the payment of an additional amount had such



beneficial owner, settlor, beneficiary or member received directly its beneficial or distributive share of the payment;

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(h) any Taxes required to be withheld by any paying agent (which term for purposes of this subparagraph (h) includes Schering-Plough) from any payment of principal of or interest on any Note, if such payment can be made without such withholding by any other paying agent;

(i) any Taxes required to be withheld or deducted where such withholding or deduction is imposed pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such European Council Directive;

(j) any Taxes that would not have been imposed in respect of any Notes or coupon if such Note or coupon had been presented to another paying agent in a Member State of the European Union; or

(k) any combination of items (a), (b), (c), (d), (e), (f), (g), (h), (i) and (j).

For purposes of this section, the mere holding of and receipt of any payment with respect to a Note will not constitute a connection (1) between the holder or beneficial owner and the United States or (2) between a fiduciary, settlor, beneficiary, member or shareholder or other equity owner of, or a person having a power over, such holder or beneficial owner if such holder or beneficial owner is an estate, a trust, a limited liability company, a partnership, a corporation or other entity and the United States.

Any reference in this prospectus supplement and the prospectus, in the indenture or in the Notes to principal or interest shall be deemed to refer also to Additional Amounts which may be payable under the provisions of this section.

Schering-Plough will pay all stamp and other duties, if any, which may be imposed by the United States or any political subdivision thereof or taxing authority therein with respect to the issuance (but not in connection with any subsequent transfer, acquisition or disposition) of the Notes.

Except as specifically provided in the Notes, Schering-Plough will not be required to make any payment with respect to any tax, duty, assessment or other governmental charge imposed by any government or any political subdivision or taxing authority.

In addition, Schering-Plough undertakes that, to the extent permitted by law, it will maintain a paying agent in a Member State of the European Union (if any) that will not require withholding or deduction of tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such European Council Directive.

**Tax Redemption**

In addition to Schering-Plough's option to redeem the Notes as described above under

Optional Redemption, the Notes may be redeemed at the option of Schering-Plough, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, together with interest accrued and unpaid to the date fixed for redemption, at any time, on giving not less than 30 nor more than 60 days' notice pursuant to the procedures described in the indenture, which notice shall be irrevocable, if:

(a) Schering-Plough has or will become obligated to pay Additional Amounts as a result of any change in or amendment to the laws, regulations or rulings of the United States or any political subdivision or any taxing authority of or in the United States affecting taxation, or any change in or amendment to an official application, interpretation, administration or enforcement of such laws, regulations or rulings, which change or amendment is announced or becomes effective on or after \_\_\_\_\_, 2007, or

(b) any action shall have been taken by a taxing authority, or any action has been brought in a court of competent jurisdiction, in the United States or any political subdivision or taxing

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authority of or in the United States, including any of those actions specified in (a) above, whether or not such action was taken or brought with respect to Schering-Plough, or any change, clarification, amendment, application or interpretation of such laws, regulations or rulings shall be officially proposed, in any such case on or after the date of this prospectus supplement, which results (or, in the case of any such proposal, would result if enacted) in a substantial likelihood that Schering-Plough will be required to pay Additional Amounts on the next interest payment date.

However, no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which Schering-Plough would be, in the case of a redemption for the reasons specified in (a) above, or there would be a substantial likelihood that Schering-Plough would be, in the case of a redemption for the reasons specified in (b) above, obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this section, Schering-Plough will deliver to the trustee:

(1) a certificate signed by one of its duly authorized officers stating that Schering-Plough is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have occurred, and

(2) in the case of a redemption for the reasons specified in (a) or (b) above, a written opinion of independent legal counsel of recognized standing to the effect that Schering-Plough has or will become obligated to pay such Additional Amounts as a result of such change or amendment or that there is a substantial likelihood that it will be required to pay such Additional Amounts as a result of such action or proposed change, clarification, amendment, application or interpretation (treating, for this purpose, any such proposed change, clarification, amendment, application or interpretation as actually enacted), as the case may be.

Such notice, once delivered by Schering-Plough to the trustee, will be irrevocable.

**Certain Covenants**

***Consolidation, Merger or Sale***

Under the indenture, Schering-Plough has agreed not to consolidate with or merge into any other corporation or convey or transfer or lease substantially all of its properties and assets to any person, unless:

the person is a corporation or limited liability company organized and validly existing under the laws of the United States or any state thereof or the District of Columbia;

the successor corporation expressly assumes by a supplemental indenture the due and punctual payment of the principal of and any premium or any interest on all the debt securities and the performance of every covenant in the indenture that Schering-Plough would otherwise have to perform as if it were an original party to the indenture;

immediately after giving effect to the consolidation, merger, conveyance, transfer or lease, no default or event of default shall have occurred and be continuing; and

Schering-Plough delivers to the trustee an officers certificate and an opinion of counsel, each stating that the consolidation, merger, conveyance, transfer or lease and the supplemental indenture comply with these provisions.

The successor corporation will assume all of Schering-Plough's obligations under the indenture as if it were an original party to the indenture. After assuming the obligations, the successor corporation will have all of Schering-Plough's rights and powers under the indenture.

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***Limitations on Liens***

Subject to the exceptions described below and those described under the section of this prospectus supplement captioned *Exempted Indebtedness* below, Schering-Plough may not, and may not permit any restricted subsidiary to, create any lien on any principal property or shares of capital stock of any restricted subsidiary without equally and ratably securing the debt securities. This restriction will not apply to permitted liens, including:

liens on principal property existing at the time of its acquisition or to secure the payment of all or part of the purchase price;

with respect to any series of debt securities, any lien existing on the date of issuance of the debt securities;

liens on property or shares of capital stock, or securing indebtedness, of any corporation existing at the time the corporation becomes a restricted subsidiary or is merged into Schering-Plough or into a restricted subsidiary;

liens which secure debt of a restricted security that is owed to Schering-Plough or to another subsidiary or Schering-Plough's debt that is owed to a restricted subsidiary;

liens in connection with the issuance of certain tax-exempt industrial development or pollution control bonds or other similar bonds;

liens in favor of any customer arising in respect of payments made by or on behalf of a customer for goods produced for, or services rendered to, customers in the ordinary course of business not exceeding the amount of those payments;

any extension, renewal or replacement of any lien referred to in any of the previous paragraphs; and

statutory liens, liens for taxes or assessments or governmental charges or levies not yet due or delinquent or which can be paid without penalty or are being contested in good faith, landlord's liens on leased property, easements and other liens of a similar nature as those described above.

***Limitation on Sale and Leaseback Transactions***

Subject to the exceptions described below and those described under the section of this prospectus supplement captioned *Exempted Indebtedness*, sale and leaseback transactions by Schering-Plough or any restricted subsidiary of any principal property are prohibited under capital leases (except for leases for a term, including any renewal thereof, of not more than three years and except for leases between Schering-Plough and a subsidiary or between subsidiaries) unless:

after giving effect to the application of proceeds from the sale and leaseback transaction, Schering-Plough or the restricted subsidiary could incur a mortgage on the property under the restrictions described above under the section of this prospectus supplement captioned *Limitations on Liens* in an amount equal to the attributable debt with respect to the sale and leaseback transaction without equally and ratably securing the debt securities; or

Schering-Plough, within 120 days after the sale or transfer by Schering-Plough or any restricted subsidiary, apply to the retirement of Schering-Plough's funded debt (which is defined as indebtedness for borrowed money having a maturity of, or by its terms extendible or renewable for, a period of more than 12 months after the date of determination of the amount) an amount equal to the greater of:

- (1) the net proceeds of the sale of the principal domestic property sold and leased under such arrangement; or
- (2) the fair market value of the principal domestic property sold and leased, subject to credits for certain voluntary retirements of funded debt.

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### ***Exempted Indebtedness***

Schering-Plough or any restricted subsidiary may create or assume liens or enter into sale and leaseback transactions not otherwise permitted under the provisions regarding limitations on liens and sale and leaseback transactions described above, so long as at that time and immediately after giving effect to the lien or sale and leaseback transaction, the sum of Schering-Plough's and its consolidated subsidiaries' aggregate outstanding indebtedness incurred after the date of the indenture and secured by the liens relating to principal properties, that are not otherwise permitted, plus that related to sale and leaseback transactions, that are not otherwise permitted, does not exceed 10% of consolidated net tangible assets.

### ***Certain Definitions***

The following are the meanings of terms that are important in understanding the covenants previously described:

*attributable debt* means the present value (discounted at a specified rate each year to be determined by Schering-Plough to be appropriate and consistent with U.S. generally accepted accounting principles) of the obligations for rental payments required to be paid during the remaining term of any lease of more than 12 months.

*consolidated net tangible assets* means the total assets of Schering-Plough and its consolidated subsidiaries as shown on or reflected in Schering-Plough's most recent quarterly or annual, as applicable, balance sheet, less (1) all current liabilities, excluding current liabilities which could be classified as long-term debt under U.S. generally accepted accounting principles and current liabilities which are by their terms extendible or renewable at the obligor's option to a time more than 12 months after the time as of which the amount of current liabilities is being computed; (2) advances to entities accounted for on the equity method of accounting; and (3) intangible assets. In this context, *intangible assets* means the aggregate value, net of any applicable reserves, as shown on or reflected in Schering-Plough's balance sheet, of (a) all trade names, trademarks, licenses, patents, copyrights and goodwill; (b) organizational and development costs; (c) deferred charges, other than prepaid items such as insurance, taxes, interest, commissions, rents and similar items and tangible assets being amortized; and (d) unamortized debt discount and expense, less unamortized premium.

*principal property* means any manufacturing facility having a gross book value in excess of 1% of consolidated net tangible assets that Schering-Plough or any restricted subsidiary owns and located within the United States, excluding its territories and possessions and Puerto Rico, other than any facility or portion of a facility which Schering-Plough's board of directors reasonably determines is not material to the business conducted by Schering-Plough and its subsidiaries as a whole.

*restricted subsidiary* means any subsidiary (1) of which substantially all of the property of is located, and substantially all of the business is carried on, within the United States, excluding its territories and possessions and Puerto Rico; and (2) which owns or operates one or more principal properties (however, *restricted subsidiary* does not include subsidiaries primarily engaged in the business of a finance or insurance company and their branches).

*subsidiary* means each corporation of which more than 50% of the outstanding voting stock is owned, directly or indirectly, by Schering-Plough or one or more of its subsidiaries.

### **Book-Entry System**



Schering-Plough has obtained the information in this section concerning Clearstream and Euroclear and their book-entry systems and procedures from sources that it believes to be reliable. Schering-Plough takes no responsibility for an accurate portrayal of this information. In addition, the description of the clearing systems in this section reflects Schering-Plough's understanding of the

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rules and procedures of Clearstream and Euroclear as they are currently in effect. Those systems could change their rules and procedures at any time.

The Notes will initially be represented by one or more fully registered global notes. Each such global note will be deposited with, or on behalf of, a common depository, and registered in the name of the nominee of the common depository for the accounts of Clearstream and Euroclear. You may hold your interests in the global notes in Europe through Clearstream or Euroclear, either as a participant in such systems or indirectly through organizations which are participants in such systems. Clearstream and Euroclear will hold interests in the global notes on behalf of their respective participating organizations or customers through customers' securities accounts in Clearstream's or Euroclear's names on the books of their respective depositories. Ownership interests in the global notes will be limited to persons that have accounts with Euroclear and/or Clearstream, or persons that hold interests through such participants. Book-entry interests in the Notes and all transfers relating to the Notes will be reflected in the book-entry records of Clearstream and Euroclear.

The distribution of the Notes will be cleared through Clearstream and Euroclear. Any secondary market trading of book-entry interests in the Notes will take place through Clearstream and Euroclear participants and will settle in same-day funds. Owners of book-entry interests in the Notes will receive payments relating to their Notes in euros.

Clearstream and Euroclear have established electronic securities and payment transfer, processing, depository and custodial links among themselves and others, either directly or through custodians and depositories. These links allow securities to be issued, held and transferred among the clearing systems without the physical transfer of certificates. Special procedures to facilitate clearance and settlement have been established among these clearing systems to trade securities across borders in the secondary market.

The policies of Clearstream and Euroclear will govern payments, transfers, exchange and other matters relating to the investor's interest in securities held by them. Schering-Plough has no responsibility for any aspect of the records kept by Clearstream or Euroclear or any of their direct or indirect participants. Schering-Plough also does not supervise these systems in any way.

Clearstream and Euroclear and their participants perform these clearance and settlement functions under agreements they have made with one another or with their customers. You should be aware that they are not obligated to perform or continue to perform these procedures and may modify them or discontinue them at any time.

Except as provided below, owners of beneficial interests in the Notes will not be entitled to have the Notes registered in their names, will not receive or be entitled to receive physical delivery of the Notes in definitive form and will not be considered the owners or holders of the Notes under the indenture, including for purposes of receiving any reports delivered by Schering-Plough or the trustee pursuant to the indenture. Accordingly, each person owning a beneficial interest in a Note must rely on the procedures of the depository and, if such person is not a participant, on the procedures of the participant through which such person owns its interest, in order to exercise any rights of a holder of Notes.

**Clearstream**

Clearstream advises that it is incorporated under the laws of Luxembourg as a professional depository. Clearstream holds securities for its customers and facilitates the clearance and settlement of securities transactions between its customers through electronic book-entry changes in accounts of its customers, thus eliminating the need for physical movement of certificates. Clearstream provides to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in a number of countries.



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Clearstream customers are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through, or maintain a custodial relationship with, a Clearstream customer either directly or indirectly.

**The Euroclear System**

Euroclear has advised Schering-Plough that the Euroclear System was created in 1968 to hold securities for participants in the Euroclear System and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thus eliminating the need for physical movement of certificates and risk from lack of simultaneous transfers of securities and cash. Transactions may now be settled in many currencies, including United States dollars. The Euroclear System provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries.

The Euroclear System is operated by Euroclear Bank SA/NV, under contract with Euroclear Clearance System, S.C., a Belgian cooperative corporation. The Euroclear Operator conducts all operations, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the cooperative. The cooperative establishes policy for the Euroclear System on behalf of Euroclear participants. Euroclear participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to the Euroclear System is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

The Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System and applicable Belgian law govern securities clearance accounts and cash accounts with the Euroclear Operator. Specifically, these terms and conditions govern:

- transfers of securities and cash within the Euroclear System;
- withdrawal of securities and cash from the Euroclear System; and
- receipts of payments with respect to securities in the Euroclear System.

All securities in the Euroclear System are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the terms and conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding securities through Euroclear participants.

Euroclear further advises that investors that acquire, hold and transfer interests in the Notes by book-entry through accounts with the Euroclear Operator or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the relationship between such an intermediary and each other intermediary, if any, standing between themselves and the Notes.

The Euroclear Operator advises that under Belgian law, investors that are credited with securities on the records of the Euroclear Operator have a co-property right in the fungible pool of interests in securities on deposit with the Euroclear Operator in an amount equal to the amount of interests in securities credited to their accounts. In the event of the insolvency of the Euroclear Operator, Euroclear participants would have a right under Belgian law to the return of the amount and type of interests in securities credited to their accounts with the Euroclear Operator. If the Euroclear Operator did not have a sufficient amount of interests in securities on deposit of a particular type to cover the claims

of all Euroclear participants credited with such interests in securities on the Euroclear Operator's records, all Euroclear participants having an amount of interests in securities of such type

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credited to their accounts with the Euroclear Operator would have the right under Belgian law to the return of their pro rata share of the amount of interest in securities actually on deposit.

Under Belgian law, the Euroclear Operator is required to pass on the benefits of ownership in any interests in securities on deposit with it, such as dividends, voting rights and other entitlements, to any person credited with such interests in securities on its records.

## **Clearance and Settlement Procedures**

Schering-Plough understands that investors that hold their Notes through Clearstream or Euroclear accounts will follow the settlement procedures that are applicable to conventional eurobonds in registered form. Notes will be credited to the securities custody accounts of Clearstream and Euroclear participants on the business day following the settlement date, for value on the settlement date. They will be credited either free of payment or against payment for value on the settlement date.

Schering-Plough understands that secondary market trading between Clearstream and/or Euroclear participants will occur in the ordinary way following the applicable rules and operating procedures of Clearstream and Euroclear. Secondary market trading will be settled using procedures applicable to conventional eurobonds in registered form.

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the Notes through Clearstream and Euroclear on days when those systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States.

In addition, because of time-zone differences, there may be problems with completing transactions involving Clearstream and Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the Notes, or to make or receive a payment or delivery of the Notes, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg or Brussels, depending on whether Clearstream or Euroclear is used.

Clearstream or Euroclear will credit payments to the cash accounts of Clearstream customers or Euroclear participants in accordance with the relevant system's rules and procedures, to the extent received by its depository. Clearstream or the Euroclear Operator, as the case may be, will take any other action permitted to be taken by a holder under the indenture on behalf of a Clearstream customer or Euroclear participant only in accordance with its relevant rules and procedures.

Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of the Notes among participants of Clearstream and Euroclear. However, they are under no obligation to perform or continue to perform those procedures, and they may discontinue those procedures at any time.

## **Same-Day Settlement and Payment**

The underwriters will settle the Notes in immediately available funds. Schering-Plough will make principal and interest payments on the Notes in immediately available funds or the equivalent. Secondary market trading between Clearstream customers and Euroclear participants will occur in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional eurobonds in immediately available funds. No assurance can be given as to the effect, if any, of settlement in immediately available funds on trading activity (if any) in the Notes.

**Certificated Notes**

Schering-Plough will issue Notes to you or your nominees, in fully certificated registered form, only if (1) the depository notifies Schering-Plough that it is no longer willing, able or eligible to continue as depository for the Notes and Schering-Plough is unable to locate a qualified successor within 90 days; (2) Schering-Plough, at its option, elects to issue the Notes in certificated form; or

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(3) an event of default has occurred and is continuing under the indenture. If any of the three above events occurs, the trustee will re-issue the Notes in fully certificated registered form and will recognize the registered holders of the certificated notes as holders under the indenture.

Unless and until Schering-Plough issues the Notes in fully certificated, registered form, (1) you will not be entitled to receive a certificate representing your interest in the Notes; (2) all references in this prospectus supplement or in the accompanying prospectus to actions by holders will refer to actions taken by the depository upon instructions from their direct participants; and (3) all references in this prospectus supplement or the accompanying prospectus to payments and notices to holders will refer to payments and notices to the depository, as the registered holder of the Notes, for distribution to you in accordance with its policies and procedures.

**Applicable Law**

The indenture and the Notes will be governed by and construed in accordance with the laws of the State of New York.

**Notices**

All notices to the holders of an interest in the Notes will be given by publication at least once through the Regulatory News System offered by the Irish Stock Exchange through its Companies Announcements Office. Such notices will be deemed to have been given on the date of such publication. For so long as any Notes are represented by global notes, all notices to holders of the Notes will be delivered to Euroclear and Clearstream.

**Listing**

Schering-Plough has applied to admit the Notes to the Official List of the Irish Stock Exchange and to trading on the Regulated Market of the Irish Stock Exchange. The listing application is subject to approval by the Irish Financial Services Regulatory Authority, as competent authority. Arthur Cox Listing Services Limited will be the listing agent for the Notes in Ireland. *Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the issuer in connection with the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the Irish Stock Exchange for the purposes of the Prospectus Directive.* Schering-Plough will use its best efforts to have the Notes listed on the Irish Stock Exchange and to maintain such listing (or a listing on an equivalent exchange) as long as the Notes are outstanding.

Schering-Plough will maintain a paying agent in Dublin, Ireland for as long as any of the Notes are listed on the Irish Stock Exchange. Schering-Plough reserves the right to vary such appointment and will notify the Irish Stock Exchange of such change of appointment.



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**CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES**

The following is a summary of certain U.S. federal income tax consequences relevant to the purchase, ownership, and disposition of the Notes. The following summary is based upon current provisions of the Internal Revenue Code of 1986, as amended, referred to as the Code, Treasury Regulations and judicial and administrative authority, all of which are subject to change, possibly with retroactive effect. State, local and foreign tax consequences are not summarized, nor are tax consequences to special classes of investors including, but not limited to, tax-exempt organizations, insurance companies, banks or other financial institutions, partnerships or other entities classified as partnerships for U.S. federal income tax purposes, dealers in securities, persons liable for the alternative minimum tax, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, and persons that will hold the Notes as a position in a hedging transaction, straddle, conversion transaction or other risk reduction transaction. Tax consequences may vary depending upon the particular status of an investor. The summary is limited to taxpayers who will hold the Notes as capital assets (generally, held for investment) and who purchase the Notes in the initial offering at the initial offering price. Each potential investor should consult with its own tax adviser as to the federal, state, local, foreign and any other tax consequences of the purchase, ownership, and disposition of the Notes.

If an entity treated as a partnership for U.S. federal income tax purposes holds the Notes, the U.S. federal income tax treatment of the partnership and its partners will generally depend on the status of the partners and the activities of the partnership and its partners. A partner in a partnership holding the Notes should consult its own tax advisor with regard to the U.S. federal income tax treatment of an investment therein.

**U.S. Holders**

The discussion in this section is addressed to a holder of the Notes that is a U.S. holder for U.S. federal income tax purposes. You are a U.S. holder if you are a beneficial owner of the Notes that is for U.S. federal income tax purposes (i) a citizen or individual resident of the United States; (ii) a corporation created or organized in the United States or under the laws of the United States or of any State (or the District of Columbia); (iii) an estate whose income is subject to United States federal income tax regardless of its source; or (iv) a trust if (x) a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust or (y) the trust has validly elected to be treated as a U.S. domestic trust.

***Payments of Interest***

Interest on the Notes, other than OID, as discussed below under Original Issue Discount, is taxable to a U.S. holder as ordinary interest income at the time it is received or accrued, depending on the U.S. holder's method of accounting for U.S. federal income tax purposes.

Generally, a U.S. holder utilizing the cash method of accounting for U.S. federal income tax purposes that receives an interest payment denominated in a currency other than the U.S. dollar (a foreign currency) will be required to include in income the U.S. dollar value of that interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. holder is required to include in income the U.S. dollar value of the amount of interest income accrued on a Note during the accrual period. An accrual basis U.S. holder may determine the amount of the interest income to be recognized in accordance with either of two methods. Under the first accrual method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period or, with respect to an accrual period that spans two taxable years, the part of the period within the taxable year. Under the second accrual method, the U.S. holder may elect to determine the amount of income accrued on the basis of the



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exchange rate in effect on the last day of the accrual period or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year. If the last day of the accrual period is within five business days of the date the interest payment is actually received, an electing accrual basis U.S. holder may instead convert that interest payment at the exchange rate in effect on the day of actual receipt. Any election to use the second accrual method will apply to all debt instruments held by the U.S. holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. holder and will be irrevocable without the consent of the IRS.

A U.S. holder utilizing either of the foregoing two accrual methods will recognize ordinary income or loss with respect to accrued interest income on the date of receipt of an interest payment (including, upon the sale of a Note, the receipt of proceeds which include amounts attributable to accrued interest previously included in income). The amount of ordinary income or loss will equal the difference between the U.S. dollar value of the interest payment received (determined on the date the payment is received) in respect of the accrual period and the U.S. dollar value of interest income that has accrued during that accrual period (as determined under the accrual method utilized by the U.S. holder).

Foreign currency received as interest on the Notes will have a tax basis equal to its U.S. dollar value at the time the interest payment is received. Gain or loss, if any, realized by a U.S. holder on a sale or other disposition of that foreign currency will be ordinary income or loss for U.S. federal income tax purposes.

***Original Issue Discount***

The Notes will be treated as issued at an original issue discount (OID, and Notes issued with OID, Discount Notes) for U.S. federal income tax purposes if the excess of the sum of all payments provided under the Notes, other than qualified stated interest payments, as defined below, over the issue price of the Notes is more than a *de minimis* amount, as defined below. Qualified stated interest is generally interest paid on the Notes that is unconditionally payable at least annually at a single fixed rate. The issue price of the Notes will be the first price at which a substantial amount of the Notes are sold to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers.

In general, if the excess of the sum of all payments provided under a Note other than qualified stated interest payments (the stated redemption price at maturity) over its issue price is less than 0.25% of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity (the *de minimis* amount), then such excess, if any, constitutes *de minimis* OID and the Note is not a Discount Note. A U.S. holder of a Note with *de minimis* OID must include such *de minimis* OID in income when principal is paid on the Notes. A U.S. holder will be required to include OID on a Discount Note in income for U.S. federal income tax purposes as it accrues, calculated on a constant-yield method, before the actual receipt of cash attributable to that income, regardless of the U.S. holder's method of accounting for U.S. federal income tax purposes. Under this method, U.S. holders generally will be required to include in income increasingly greater amounts of OID over the life of the Discount Notes.

OID for any accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency will be determined in that foreign currency and then translated into U.S. dollars in the same manner as interest payments accrued by an accrual basis U.S. holder, as described under Payments of Interest above. Upon receipt of an amount attributable to OID in these circumstances, a U.S. holder may recognize ordinary income or loss.

***Dispositions***

Subject to the foreign currency rules discussed below, a U.S. holder will generally recognize capital gain or loss on a sale or exchange of the Notes equal to the difference between the amount



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realized (less any accrued interest not previously included in the U.S. holder's income, which will be taxable as ordinary income) upon the sale or exchange and the U.S. holder's adjusted tax basis in the Notes sold or exchanged. Such capital gain or loss will be long-term capital gain or loss if the U.S. holder's holding period for the Notes sold or exchanged is more than one year. Long-term capital gains of noncorporate taxpayers are generally taxed at a lower maximum marginal tax rate than the maximum marginal tax rate applicable to ordinary income. The deductibility of net capital losses by individuals and corporations is subject to limitations.

The amount realized on the sale or exchange of a Note for an amount in foreign currency will be the U.S. dollar value of that amount on the date the payment is received in the case of a cash basis U.S. holder or, in the case of an accrual basis U.S. holder, on the date of disposition. Gain or loss recognized by a U.S. holder on the sale or exchange of a Note that is attributable to changes in currency exchange rates will be ordinary income or loss and will be characterized as principal exchange gain or loss (and not as interest income or expense). Principal exchange gain or loss will equal the difference between the U.S. dollar value of the U.S. holder's purchase price of the Note in foreign currency determined on the date of the sale or exchange, and the U.S. dollar value of the U.S. holder's purchase price of the Note in foreign currency determined on the date the U.S. holder acquired the Note. The foregoing foreign currency gain or loss will be recognized only to the extent of the total gain or loss realized by the U.S. holder on the sale or exchange of the Note. Any gain or loss recognized by a U.S. holder in excess of foreign currency gain recognized on the sale or exchange of a Note would generally be capital gain or loss.

A U.S. holder will have a tax basis in any foreign currency received on the sale or exchange of a Note equal to the U.S. dollar value of the foreign currency at the time of the sale or exchange. Gain or loss, if any, realized by a U.S. holder on a sale or other disposition of that foreign currency will be ordinary income or loss for U.S. federal income tax purposes.

***Information Reporting and Backup Withholding on U.S. Holders***

Certain U.S. holders may be subject to backup withholding with respect to the payment of interest on the Notes and to certain payments of proceeds on the sale or redemption of the Notes unless such U.S. holders provide proof of an applicable exemption or a correct taxpayer identification number, and otherwise comply with applicable requirements of the backup withholding rules.

Any amount withheld under the backup withholding rules from a payment to a U.S. holder is allowable as a credit against such U.S. holder's U.S. federal income tax, which may entitle the U.S. holder to a refund, provided that the U.S. holder timely provides the required information to the IRS. Moreover, certain penalties may be imposed by the IRS on a U.S. holder who is required to furnish information but does not do so in the proper manner. U.S. holders are urged to consult their own tax advisors regarding the application of backup withholding in their particular circumstances and the availability of and procedure for obtaining an exemption from backup withholding under current Treasury Regulations.

**Non-U.S. Holders**

The discussion in this section is addressed to holders of the Notes that are non-U.S. holders. You are a non-U.S. holder if you are not a U.S. holder or an entity treated as a partnership for U.S. federal income tax purposes.

***Payments of Interest***

No withholding of U.S. federal income tax will apply to a payment of interest on a Note to a non-U.S. holder under the Portfolio Interest Exemption, provided that:

such payment is not effectively connected with the non-U.S. holder's conduct of a trade or business in the United States (or, if certain income tax treaties apply, such payment is not

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attributable to a permanent establishment maintained by the non-U.S. holder within the United States);

the non-U.S. holder does not actually or constructively own 10 percent or more of the total combined voting power of all classes of Schering-Plough stock entitled to vote;

the non-U.S. holder is not a controlled foreign corporation that is related directly or constructively to Schering-Plough through stock ownership;

the non-U.S. holder is not a bank that acquired the Notes in consideration for an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business; and

the non-U.S. holder provides the withholding agent, in accordance with specified procedures, with a statement to the effect that such holder is not a U.S. person (generally through the provision of a properly executed IRS Form W-8BEN or other applicable form).

If a non-U.S. holder cannot satisfy the requirements of the Portfolio Interest Exemption described above, interest paid to a non-U.S. holder with respect to the Notes will be subject to a 30% U.S. withholding tax, or such lower rate as may be specified by an applicable income tax treaty, unless the interest is (i) effectively connected with a trade or business carried on by the non-U.S. holder within the United States (and the non-U.S. holder provides the payor with a Form W-8ECI (or other applicable form)) and (ii) if an income tax treaty applies, attributable to a U.S. permanent establishment or, in the case of an individual, a fixed base maintained by the non-U.S. holder. Interest effectively connected with such trade or business, and, if an income tax treaty applies, attributable to such permanent establishment, will generally be subject to U.S. federal income tax on a net basis at applicable individual or corporate rates. A non-U.S. holder that is a corporation may be subject to a branch profits tax at a 30% rate (or such lower rate as may be specified by an applicable income tax treaty) on the deemed repatriation from the United States of its effectively connected earnings and profits, subject to certain adjustments. Under applicable Treasury Regulations, a non-U.S. holder (including, in certain cases of non-U.S. holders that are entities, the owner or owners of such entities) will be required to satisfy certain certification requirements in order to claim a reduced rate of withholding pursuant to an applicable income tax treaty.

***Dispositions***

A non-U.S. holder generally will not be subject to U.S. federal income or withholding tax on gain realized on the sale or exchange of the Notes so long as:

the gain is not effectively connected with a U.S. trade or business of the non-U.S. holder (or, if a tax treaty applies, the gain is not attributable to a U.S. permanent establishment or, in the case of an individual, a fixed base maintained by such non-U.S. holder); and

in the case of a non-resident alien individual, such non-U.S. holder is not present in the United States for 183 or more days in the taxable year of the sale or disposition and certain other conditions are met.

***Information Reporting and Backup Withholding on Non-U.S. Holders***

Payment of interest, and the tax withheld with respect thereto, is subject to information reporting requirements. These information reporting requirements apply regardless of whether withholding was reduced or eliminated by an applicable income tax treaty or withholding was not required because the interest was effectively connected with a trade or business in the United States conducted by the non-U.S. holder. Copies of the information returns reporting such interest and withholding may also be made available under the provisions of an applicable income tax treaty or

agreement to the tax authorities in the country in which the non-U.S. holder resides. U.S. backup withholding will generally

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apply on payments of interest to a non-U.S. holder unless such non-U.S. holder furnishes to the payor a Form W-8BEN (or other applicable form), or otherwise establishes an exemption.

Payment by a U.S. office of a broker of the proceeds of a sale of the Notes is subject to both backup withholding and information reporting unless the non-U.S. holder, or beneficial owner thereof, as applicable, certifies that it is a non-U.S. holder on Form W-8BEN (or other applicable form), or otherwise establishes an exemption. Subject to exceptions, backup withholding and information reporting generally will not apply to a payment of proceeds from the sale of the Notes if such sale is effected through a foreign office of a broker. Non-U.S. holders are urged to consult their own tax advisors regarding the application of backup withholding in their particular circumstances and the availability of and procedure for obtaining an exemption from backup withholding under current Treasury Regulations.

***EU Savings Tax Directive***

The European Union has adopted a Directive regarding the taxation of savings income. The Directive provides for member states of the European Union (each, a Member State ) to provide to the tax authorities of another Member State details of certain payments of interest and other similar income paid by a person to an individual in that other Member State, except that Austria, Belgium and Luxembourg will instead impose a withholding system for a transitional period unless during such period they elect otherwise. The Directive does not preclude Member States from levying other types of withholding tax.

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**UNDERWRITING**

Schering-Plough and the underwriters for the offering named below will enter into an underwriting agreement with respect to the Notes being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the principal amount of Notes indicated in the following table. Goldman Sachs International is acting as global coordinator, and BNP Paribas, Credit Suisse Securities (Europe) Limited and J.P. Morgan Securities Ltd. are acting as joint bookrunners.

Underwriters	Principal Amount of Notes
Goldman Sachs International	
BNP Paribas	
Credit Suisse Securities (Europe) Limited	
J.P. Morgan Securities Ltd.	
Total	

The underwriters are committed to take and pay for all of the Notes being offered, if any are taken.

Notes sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus supplement. Any Notes sold by the underwriters to securities dealers may be sold at a discount from the initial public offering price of up to % of the principal amount of the Notes. Any such securities dealers may resell any Notes purchased from the underwriters to certain other brokers or dealers at a discount from the initial public offering price of up to % of the principal amount of the Notes. If all the Notes are not sold at the initial offering price, the underwriters may change the offering price and the other selling terms. The offering of the Notes by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

The Notes are a new issue of securities with no established trading market. Schering-Plough has been advised by the underwriters that the underwriters intend to make a market in the Notes but are not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the notes. Schering-Plough has applied to list the Notes on the Irish Stock Exchange.

In connection with the offering, the underwriters may purchase and sell Notes in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of Notes than they are required to purchase in the offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Notes while the offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased notes sold by or for the account of such underwriter in stabilizing or short covering transactions.

These activities by the underwriters, as well as other purchases by the underwriters for their own accounts, may stabilize, maintain or otherwise affect the market price of the Notes. As a result, the price of the Notes may be higher

than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected in the over-the-counter market or otherwise.

Schering-Plough estimates that its share of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately \$750,000.

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Schering-Plough has agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

Goldman, Sachs & Co., an affiliate of Goldman Sachs International, is currently acting as financial advisor to Schering-Plough, for which they are paid usual and customary fees. BNP Paribas Securities Corp., an affiliate of BNP Paribas, is the syndication agent under Schering-Plough's \$2 billion credit agreement entered into on August 9, 2007. Certain of the other underwriters or their affiliates are also lenders under the credit agreement. Additionally, Goldman, Sachs & Co., BNP Paribas Securities Corp., Credit Suisse Securities (Europe) Limited, J.P. Morgan Securities Ltd., or their respective affiliates, have committed to act as lenders under Schering-Plough's \$1.1 billion bridge facility.

In addition, the underwriters and their affiliates have, from time to time, performed, and may in the future perform, various financial advisory, commercial banking, investment banking or underwriting services for Schering-Plough, its subsidiaries or its affiliates for which they received or will receive customary fees and expenses.

The Notes will be offered in the United States through the underwriters either directly or through their respective U.S. broker-dealer affiliates or agents.

**Ireland**

Each underwriter has agreed that:

- (a) it will not underwrite the issue of, or place the Notes, otherwise than in conformity with the provisions of the Irish Investment Intermediaries Act 1995 (as amended), including, without limitation, Sections 9 and 23 thereof and any codes of conduct rules made under Section 37 thereof and the provisions of the Investor Compensation Act 1998;
- (b) it will not underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the Irish Central Bank Acts 1942-1999 (as amended) and any codes of conduct rules made under Section 117(1) thereof; and
- (c) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of the Irish Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued by the Financial Regulator pursuant thereto.

**Belgium**

The prospectus and related documents are not intended to constitute a public offer in Belgium and may not be distributed to the Belgian public. The Belgian Commission for Banking, Finance and Insurance has not reviewed nor approved this document or commented as to its accuracy or adequacy or recommended or endorsed the purchase of Notes.

Each underwriter has represented and agreed that it will not:

- (a) offer for sale, sell or market in Belgium such Notes by means of a public offer within the meaning of the Law of 16 June 2006 on the public offer of investment instruments and the admission to trading of investment instruments on a regulated market; or
- (b) sell Notes to any person qualifying as a consumer within the meaning of Article 1.7° of the Belgian law of 14th July 1991 on consumer protection and trade practices unless such sale is made in compliance with this law and its implementing regulation.



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### **United Kingdom**

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the FSMA )) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### **Italy**

The offering of the Notes has not been registered with CONSOB (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this document or of any other document relating to the Notes be distributed in the Republic of Italy except: (i) to qualified investors (*investitori qualificati*), as defined in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended and Article 31, second paragraph of CONSOB Regulation No. 11522 of 1 July 1998, as amended; and (ii) in circumstances which are exempt from public offer rules pursuant to Article 100 of Legislative Decree no. 58 of 24 February 1998, as amended (the Financial Services Act ) and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14 May 1999, as amended. Any offer, sale or delivery of the Notes or distribution of copies of this document or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be: (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act and Legislative Decree No. 385 of 1 September 1993, as amended (the Banking Act ); (b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and (c) in compliance with any other applicable laws and regulations.

### **France**

This document is not being distributed in the context of a public offering in France within the meaning of Article L.411-1 of the *Code monétaire et financier*, and has therefore not been submitted to the *Autorité des Marchés Financiers* for prior approval and clearance procedure.

Each of the underwriters represents and agrees that it has not offered or sold and will not offer or sell, directly or indirectly, the Notes to the public in France, and has not distributed or caused to be distributed and will not distribute, or cause to be distributed to the public in France, this prospectus supplement, the accompanying prospectus and any other document or material in connection with the offer or sale, or invitation or subscription or purchase, of the Notes, and that such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*) acting for their own account (other than individuals), all as defined in, and in accordance with, Articles L. 411-1, L. 411-2 and D. 411-1 of the French *Code monétaire et financier*.

The Notes may be resold directly or indirectly only in compliance with Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French *Code monétaire et financier*.

### **Switzerland**

No public solicitation of investors or other offering or advertising activities in respect of the Notes can be carried out in Switzerland. The Notes may only be offered by way of private placement to

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banks, securities dealers or other regulated entities, to institutional investors with a professional treasury management, or to a limited number of other investors not exceeding 20.

### **Hong Kong**

The Notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to professional investors within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

### **Japan**

The securities have not been and will not be registered under the Securities and Exchange Law of Japan (the Securities and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

### **Singapore**

Each underwriter has acknowledged that this prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the underwriters have represented and agreed that they have not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell the Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and have not circulated or distributed, nor will they circulate or distribute, this prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

## **VALIDITY OF SECURITIES**

Allen & Overy LLP, New York, New York and McCarter & English LLP are passing upon the validity of the Notes for Schering-Plough. In addition, Susan Ellen Wolf, Esq., the Corporate Secretary, is passing upon certain matters related to this offering. Ms. Wolf is an officer of Schering-Plough and beneficially owns common shares and holds options to purchase additional common shares. Ms. Wolf is eligible to participate in the Schering-Plough Corporation 2006 Stock Incentive Plan and the Schering-Plough Employees Savings Plan and may receive benefits under those plans. Shearman & Sterling LLP, New York, New York, is passing upon certain legal matters for the underwriters.





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**EXPERTS**

The consolidated financial statements, the related financial statement schedule, and management's report on the effectiveness of internal control over financial reporting incorporated in this prospectus supplement and the accompanying prospectus by reference from Schering-Plough's 2006 10-K have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference (which reports (1) express an unqualified opinion on the consolidated financial statements and financial statement schedule and include an explanatory paragraph regarding Schering-Plough's adoption of Statement of Financial Accounting Standards (SFAS) No. 123 (Revised 2004), Share-Based Payment, and SFAS No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans; (2) express an unqualified opinion on management's assessment regarding the effectiveness of internal control over financial reporting; and (3) express an unqualified opinion on the effectiveness of internal control over financial reporting), and have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

With respect to the unaudited interim financial information for the periods ended March 31, 2007 and 2006, and June 30, 2007 and 2006, which is incorporated herein by reference, Deloitte & Touche LLP, an independent registered public accounting firm, have applied limited procedures in accordance with the standards of the Public Company Accounting Oversight Board (United States) for a review of such information. However, as stated in their reports included in Schering-Plough's first and second quarter 2007 10-Q, and incorporated by reference herein, they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their reports on such information should be restricted in light of the limited nature of the review procedures applied. Deloitte & Touche LLP are not subject to the liability provisions of Section 11 of the Securities Act of 1933 for their reports on the unaudited interim financial information because those reports are not reports or a part of the registration statement prepared or certified by an accountant within the meaning of Sections 7 and 11 of the Securities Act.

**WHERE YOU CAN FIND MORE INFORMATION**

Schering-Plough files reports, proxy statements and other information with the SEC. You may read and copy any document Schering-Plough files at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. In addition, the SEC maintains a website that contains reports, proxy statements and other information that Schering-Plough electronically files. The address of the SEC's website is <http://www.sec.gov>. You may also inspect Schering-Plough's SEC reports and other information at the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. In addition, copies of the documents incorporated by reference below, as well as Schering-Plough's articles of incorporation, the underwriting agreement related to the Notes, the indenture related to the Notes and any other material related to the listing, will be available in electronic or printed copy at the offices of the Irish Paying Agent, which is BNY Financial Services Plc, for as long as the Notes are listed on the Irish Stock Exchange and the rules of the exchange so require.

**INCORPORATION OF INFORMATION SCHERING-PLOUGH FILES WITH THE SEC**

The SEC allows Schering-Plough to incorporate by reference the information it files with them, which means:

incorporated documents are considered part of this prospectus;

Schering-Plough can disclose important information to you by referring you to those documents; and

information that Schering-Plough files with the SEC will automatically update and supersede this incorporated information.

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Schering-Plough incorporates by reference the documents listed below, which were filed with the SEC under the Securities Exchange Act of 1934, as amended, referred to as the Exchange Act, (excluding any portions of such documents that have been furnished but not filed for purposes of the Exchange Act):

its 2006 10-K filed with the SEC on February 28, 2007;

its first quarter 2007 10-Q filed with the SEC on April 27, 2007;

its second quarter 2007 10-Q filed with the SEC on July 27, 2007;

its 8-K filed with the SEC on January 29, 2007;

its 8-K filed with the SEC on March 16, 2007;

its 8-K filed with the SEC on April 19, 2007;

its 8-K filed with the SEC on June 28, 2007;

its 8-K filed with the SEC on July 11, 2007;

its 8-K filed with the SEC on July 23, 2007;

its 8-K filed with the SEC on August 13, 2007;

its 8-K filed with the SEC on September 10, 2007;

its 8-K filed with the SEC on September 17, 2007; and

the following sections of its Proxy Statement for the 2007 Annual Meeting of Shareholders on Schedule 14A filed with the SEC on April 20, 2007: Proposal One: Elect Eleven Directors for a One-Year Term,

Section 16(a) Beneficial Ownership Reporting Compliance, Information About the Audit Committee of the Board of Directors and its Practices, Committees of the Board of Directors, Executive Compensation, Director Compensation, Stock Ownership, Certain Transactions, Procedures for Related Party Transactions and Director Independence Assessments, Director Independence, and Proposal Two: Ratify the Designation of Deloitte & Touche LLP to Audit Schering-Plough's Books and Accounts for 2007.

Schering-Plough also incorporates by reference each of the following documents that Schering-Plough will file with the SEC after the date of this prospectus (excluding any portions of such documents that have been furnished but not filed for purposes of the Exchange Act) until the offering of the Notes pursuant to this prospectus supplement and the accompanying prospectus is complete:

reports filed under Section 13(a) and (c) of the Exchange Act;

definitive proxy or information statements filed under Section 14 of the Exchange Act in connection with any subsequent stockholders meeting; and

any reports filed under Section 15(d) of the Exchange Act.

Schering-Plough does not incorporate by reference any information furnished under items 2.02 or 7.01 (or corresponding information furnished under item 9.01 or included as an exhibit) in any past or current Form 8-K filing (unless otherwise indicated).

You may request a copy of any filings referred to above (excluding exhibits not specifically incorporated by reference into the filing), at no cost, by contacting Schering-Plough in writing or by telephone (908-298-7436) at the following address: Investor Relations, Schering-Plough Corporation, 2000 Galloping Hill Road, Kenilworth, NJ 07033.

Documents may also be available on Schering-Plough's website at <http://www.schering-plough.com>. Please note that all references to <http://www.schering-plough.com> in this prospectus supplement are inactive textual references only and that the information contained on Schering-Plough's website is not incorporated by reference into this prospectus supplement or the accompanying prospectus, or intended to be used in connection with the offering of the Notes.

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**PLANNED ACQUISITION OF ORGANON BIOSCIENCES N.V.**

On March 12, 2007, Schering-Plough announced that its board of directors approved the acquisition of Organon BioSciences, the human and animal health care businesses of Akzo Nobel, for approximately 11 billion in cash (\$15.3 billion based on the noon buying rate for euro on September 18, 2007). Schering-Plough believes the acquisition of Organon BioSciences will be a strong fit strategically, scientifically and financially.

Organon BioSciences will provide Schering-Plough with a strong base of products and businesses. Organon BioSciences pharmaceutical business, Organon, includes leading products such as Puregon®/Follistim®, a follicle-stimulating hormone for infertility; Esmeron®/Zemuron®, a neuromuscular blocker used in surgical procedures; NuvaRing®, Implanon®, Marvelon/Desogen® and Mercilon®/Mirecette® for contraception; Livial® for menopause/osteoporosis; Ovestin® for menopause-related symptoms; and Remeron® and Tolvon® for depression.

In addition to the currently marketed products, Organon currently has five compounds in Phase III development, including:

Asenapine, a psychopharmacologic agent for the treatment of patients with schizophrenia and acute mania bipolar disorder;

Sugammadex, for the reversal of neuromuscular blockade induced during surgical procedures;

NOMAC/E2, an oral contraceptive product containing nomegestrol acetate, a novel progesterone, and estriadiol, a natural estrogen;

ORG36286, a long-acting recombinant follicle-stimulating hormone for infertility; and

Esmirtazapine (ORG50081), for the treatment of insomnia and potentially for hot flashes in menopausal women.

Organon BioSciences animal health business, Intervet, is one of the top three animal health care companies globally, based on 2006 revenues. The Intervet business has a strong science base. Intervet's products treat a broad array of animals and disease states. Intervet's products include Nobiva®, a range of canine vaccines; Panacur®, a de-wormer; Bovilis®, a bovine biological for disease control and eradication; and Nobilis®, a poultry vaccine to keep flocks free from infectious disease.

The transaction, which is expected to close by the end of 2007, is anticipated to be accretive to Schering-Plough's earnings per share in the first full year, excluding purchase-accounting adjustments and acquisition-related costs. Schering-Plough expects to achieve annual synergies of approximately \$500 million, however, it is expected that it will take three years from the closing of the acquisition to reach this level of synergies. Schering-Plough will finance the Organon BioSciences acquisition through a mix of cash, equity and debt, including the net proceeds from this offering. Schering-Plough also has a committed 11 billion bridge facility. Any borrowings under the bridge facility may remain outstanding for up to one year following closing.

Schering-Plough and Akzo Nobel have entered into a binding offer letter and have agreed to execute a fully negotiated share purchase agreement upon completion of customary consultation procedures involving the Works Council of Organon BioSciences in the Netherlands. The acquisition is also subject to certain closing conditions, including regulatory approvals from the United States Federal Trade Commission and the European Commission.

Under Dutch law, Organon BioSciences is required to seek the advice of its Works Council regarding the planned acquisition by Schering-Plough. The Works Council issued its initial advice on July 27, 2007 and such advice was positive, subject to various conditions. With the satisfactory conclusion of subsequent discussions among Organon BioSciences, the Works Council and Schering-Plough, and the expiration of a mandatory waiting period, the Works Council has declined to take any formal action relating to the transaction. As a result, the requirements of Dutch law relating to the

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completion of the consultation procedures with the Organon BioSciences Works Council have been met and the corresponding condition to the transaction proceeding has been satisfied.

Schering-Plough has completed customary due diligence, however, Schering-Plough's access to some information during that process was limited because of antitrust regulations. Until Schering-Plough consummates the acquisition, Schering-Plough will not have complete access to information about Organon BioSciences. Further, because Organon BioSciences is not itself a public company, but part of the Akzo Nobel family of companies, public information about Organon BioSciences is limited. For historical financial information about Organon BioSciences, see Organon BioSciences' combined financial statements in the accompanying prospectus.

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**SCHERING-PLOUGH CORPORATION**

**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS**

The following unaudited pro forma condensed combined balance sheet and unaudited pro forma condensed statements of combined operations as of and for the six months ended June 30, 2007 and for the year ended December 31, 2006 have been prepared on a basis consistent with accounting principles generally accepted in the United States of America, referred to as U.S. GAAP, and applicable requirements of the Securities and Exchange Commission (SEC). The unaudited pro forma condensed combined financial statements are derived by applying pro forma adjustments to the combined historical financial statements of Schering-Plough and Organon BioSciences N.V., referred to as Organon BioSciences or the OBS Group, as the case may be, and which comprise the human and animal health businesses of Akzo Nobel N.V. Organon BioSciences' historical audited combined financial statements as of December 31, 2006 and 2005 and for each of the years in the three-year period ended December 31, 2006, and the historical unaudited condensed combined interim financial statements as of and for the six month periods ended June 30, 2007 and 2006, each of which have been prepared under International Financial Reporting Standards, as adopted by the European Union, referred to as IFRS, appear on pages F-1 to F-104 in the accompanying prospectus. The unaudited pro forma condensed statements of combined operations give effect to the following transactions as if such transactions had occurred on January 1, 2006. The unaudited pro forma condensed combined balance sheet gives effect to the following transactions as if such transactions had occurred on June 30, 2007:

The planned acquisition by Schering-Plough of Organon BioSciences, referred to as the Organon BioSciences acquisition, for aggregate cash consideration of approximately \$14.79 billion (approximately 11.00 billion).

The financing of the Organon BioSciences acquisition with aggregate proceeds of \$9.79 billion from the following financing transactions:

Issuance of 10,000,000 shares of 6.00% mandatory convertible preferred stock, referred to as the 2007 Preferred Stock, for net proceeds of \$2.44 billion in August 2007;

Issuance of 57,500,000 common shares for net proceeds of \$1.54 billion in August 2007;

Issuance of the 6.00% Senior Notes due 2017 and the 6.55% Senior Notes due 2037 on September 17, 2007 for net proceeds of \$1.98 billion; and

Issuance of the Notes and draw down of debt under a committed bridge facility for aggregate net proceeds of \$3.83 billion.

The use of existing Schering-Plough cash, cash equivalents and short-term investments of \$5.00 billion to fund the purchase price.

The pro forma adjustments are based upon available information, preliminary estimates and certain assumptions that Schering-Plough believes are reasonable based on information currently available, and are described in the accompanying notes to the unaudited pro forma condensed combined financial statements. The unaudited pro forma condensed statements of combined operations should not be considered indicative of actual results that would have been achieved had the Organon BioSciences acquisition been consummated on the dates indicated and does not purport to indicate results of operations as of any future date or for any future period.

The acquisition of Organon BioSciences is currently under regulatory review, and a share purchase agreement has not been executed between Akzo Nobel and Schering-Plough. Further, Schering-Plough has not completed an analysis of change of control or other contractual provisions that may result from the acquisition. As a result, pro forma adjustments related to the following matters have not been included in the unaudited pro forma condensed combined financial statements:

The effects of business or product divestitures required to obtain regulatory clearance. Currently such divestitures are not expected to be material in the aggregate.

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**SCHERING-PLOUGH CORPORATION**

**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)**

The effects of change of control or other contractual provisions. Should the final negotiation of these matters result in a loss of rights under these contracts, profits may be materially and adversely affected.

In addition, final agreements have not been reached on the transfer of Organon BioSciences' pension and other post-employment and post-retirement assets and liabilities from Akzo-Nobel to Schering-Plough. As a result, these unaudited pro forma condensed combined financial statements reflect a reasonable allocation of such assets and liabilities and related expense amounts made by Organon BioSciences' management as described in Note 21 to the Organon BioSciences combined financial statements for the years ended December 31, 2006, 2005 and 2004 included in the accompanying prospectus. Such allocations may not be indicative of the actual separation of the pension and other post-employment and post-retirement assets and liabilities.

The Organon BioSciences acquisition will be accounted for using the purchase method of accounting in conformity with Statement of Financial Accounting Standards ( SFAS ) No. 141, Business Combinations as issued by the Financial Accounting Standards Board ( FASB ) in the U.S. Under this method, the purchase price and transaction related costs will be allocated to the assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. Any excess of the purchase price over the estimated fair value of the net assets acquired (including identifiable intangible assets) will be allocated to goodwill.

In connection with the preliminary purchase price allocation, Schering-Plough has made estimates of the fair values of assets and liabilities based upon assumptions that Schering-Plough believes are reasonable. The allocation of purchase price for acquisitions requires use of accounting estimates and judgments to allocate the purchase price to the identifiable tangible and intangible assets acquired and liabilities assumed based on their respective fair values. Schering-Plough's process for estimating the fair values of in-process research and development, identifiable intangible assets and certain tangible assets requires significant estimates and assumptions including, but not limited to, determining the timing and estimated costs to complete the in-process projects, projecting regulatory approvals, estimating future cash flows and developing appropriate discount rates.

The allocation of purchase price is subject to finalization of Schering-Plough's analysis of the fair value of the assets acquired and liabilities assumed as of the acquisition date. The final allocation of the purchase price may result in additional adjustments to the recorded amounts of assets and liabilities and may also result in adjustments to depreciation, amortization and in-process research and development. These adjustments could result in material increases or decreases to net income available to common shareholders. Further revisions to the purchase price allocation will be made as additional information becomes available.

Accordingly, the purchase price allocation in the unaudited pro forma condensed combined financial statements is preliminary and will be adjusted upon completion of the final valuation. Such adjustments could be material. The final valuation is expected to be completed as soon as practicable but no later than 12 months after the consummation of the Organon BioSciences acquisition.

The U.S. GAAP historical Organon BioSciences amounts included in the unaudited pro forma condensed combined balance sheet as of June 30, 2007 and the unaudited pro forma condensed statement of combined operations for the six months ended June 30, 2007 are derived from the Organon BioSciences' unaudited IFRS condensed combined interim balance sheet and statement of income presented in Euro as of and for the six months ended June 30, 2007 converted

to U.S. GAAP and translated to U.S. Dollars. The U.S. GAAP historical Organon BioSciences amounts included in the unaudited pro forma condensed statement of combined operations for the year ended December 31, 2006 are derived from the Organon BioSciences audited IFRS statement of income

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**SCHERING-PLOUGH CORPORATION**

**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)**

presented in Euro for the year ended December 31, 2006 converted to U.S. GAAP and translated to U.S. Dollars.

A reconciliation of Organon BioSciences' combined net income and combined invested equity between U.S. GAAP and IFRS as of and for the year ended December 31, 2006 have been included as Note 32 to the Organon BioSciences historical audited combined financial statements included in the accompanying prospectus.

A reconciliation of Organon BioSciences' unaudited combined net income and combined invested equity between U.S. GAAP and IFRS as of and for the six months ended June 30, 2007 has been included as Note 21 to the Organon BioSciences historical unaudited condensed combined interim financial statements included in the accompanying prospectus.

The unaudited pro forma condensed combined financial statements are presented for informational purposes only. They do not purport to present what Schering-Plough's results of operations or financial condition would have been had these transactions actually occurred on the dates indicated, nor do they purport to represent Schering-Plough's results of operations for any future period or financial condition for any future date. Furthermore, no effect has been given in the unaudited pro forma condensed statements of combined operations for synergistic benefits that may be realized through the combination of Schering-Plough and Organon BioSciences or the costs that have been or may be incurred in integrating their operations.

The unaudited pro forma condensed combined financial statements should be read in conjunction with Schering-Plough's historical consolidated financial statements and related notes thereto, Management's Discussion and Analysis of Financial Condition and Results of Operations included in Schering-Plough's 2006 10-K and second quarter 2007 10-Q, which are incorporated by reference into this prospectus supplement, and Organon BioSciences historical audited combined financial statements as of December 31, 2006 and 2005 and for each of the years in the three-year period ended December 31, 2006 and historical unaudited condensed combined interim financial statements as of June 30, 2007 and for the six months ended June 30, 2007 and 2006 included in the accompanying prospectus.

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**UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET  
AS OF JUNE 30, 2007  
(in millions)**

	<b>U.S. GAAP Historical</b>		<b>Pro Forma Adjustments</b>		<b>Pro Forma</b>
	<b>Schering-</b>	<b>Organon</b>	<b>(See Note 3)</b>		<b>Condensed</b>
	<b>Plough</b>	<b>BioSciences</b>	<b>Purchase</b>		<b>Combined</b>
		<b>(See Note 2)</b>	<b>Financing</b>	<b>Accounting</b>	
			<b>Increase/(Decrease)</b>		
<b>ASSETS</b>					
Cash, cash equivalents and short-term investments	\$ 6,234	\$ 154	\$ 9,792(a)	\$ (14,792)(b)	\$ 1,388
Accounts receivable, net	2,119	1,058			3,177
Receivables from related parties, net		509		(509)(c)	
Inventories	1,723	1,180		745(d)	3,648
Deferred income taxes	234	34			268
Prepaid expenses and other current assets	993	35			1,028
<b>Total current assets</b>	<b>11,303</b>	<b>2,970</b>	<b>9,792</b>	<b>(14,556)</b>	<b>9,509</b>
Property, plant and equipment, net	4,395	1,499		672(e)	6,566
Goodwill	210	540		3,633(f)	4,383
Other intangible assets, net	265	113		5,337(g)	5,715
				3,000(h)	
				(3,000)(h)	
Other assets	888	556			1,444
<b>Total assets</b>	<b>\$ 17,061</b>	<b>\$ 5,678</b>	<b>\$ 9,792</b>	<b>\$ (4,914)</b>	<b>\$ 27,617</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>					
Accounts payable	\$ 1,334	\$ 817	\$	\$	\$ 2,151
Payables to related parties		1,570		(1,570)(c)	
Short-term borrowings and current portion of long-term debt	246	186			432
U.S., foreign and state income taxes	169	177			346
Other accrued liabilities	2,178	51		500(i)	2,729
<b>Total current liabilities</b>	<b>3,927</b>	<b>2,801</b>		<b>(1,070)</b>	<b>5,658</b>

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Long-term debt	2,414	76	5,813(a)		8,303
Deferred income taxes	111	76		1,544(j)	1,731
Other long-term liabilities	1,739	337			2,076
Total long-term liabilities	4,264	489	5,813	1,544	12,110
Mandatory convertible preferred shares	1,438		2,500(a)		3,938
Common shares	1,021				1,021
Paid-in capital	1,921		1,322(a)		3,243
Invested equity		2,388		(2,388)(k)	
Retained earnings	10,723			(3,000)(h)	7,723
Accumulated other comprehensive loss	(773)				(773)
Treasury shares	(5,460)		157(a)		(5,303)
Total shareholders equity	8,870	2,388	3,979	(5,388)	9,849
<b>Total liabilities and shareholders equity</b>	<b>\$ 17,061</b>	<b>\$ 5,678</b>	<b>\$ 9,792</b>	<b>\$ (4,914)</b>	<b>\$ 27,617</b>

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**UNAUDITED PRO FORMA CONDENSED STATEMENT OF COMBINED OPERATIONS  
FOR THE SIX MONTHS ENDED JUNE 30, 2007  
(in millions, except per share amounts)**

	U.S. GAAP Historical		Pro Forma Adjustments (See Note 3)		Pro Forma Condensed Combined
	Schering Plough	Organon BioSciences (See Note 2)	Financing Increase/(Decrease)	Purchase Accounting	
Net sales	\$ 6,153	\$ 2,468	\$	\$	\$ 8,621
Cost of sales	1,913	766		245(l)	2,924
Selling, general and administrative	2,572	855			3,427
Research and development	1,403	442			1,845
Other (income)/expense, net	(62)	25	299(m)		262
Special and acquisition related charges	12				12
Equity income	(978)	(1)			(979)
Income before income taxes	1,293	381	(299)	(245)	1,130
Income tax expense/(benefit)	190	74	(62)(n)		202
Net income	1,103	307	(237)	(245)	928
Preferred stock dividends	43		75(o)		118
Net income available to common shareholders	\$ 1,060	\$ 307	\$ (312)	\$ (245)	\$ 810
Diluted earnings per common share	\$ 0.70				\$ 0.52(p)
Basic earnings per common share	\$ 0.71				\$ 0.52(p)
Weighted average shares outstanding:					
Diluted	1,579				1,572
Basic	1,491				1,549



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**UNAUDITED PRO FORMA CONDENSED STATEMENT OF COMBINED OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(in millions, except per share amounts)**

	U.S. GAAP Historical		Pro Forma Adjustments		Pro Forma Condensed Combined
	Schering Plough	Organon BioSciences (See Note 2)	(See Note 3) Financing Increase/(Decrease)	Purchase Accounting	
Net sales	\$ 10,594	\$ 4,643	\$	\$	\$ 15,237
Cost of sales	3,697	1,498		490(l)	5,685
Selling, general and administrative	4,718	1,694			6,412
Research and development	2,188	781			2,969
Other (income)/expense, net	(135)	23	597(m)		485
Special and acquisition related charges	102				102
Equity income	(1,459)	(3)			(1,462)
Income before income taxes	1,483	650	(597)	(490)	1,046
Income tax expense/(benefit)	362	9	(123)(n)		248
Net income before cumulative effect of a change in accounting principle	1,121	641	(474)	(490)	798
Cumulative effect of a change in accounting principle, net of tax	(22)				(22)
Net income	1,143	641	(474)	(490)	820
Preferred stock dividends	86		150(o)		236
Net income available to common shareholders	\$ 1,057	\$ 641	\$ (624)	\$ (490)	\$ 584
Diluted earnings per common share:					
Earnings available to common shareholders before cumulative effect of a change in accounting principle	\$ 0.69				\$ 0.36
Cumulative effect of a change in accounting principle	0.02				0.02

Diluted earnings per common share	\$ 0.71	\$ 0.38(p)
Basic earnings per common share:		
Earnings available to common shareholders before cumulative effect of a change in accounting principle	\$ 0.69	\$ 0.36
Cumulative effect of a change in accounting principle	0.02	0.02
Basic earnings per common share	\$ 0.71	\$ 0.38(p)
Weighted average shares outstanding:		
Diluted	1,491	1,549
Basic	1,482	1,540

**Table of Contents****SCHERING-PLOUGH CORPORATION****NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS****1. DESCRIPTION OF THE PLANNED ORGANON BIOSCIENCES ACQUISITION AND BASIS OF PRESENTATION**

On March 12, 2007, Schering-Plough announced its plan to acquire Organon BioSciences for approximately 11.00 billion in cash. The transaction is subject to certain closing conditions, including regulatory approvals, and is expected to close by the end of 2007.

The Organon BioSciences acquisition will be accounted for in accordance with U.S. GAAP using the purchase method of accounting. Under this method, the purchase price and transaction related costs are allocated to the assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. Any excess of the purchase price over the estimated fair value of the net assets acquired (including identifiable intangible assets) is allocated to goodwill.

This allocation of the purchase price is subject to finalization of Schering-Plough's analysis of the fair value of the assets acquired and liabilities assumed as of the Organon BioSciences acquisition date. The final allocation of the purchase price may result in additional adjustments to the recorded amounts of assets and liabilities and may also result in adjustments to depreciation, amortization and in-process research and development. The adjustments arising out of the finalization of the purchase price allocation will not impact cash flows. However, such adjustments could result in material increases or decreases to net income available to common shareholders. Further revisions to the purchase price allocation will be made as additional information becomes available.

Accordingly, the purchase price allocation in the unaudited pro forma condensed combined financial statements is preliminary and will be adjusted upon completion of the final valuation. Such adjustments could be material. The final valuation is expected to be completed as soon as practicable but no later than 12 months after the consummation of the Organon BioSciences acquisition.

The unaudited pro forma condensed combined balance sheet gives effect to the Organon BioSciences acquisition and related financing as if it had occurred on June 30, 2007. The historical unaudited condensed combined balance sheet for Organon BioSciences at June 30, 2007, prepared in accordance with IFRS and presented in Euro, has been converted to U.S. GAAP and has been translated to U.S. Dollars using a rate of \$1.35, which approximates the Euro conversion rate to U.S. Dollars at June 30, 2007. The unaudited pro forma condensed statement of combined operations for the six months ended June 30, 2007 and the twelve months ended December 31, 2006, gives effect to the Organon BioSciences acquisition and related financing as if it had occurred on January 1, 2006. The historical combined statement of income for Organon BioSciences for the six months ended June 30, 2007 and the twelve months ended December 31, 2006, prepared in accordance with IFRS and presented in Euro, have been converted to U.S. GAAP and have been translated to U.S. Dollars using exchange rates of \$1.33 and \$1.25, respectively, which approximates the average Euro conversion rate to U.S. Dollars for the applicable period.

The estimated purchase price was calculated as follows:

**(in millions, except exchange rate)**

Consideration in Euro	11,000(1)
Exchange rate in U.S. Dollars per 1.00 Euro	\$ 1.35

Consideration in U.S. Dollars	\$ 14,850
Transaction costs	50
Estimated purchase price including net debt assumed	\$ 14,900

- (1) Includes 80 million (approximately \$108 million using the June 30, 2007 exchange rate of 1.00 = \$1.35) of net debt assumed by Schering-Plough.

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**Table of Contents****SCHERING-PLOUGH CORPORATION****NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)**

The preliminary allocation of the purchase price as of June 30, 2007 is summarized below:

<b>Preliminary Purchase Price Allocation as of June 30, 2007</b>	<b>Allocation of Purchase Price to Net Assets Acquired (in millions)</b>
Identifiable intangible assets	\$ 5,450(1)
Property, plant and equipment	2,171
Inventories	1,925
Other non-current assets	196
Net working capital, excluding Inventories	28
Deferred income tax, net	(1,238)
Acquisition related liabilities	(500)
Other long-term liabilities	(413)
Goodwill	4,173
In-process research and development (IPR&D)	3,000(2)
Estimated purchase price to be allocated	\$ 14,792
Net debt assumed by Schering-Plough	108
Estimated purchase price including net debt assumed	\$ 14,900

- (1) The allocation of the purchase price to intangible assets includes trade names, products and product rights, and other identifiable intangibles, with a composite estimated useful live of approximately 12 years.
- (2) The amounts allocated to in-process research and development will be charged to the statement of operations in the period the Organon BioSciences acquisition is consummated. This IPR&D amount is excluded from the unaudited pro forma condensed statements of combined operations as this charge is not expected to have a continuing impact on operations.

**2. HISTORICAL COMBINED FINANCIAL STATEMENTS OF ORGANON BIOSCIENCES**

The historical combined financial statements of Organon BioSciences as of December 31, 2006 and 2005 and for each of the years in the three-year period ended December 31, 2006, prepared in accordance with IFRS, are included in the accompanying prospectus. A reconciliation of Organon BioSciences combined net income and combined invested equity between U.S. GAAP and IFRS as of and for the year ended December 31, 2006 has been included in Note 32 to

those financial statements included in the accompanying prospectus.

The unaudited condensed combined interim financial statements of Organon BioSciences as of and for the six-month period ended June 30, 2007 have been prepared in accordance with IFRS. A reconciliation of Organon BioSciences combined net income and combined invested equity between U.S. GAAP and IFRS as of June 30, 2007 and for the six-month period ended June 30, 2007 has been included as Note 21 to those financial statements, included in the accompanying prospectus.

The amounts in the U.S. GAAP historical Organon BioSciences columns in the unaudited pro forma condensed combined financial statements were derived from the Organon BioSciences

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**SCHERING-PLOUGH CORPORATION**

**NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)**

historical annual audited and unaudited condensed combined interim financial statements included in the accompanying prospectus and have been adjusted for the following:

U.S. GAAP adjustments applied to the Organon BioSciences IFRS financial statements, including but not limited to, adjustments related to business combinations, pensions and other postretirement benefits, the impairment of goodwill, research and development costs, differing treatment of subsequent events between U.S. GAAP and IFRS, tax on elimination of intercompany profits and deferred income taxes.

Currency amounts have been translated from Euro to U.S. Dollars (at the rates specified in Note 1 to these unaudited pro forma condensed combined financial statements in accordance with SFAS No. 52 Foreign Currency Translation. )

Schering-Plough is in the process of reviewing Organon BioSciences accounting policies and financial statement classifications. As a result of that review, it may become necessary to make reclassifications or adjustments to the consolidated financial statements of Schering-Plough on a prospective basis.

**3. PRO FORMA ADJUSTMENTS**

***Pro forma condensed combined balance sheet adjustments***

(a) Reflects the following financing transactions:

Issuance of the 2007 Preferred Stock for net proceeds of \$2.44 billion in August 2007;

Issuance of 57,500,000 common shares for net proceeds of \$1.54 billion in August 2007;

Issuance of the 6.00% Senior Notes due 2017 and the 6.55% Senior Notes due 2037 on September 17, 2007 for net proceeds of \$1.98 billion; and

Issuance of the Notes and draw down of debt under a committed bridge facility for aggregate net proceeds of \$3.83 billion. The bridge facility has been classified as long-term debt, reflecting Schering-Plough's intention to replace the bridge facility with long-term debt of varying maturities.

(b) Reflects use of cash, cash equivalents and short-term investments of \$14.79 billion, including the financing discussed in (a) above, to fund the purchase price.

(c) Reflects related party receivables, net and payables that will be settled as part of the transaction.

(d) Reflects the adjustment of the historical Organon BioSciences inventories to estimated fair value. Because this adjustment is directly attributed to the transaction and will not have a continuing impact, it is not reflected in the unaudited pro forma condensed statements of combined operations. However, this inventory adjustment will result in an increase in cost of sales in the periods subsequent to the consummation of the transaction during which the related inventories are sold.

(e) Reflects the adjustment to step-up the carrying values of the Organon BioSciences property, plant and equipment to estimated fair value.

(f) Reflects the addition of goodwill from the purchase price allocation of \$4.17 billion and the elimination of historical Organon BioSciences goodwill of \$540 million.

(g) Reflects the portion of the purchase price allocated to Organon BioSciences acquired identifiable intangible assets.

(h) Reflects the portion of the purchase price allocated to acquired in-process research and development projects that, as of the closing date of the Organon BioSciences acquisition, will not have reached technological feasibility and will have no alternative future use. Because this expense is directly attributable to the Organon BioSciences acquisition and will not have a continuing impact, it is not reflected in the unaudited pro forma condensed statements of combined operations. However, this



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**SCHERING-PLOUGH CORPORATION**

**NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)**

item will be recorded as an expense in the financial statements of Schering-Plough in the period that the Organon BioSciences acquisition is completed.

(i) Reflects an estimate of acquisition-related liabilities.

(j) Reflects net deferred tax liabilities arising from the acquisition.

(k) Reflects the elimination of all components of the historical equity of Organon BioSciences.

***Pro forma condensed statement of combined operations adjustments***

(l) Reflects additional annual depreciation of \$45 million (\$23 million on a six-month basis) related to the fair value adjustment to depreciable property, plant and equipment depreciated over a weighted average useful life of approximately 15 years.

Also reflects annual amortization expense of \$445 million (\$222 million on a six-month basis) for identifiable intangible assets in connection with the Organon BioSciences acquisition at their estimated fair values.

(m) Adjustment reflects \$262 million (\$131 million on a six-month basis) of lower annual interest income due to the use of cash to fund the Organon BioSciences acquisition. An interest rate of 5.25%, which represents Schering-Plough's current weighted average interest rate, was used to estimate the reduction in interest income.

Also reflects the increase in annual interest expense of \$335 million (\$168 million on a six-month basis). Annual interest expense associated with the 6.00% Senior Notes due 2017 and the 6.55% Senior Notes due 2037 issued September 17, 2007 will be \$128 million (\$64 million on a six-month basis). The remaining interest expense was calculated using a weighted average interest rate of 5.39% and is based on the terms of the variable rate bridge facility and an estimate of the expected interest rate on the Notes. A 1/8% increase in the weighted average interest rate would increase annual interest expense by approximately \$5 million.

The bridge facility is expected to be refinanced into long-term debt of varying maturities. The adjustments included in the unaudited pro forma condensed statements of combined operations do not reflect the interest rates to be incurred upon the refinancing.

(n) Reflects the recognition of the income tax benefit of the above pro forma adjustments at an estimated tax rate of 25%.

(o) Reflects the additional Preferred Stock dividends resulting from the issuance of the 2007 Preferred Stock.

(p) Earnings per share amounts are calculated using net income available to common shareholders as the numerator and reflect the following weighted average shares outstanding:

**Pro Forma**

<b>(all share amounts in millions)</b>	<b>Schering-Plough Historical</b>	<b>Issuance of Common Shares</b>	<b>2004 Preferred Stock</b>	<b>Condensed Combined</b>
For the year ended December 31, 2006:				
Diluted shares outstanding	1,491	58		1,549
Basic shares outstanding	1,482	58		1,540
For the six months ended June 30, 2007:				
Diluted shares outstanding	1,579	58	(65)(1)	1,572
Basic shares outstanding	1,491	58		1,549

(1) 65 million common shares obtainable upon conversion of the 2004 Preferred Stock were dilutive to Schering-Plough's historical earnings per share for the six months ended June 30, 2007, but would not be dilutive to the pro forma condensed combined earnings per share and are therefore excluded from the computation. The 2007 Preferred Stock is assumed to be anti-dilutive to the pro forma condensed combined earnings per share and is therefore excluded from the computation for all periods presented.

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**PROSPECTUS**

**Schering-Plough Corporation**

**Debt Securities  
Preferred Shares  
Common Shares**

Schering-Plough may offer from time to time in one or more classes or series, together or separately:

debt securities;

preferred shares;

common shares; or

any combination of these securities.

Schering-Plough will provide specific terms of any securities that it offers for sale in supplements to this prospectus. You should read this prospectus and any prospectus supplement carefully before you invest. This prospectus may not be used to sell securities unless accompanied by a prospectus supplement or a term sheet.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

Schering-Plough may sell these securities on a continuous or delayed basis directly, through agents or underwriters as designated from time to time, or through a combination of these methods. Schering-Plough reserves the sole right to accept, and together with any agents, dealers and underwriters, reserves the right to reject, in whole or in part, any proposed purchase of securities. If any agents, dealers or underwriters are involved in the sale of any securities, the applicable prospectus supplement will set forth any applicable commissions or discounts. Schering-Plough's net proceeds from the sale of securities will also be set forth in the applicable prospectus supplement.

The date of this prospectus is August 2, 2007.

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## ABOUT THIS PROSPECTUS

The information contained in this prospectus is not complete and may be changed. You should rely only on the information provided in or incorporated by reference in this prospectus and the applicable prospectus supplement. Schering-Plough has not authorized anyone else to provide you with different information. Schering-Plough is not making an offer of any securities in any state where the offer is not permitted. You should not assume that the information in this prospectus or any prospectus supplement is accurate as of any date other than the date on the front cover of those documents and that any information Schering-Plough has incorporated by reference is accurate as of any date other than the date of the document incorporated by reference or such other date referred to in such document, regardless of the time of delivery of this prospectus or any sale or issuance of a security.

This prospectus is part of a registration statement that Schering-Plough has filed with the Securities and Exchange Commission using a shelf registration process. Under this shelf registration process, Schering-Plough may from time to time sell or issue, in one or more offerings, Schering-Plough s:

- debt securities, in one or more series, which may be senior debt securities or subordinated debt securities;
- preferred shares;
- common shares; or
- any combination of these securities.

This prospectus provides you with a general description of the securities Schering-Plough may offer. Each time Schering-Plough sells or issues securities, Schering-Plough will provide a prospectus supplement that will contain information about the terms of that specific offering of securities and the specific manner in which they may be offered. The prospectus supplement may also add to, update or change any of the information contained in this prospectus and, accordingly, to the extent inconsistent, the information in this prospectus is superseded by the information in the prospectus supplement. The prospectus supplement may also contain information about any material federal income tax considerations relating to the securities described in the prospectus supplement. You

should read both this prospectus and the applicable prospectus supplement together with the additional information described under "Where You Can Find More Information" before making an investment in Schering-Plough's securities.

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This prospectus contains summaries of certain provisions contained in some of the documents described herein, but reference is made to the actual documents for complete information. All of the summaries are qualified in their entirety by the actual documents. Copies of some of the documents referred to herein have been filed, or will be filed or incorporated by reference as exhibits to the registration statement of which this prospectus is a part, and you may obtain copies of those documents as described below under "Where You Can Find More Information".

Because Schering-Plough is a "well-known seasoned issuer", as defined in Rule 405 of the Securities Act of 1933, as amended, referred to as the Securities Act, Schering-Plough may add to and offer additional securities, including secondary securities, by filing a prospectus supplement with the SEC at the time of the offer.

The registration statement that contains this prospectus (including the exhibits to the registration statement) contains additional information about Schering-Plough and the securities offered under this prospectus. The registration statement can be read at the SEC website (<http://www.sec.gov>) or at the SEC offices listed under the heading "Where You Can Find More Information".

You should rely only on the information contained or incorporated by reference or deemed to be incorporated by reference in this prospectus or in a prospectus supplement related to an offering prepared by or on behalf of Schering-Plough or used or referred to by Schering-Plough. Schering-Plough has not authorized anyone else to provide you with different or additional information. You should not rely on any other information or representations. Schering-Plough's affairs may change after this prospectus and any related prospectus supplement are conveyed. You should not assume that the information in this prospectus and any related prospectus supplement is accurate as of any date other than the dates indicated in such documents. You should read all information supplementing this prospectus.

All references to "Schering-Plough Corporation", "Schering-Plough" and "the company" in this prospectus refer to Schering-Plough Corporation and its consolidated subsidiaries, unless, in each case, the context clearly indicates otherwise.

## **WHERE YOU CAN FIND MORE INFORMATION**

Schering-Plough files reports, proxy statements and other information with the SEC. You may read and copy any document Schering-Plough files at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. In addition, the SEC maintains a website that contains reports, proxy statements and other information that Schering-Plough electronically files. The address of the SEC's website is <http://www.sec.gov>. You may also inspect Schering-Plough's SEC reports and other information at the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

## **INCORPORATION OF INFORMATION SCHERING-PLOUGH FILES WITH THE SEC**

The SEC allows Schering-Plough to incorporate by reference the information it files with them, which means:

incorporated documents are considered part of this prospectus;

Schering-Plough can disclose important information to you by referring you to those documents; and

information that Schering-Plough files with the SEC will automatically update and supersede this incorporated information.

Schering-Plough incorporates by reference the documents listed below, which were filed with the SEC under the Securities Exchange Act of 1934, as amended, referred to as the Exchange Act, (excluding any portions of such

documents that have been furnished but not filed for purposes of the Exchange Act):

its 2006 10-K filed with the SEC on February 28, 2007;

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its first quarter 2007 10-Q filed with the SEC on April 27, 2007;

its second quarter 2007 10-Q filed with the SEC on July 27, 2007;

its 8-K filed with the SEC on January 29, 2007;

its 8-K filed with the SEC on March 16, 2007;

its 8-K filed with the SEC on April 19, 2007;

its 8-K filed with the SEC on June 28, 2007;

its 8-K filed with the SEC on July 11, 2007;

its 8-K filed with the SEC on July 23, 2007;

the following sections of its Proxy Statement for the 2007 Annual Meeting of Shareholders on Schedule 14A filed with the SEC on April 20, 2007: Proposal One: Elect Eleven Directors for a One-Year Term ,

Section 16(a) Beneficial Ownership Reporting Compliance , Information About the Audit Committee of the Board of Directors and its Practices , Committees of the Board of Directors , Executive Compensation , Director Compensation , Stock Ownership , Certain Transactions , Procedures for Related Party Transactions and Director Independence Assessments , Director Independence , and Proposal Two: Ratify the Designation of Deloitte & Touche LLP to Audit Schering-Plough's Books and Accounts for 2007 ; and

the description of Schering-Plough's common shares contained in its Registration Statement on Form 8-A filed with the SEC on March 16, 1979, and any amendment or report filed for the purpose of updating such description.

Schering-Plough also incorporates by reference each of the following documents that Schering-Plough will file with the SEC after the date of this prospectus (excluding any portions of such documents that have been furnished but not filed for purposes of the Exchange Act):

reports filed under Section 13(a) and (c) of the Exchange Act;

definitive proxy or information statements filed under Section 14 of the Exchange Act in connection with any subsequent stockholders meeting; and

any reports filed under Section 15(d) of the Exchange Act.

Schering-Plough does not incorporate by reference any information furnished under items 2.02 or 7.01 (or corresponding information furnished under item 9.01 or included as an exhibit) in any past or current Form 8-K filing (unless otherwise indicated).

You may request a copy of any filings referred to above (excluding exhibits not specifically incorporated by reference into the filing), at no cost, by contacting Schering-Plough in writing or by telephone (908-298-7436) at the following address: Investor Relations, Schering-Plough Corporation, 2000 Galloping Hill Road, Kenilworth, NJ 07033.



Documents may also be available on Schering-Plough's website at <http://www.schering-plough.com>. Please note that all references to <http://www.schering-plough.com> in this prospectus and any prospectus supplement that accompanies this prospectus and the related registration statement are inactive textual references only and that the information contained on Schering-Plough's website is neither incorporated by reference into the registration statement or prospectus or any accompanying prospectus supplement nor intended to be used in connection with any offering hereunder.

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**FORWARD-LOOKING STATEMENTS**

This prospectus, the prospectus supplement, the documents incorporated by reference in this prospectus and other written reports and oral statements made from time to time by Schering-Plough may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to expectations or forecasts of future events. Schering-Plough uses words such as anticipate, believe, could, estimate, expect, forecast, project, intend, plan, potential, will, and other words and terms of similar meaning in connection with a discussion of potential future events, circumstances or future operating or financial performance. You can also identify forward-looking statements by the fact that they do not relate strictly to historical or current facts.

In particular, forward-looking statements include statements relating to future actions; ability to access the capital markets; prospective products or product approvals; timing and conditions of regulatory approvals; patent and other intellectual property protection; future performance or results of current and anticipated products; sales efforts; research and development programs and anticipated spending; estimates of rebates, discounts and returns; expenses and programs to reduce expenses; the anticipated cost of and savings from reductions in work force; the outcome of contingencies such as litigation and investigations; growth strategy; expected synergies and financial results.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Schering-Plough's actual results may vary materially from those anticipated in such forward-looking statements as a result of many factors, some of which are more fully described in the following Risk Factors section, in the accompanying prospectus supplement and Schering-Plough's reports to the SEC incorporated by reference into this prospectus, and there are no guarantees with respect to Schering-Plough's performance. Schering-Plough does not assume the obligation to update any forward-looking statement for any reason.

**RISK FACTORS**

Schering-Plough's business faces significant risks. Before you invest in any of Schering-Plough's securities, in addition to the other information in this prospectus and in the accompanying prospectus supplement, you should carefully consider the risks and uncertainties identified in Schering-Plough's reports to the SEC incorporated by reference into this prospectus and the accompanying prospectus supplement. These risks may not be the only risks Schering-Plough faces. Additional risks that Schering-Plough does not yet know of or that Schering-Plough currently believes are immaterial or are based on assumptions that are later determined to be inaccurate also may impair Schering-Plough's business. If any of the risks described herein or in the accompanying prospectus supplement or Schering-Plough's reports to the SEC actually occur, Schering-Plough's business and operating results could be materially harmed. This could cause the value of the purchased securities to decline, and you may lose all or part of your investment.

**Table of Contents****THE COMPANY**

Schering-Plough is a global science-based company that discovers, develops and manufactures pharmaceuticals for three customer markets human prescription, consumer and animal health. While most of the research and development activity is directed toward prescription products, there are important applications of this central research and development platform into the consumer healthcare and animal health products. Schering-Plough also accesses external innovation via partnering, in-licensing and acquisition for all three customer markets.

Schering-Plough's principal executive offices are located at 2000 Galloping Hill Road, Kenilworth, NJ 07033, and Schering-Plough's telephone number is (908) 298-4000. Schering-Plough was incorporated in New Jersey in 1970.

**RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDENDS**

Schering-Plough's consolidated ratio of earnings to fixed charges for the six months ended June 30, 2007 and for the years ended December 31, 2002 through 2006 is set forth below. For the purpose of computing these ratios, earnings consist of income/(loss) before income taxes and equity income, plus fixed charges (other than capitalized interest and preference dividends), amortization of capitalized interest and distributed income of equity investee; and fixed charges and preferred stock dividends consist of interest expense, capitalized interest, preference dividends and one-third of rentals, which Schering-Plough believes to be a reasonable estimate of an interest factor on leases. Schering-Plough includes interest expense or interest income on unrecognized tax benefits as a component of income tax expense. The ratio was calculated by dividing the sum of the fixed charges into the sum of the earnings before taxes and fixed charges.

	<b>Six Months Ended June 30, 2007</b>	<b>2006</b>	<b>Year Ended December 31,</b>			<b>2002</b>
			<b>2005</b>	<b>2004</b>	<b>2003</b>	
Ratio of earnings to fixed charges and preferred stock dividends	7.4	5.1	1.6	(0.3)*	0.4**	33.2

\* For the year ended December 31, 2004, earnings were insufficient to cover fixed charges and preferred stock dividends by \$332 million.

\*\* For the year ended December 31, 2003, earnings were insufficient to cover fixed charges by \$70 million.

**USE OF PROCEEDS**

Unless the applicable prospectus supplement indicates otherwise, Schering-Plough currently intends to use the net proceeds from any sale of the offered securities for general corporate purposes, which may include, among other things, expenses to acquire additional marketed products and pipeline projects (through acquisitions of companies or through product licenses which may include royalties, license fees and milestone payments), research and development costs, litigation costs, the repayment of debt, other capital expenses and other operating expenses. Schering-Plough may temporarily invest funds that are not immediately needed for these general corporate purposes. If Schering-Plough intends to use the proceeds to repay outstanding debt, Schering-Plough will provide details about the debt that is being repaid in the applicable prospectus supplement.



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**DESCRIPTION OF CAPITAL STOCK**

This section contains a description of Schering-Plough's capital stock. The following summary of the terms of Schering-Plough's capital stock is not meant to be complete and is qualified by reference to Schering-Plough's amended and restated certificate of incorporation, referred to as the certificate of incorporation, and Schering-Plough's amended and restated by-laws, referred to as the by-laws, which are incorporated by reference as exhibits into the registration statement of which this prospectus is a part.

As of June 30, 2007, Schering-Plough's authorized capital stock consisted of:

(i) 2,400,000,000 common shares, par value \$0.50 per share, of which:

1,496,297,204 were issued and outstanding,

547,238,751 were issued and held in treasury,

80,040,000 were reserved for issuance upon conversion of the 6.00% Mandatory Convertible Preferred Stock issued in 2004, referred to as the 2004 Preferred Stock, and

166,632,803 were reserved for issuance under stock incentive plans; and

(ii) 50,000,000 preferred shares, par value \$1.00 per share, of which:

28,750,000 were designated as the 2004 Preferred Stock (28,750,000 shares of 2004 Preferred Stock will automatically convert into common shares on September 14, 2007, unless earlier converted, and such preferred shares will become undesignated and available for issuance in the future),

12,000,000 were designated as Series A Junior Participating Preferred Stock (which, in connection with the expiration of Schering-Plough's shareholder rights plan on July 10, 2007, were redesignated as authorized but unissued preferred shares), and

9,250,000 which are undesignated.

**Common Shares**

Holders of Schering-Plough's common shares, subject to any preferential rights of the holders of any preferred shares, are entitled to participate equally and ratably in dividends when and as declared by Schering-Plough's board of directors. In the event of the liquidation or dissolution of Schering-Plough, holders of Schering-Plough's common shares are entitled to share ratably in the remaining assets of Schering-Plough available for distribution, subject to prior or equal distribution rights of any holders of preferred shares. Record holders of common shares are entitled to one vote per share for the election of directors and upon all matters on which holders of common shares are entitled to vote. Holders of Schering-Plough's common shares do not have cumulative voting rights. There are no preemptive or conversion rights applicable to Schering-Plough's common shares. All outstanding shares of Schering-Plough's common shares are fully paid and non-assessable.

**Preferred Shares**

Schering-Plough's certificate of incorporation provides that its board of directors is authorized to issue preferred shares from time to time in one or more series without stockholder approval. Subject to limitations prescribed by law and Schering-Plough's certificate of incorporation, the board of directors may fix for any series of preferred shares the number of shares of such series and the voting powers, designations, preferences, rights, qualifications, limitations and restrictions of such series.

Schering-Plough's certificate of incorporation provides that whenever Schering-Plough is in default as to accrued dividends on preferred shares in an amount equivalent to six quarterly dividends, the holders of preferred shares, voting separately as a class, will be entitled to elect two directors at the next annual or special meeting of Schering-Plough's shareholders. The right of holders

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of preferred shares to elect two directors will continue until dividends in default on the preferred shares have been paid in full or declared and a sum sufficient for the payment thereof has been set aside. During any time that the holders of preferred shares, voting as a class, are entitled to elect two directors, as described in this paragraph, the holders of any series of preferred shares normally entitled to participate with the holders of the common shares in the election of directors shall not be entitled to participate with the holders of the common shares in the election of such directors.

For any series of preferred shares that Schering-Plough may issue pursuant to this prospectus, Schering-Plough's board of directors will determine and the prospectus supplement relating to such series will describe:

the designation and number of shares of such series;

the rate and time at which, and the preferences and conditions under which, any dividends will be paid on shares of such series, as well as whether such dividends are cumulative or non-cumulative and participating or non-participating;

any provisions relating to convertibility or exchangeability of the shares of such series;

the rights and preferences, if any, of holders of shares of such series upon Schering-Plough's liquidation, dissolution or winding up of its affairs;

the voting powers, if any, of the holders of shares of such series;

any provisions relating to the redemption of the shares of such series;

whether and upon what terms a sinking fund will be used to purchase or redeem the shares;

any limitations on Schering-Plough's ability to pay dividends or make distributions on, or acquire or redeem, other securities while shares of such series are outstanding;

any conditions or restrictions on Schering-Plough's ability to issue additional shares of such series or other securities; and

any other relative powers, preferences and participating, optional or special rights of shares of such series, and the qualifications, limitations or restrictions thereof.

When Schering-Plough issues preferred shares under this prospectus and any applicable prospectus supplement, the shares will be fully paid and non-assessable and will not have, or be subject to, any preemptive or similar rights.

## **Anti-takeover Protections**

The following discussion summarizes certain provisions of the New Jersey Business Corporation Act, as amended, referred to as the NJBCA, and of Schering-Plough's certificate of incorporation and by-laws, which may have the effect of prohibiting, raising the costs of, or otherwise impeding, a change of control of Schering-Plough, whether by merger, consolidation or sale of assets or stock (by tender offer or otherwise), or by other methods.

### ***Limits on Shareholder Action by Written Consent; Special Meetings***

Schering-Plough's certificate of incorporation and by-laws provide that, subject to the rights of the holders of any series of preferred shares then outstanding, any action required or permitted to be taken by Schering-Plough's shareholders must be effected at a duly called annual or special meeting of shareholders and may not be effected by any consent in writing by such shareholders unless all of the shareholders entitled to vote on the matter consent in writing. Schering-Plough's certificate of incorporation and by-laws also provide that the affirmative vote of the holders of more than 50% of the voting power of all of the shares entitled to vote generally in the election of directors, voting together as a single class, will be required to amend Schering-Plough's certificate of incorporation or by-laws with respect to shareholder action by written consent.



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Except as otherwise provided by the NJBCA, under Schering-Plough's by-laws, a special meeting of shareholders may only be called by the Chairman of Schering-Plough's board of directors, Schering-Plough's Chief Executive Officer or board of directors and shall be held at such time and such place and for such purpose(s) as stated in the notice of the meeting. No business other than that stated in the notice of meeting may be transacted at any special meeting.

The above provisions may have the effect of delaying consideration of a stockholder proposal until the next annual meeting unless a special meeting is called by the Chairman of Schering-Plough's board of directors, Chief Executive Officer or board of directors.

### ***Corporation's Best Interest***

Under the NJBCA, the director of a New Jersey corporation may consider, in discharging his or her duties to the corporation and in determining what he or she reasonably believes to be in the best interest of the corporation, any of the following (in addition to the effects of any action on shareholders): (i) the effects of the action on the corporation's employees, suppliers, creditors and customers, (ii) the effects of the action on the community in which the corporation operates, and (iii) the long-term as well as the short-term interest of the corporation and its shareholders, including the possibility that these interests may be best served by the continued independence of the corporation. If, on the basis of the foregoing factors, the board of directors determines that any proposal or offer to acquire the corporation is not in the best interest of the corporation, it may reject such proposal or offer, in which event the board of directors will have no duty to remove any obstacles to, or refrain from impeding, such proposal or offer.

### ***Required Vote for Authorization of Certain Actions; Anti-Greenmail Provisions***

Under the NJBCA, the consummation of a merger or consolidation of a New Jersey corporation organized subsequent to January 1, 1969, such as Schering-Plough, requires the approval of such corporation's board of directors and the affirmative vote of a majority of the votes cast by each of the holders of shares of the corporation entitled to vote thereon and any class or series entitled to vote thereon as a class, unless such corporation is the surviving corporation, and: (i) such corporation's certificate of incorporation is not amended, (ii) the stockholders of the surviving corporation whose shares were outstanding immediately before the effective date of the merger will hold the same number of shares, with identical designations, preferences, limitations and rights, immediately after the merger or consolidation, as the case may be, and (iii) the number of voting shares and participating shares outstanding after the merger will not exceed by more than 40% the total number of voting or participating shares of the surviving corporation immediately before the merger. Similarly, in the case of a New Jersey corporation organized subsequent to 1969, such as Schering-Plough, a sale of all or substantially all of a corporation's assets other than in the ordinary course of business, or a voluntary dissolution of a corporation, requires the approval of such corporation's board of directors and the affirmative vote of a majority of the votes cast by each of the holders of shares of the corporation entitled to vote thereon and any class or series entitled to vote thereon as a class.

Schering-Plough's certificate of incorporation contains an anti-greenmail provision pursuant to which Schering-Plough or its subsidiaries may not purchase shares of voting stock from a 5% or greater shareholder at a per share price in excess of the market price unless (a) approved by the affirmative vote of the holders of the amount of voting power of the voting stock equal to the sum of the voting power of such 5% or greater shareholder and a majority of the voting power of the remaining outstanding shares of voting stock, voting together as a single class, or (b) the purchase is made pursuant to an offer made available to all holders of the same class of stock or an open market purchase.

### ***No Rights Plan in Effect***

The preferred share purchase right (commonly known as a poison pill) that Schering-Plough declared as a dividend on each share of its common stock on June 24, 1997 expired on July 10, 2007. The Schering-Plough board of directors

committed to Schering-Plough's shareholders that no

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new shareholder rights plan will be adopted in the future, unless the plan is submitted to shareholders for approval within 12 months of adoption. This commitment is reflected in the Schering-Plough Corporate Governance Guidelines.

***Restrictions on Business Combinations with Certain Stockholders***

The NJBCA provides that no corporation organized under the laws of New Jersey with its principal executive offices or significant operations located in New Jersey (a resident domestic corporation ) may engage in any business combination (as defined in the NJBCA) with any interested stockholder (generally a 10% or greater stockholder) of such corporation for a period of five years following such interested stockholder's stock acquisition, unless such business combination is approved by the board of directors of such corporation prior to the stock acquisition. A resident domestic corporation, such as Schering-Plough, cannot opt out of the foregoing provisions of the NJBCA.

In addition, no resident domestic corporation may engage, at any time, in any business combination with any interested stockholder of such corporation other than: (i) a business combination approved by the board of directors prior to the stock acquisition, (ii) a business combination approved by the affirmative vote of the holders of two-thirds of the voting stock not beneficially owned by such interested stockholder at a meeting called for such purpose, or (iii) a business combination in which the interested stockholder pays a formula price designed to ensure that all other stockholders receive at least the highest price per share paid by such interested stockholder.

In connection with business combinations with any 10% stockholder, Schering-Plough's certificate of incorporation contains provisions requiring the approval of more than 50% of the voting power of all of the then-outstanding shares of capital stock of the corporation entitled to vote in the election of directors, voting together as a single class. Any amendments or repeal of the business combination provisions require the affirmative vote of the holders of more than 50% of the voting power of all of the shares entitled to vote, voting together as a single class.

**DESCRIPTION OF DEBT SECURITIES**

Schering-Plough may issue debt securities from time to time in one or more series. The following description summarizes the general terms and provisions of the debt securities that Schering-Plough may offer pursuant to this prospectus. The specific terms relating to any series of debt securities that Schering-Plough may offer will be described in a prospectus supplement. Please read and rely on the prospectus supplement, which includes important information for investors evaluating an investment in a series of Schering-Plough debt securities. Because the terms of specific series of debt securities offered may differ from the general information that Schering-Plough has provided below, you should rely on information in the applicable prospectus supplement that contradicts any information below.

As required by federal law for all bonds and notes of companies that are publicly offered, the debt securities will be governed by a document called an indenture . An indenture is a contract between a financial institution, acting on your behalf as trustee of the debt securities offered, and Schering-Plough. The debt securities will be issued pursuant to an indenture that Schering-Plough will enter into with a trustee. References to the indenture in this prospectus are to the indenture, dated November 26, 2003, as amended and restated, between Schering-Plough and The Bank of New York, as trustee, as may be supplemented by any supplemental indenture applicable to your debt securities. The trustee has two main roles. First, subject to some limitations on the extent to which the trustee can act on your behalf, the trustee can enforce your rights against Schering-Plough if Schering-Plough defaults on its obligations under the indenture. Second, the trustee performs certain administrative duties for Schering-Plough with respect to the debt securities. Unless otherwise provided in any applicable prospectus supplement, the following section is a summary of the principal terms and provisions that will be included in the indenture. The indenture has been filed as an exhibit incorporated by reference in the registration statement of which this prospectus is a part. If this



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summary refers to particular provisions of the indenture, such provisions, including the definitions of terms, are incorporated by reference in this prospectus as part of the summary. Schering-Plough urges you to read the indenture and any supplement thereto because these documents, and not this section or any description of the debt securities in any prospectus supplement, define your rights as a holder of debt securities.

In this **Description of Debt Securities** section, Schering-Plough refers to Schering-Plough Corporation, excluding its subsidiaries, unless otherwise expressly stated or the context otherwise requires.

### **General**

The indenture does not limit the amount of debt that Schering-Plough may issue under the indenture or otherwise.

Under the indenture, Schering-Plough may issue the securities in one or more series. The securities may have the same or various maturities. The securities may be issued at par, at a premium or with original issue discount. Schering-Plough may also reopen a previous issue of securities and issue additional securities of the series.

The debt securities described in this prospectus and any prospectus supplement will be Schering-Plough's direct unsecured obligations. Senior debt securities will rank equally with Schering-Plough's other unsecured and senior indebtedness. Subordinated debt securities will be unsecured and subordinated in right of payment to the prior payment in full of all of Schering-Plough's unsecured and senior indebtedness. See **Subordination** below. Any of Schering-Plough's secured indebtedness will rank ahead of the debt securities to the extent of the assets securing such indebtedness. Also, Schering-Plough conducts operations primarily through its subsidiaries and substantially all of Schering-Plough's consolidated assets are held by its subsidiaries. Accordingly, Schering-Plough's cash flow and Schering-Plough's ability to meet its obligations under the debt securities will be largely dependent on the earnings of its subsidiaries and the distribution or other payment of these earnings to Schering-Plough in the form of dividends, loans or advances, and repayment of loans and advances from Schering-Plough. Schering-Plough's subsidiaries are separate and distinct legal entities and have no obligation to pay the amounts which will be due on Schering-Plough's debt securities or to make any funds available for payment of amounts which will be due on Schering-Plough's debt securities. Therefore, Schering-Plough's rights, and the rights of Schering-Plough's creditors, including the rights of the holders of the debt securities to participate in any distribution of assets of any of Schering-Plough's subsidiaries, if such subsidiary were to be liquidated or reorganized, is subject to the prior claims of the subsidiary's creditors. To the extent that Schering-Plough may be a creditor with recognized claims against its subsidiaries, Schering-Plough's claims will still be effectively subordinated to any security interest in, or mortgages or other liens on, the assets of the subsidiary that are senior to Schering-Plough.

### **Terms**

The prospectus supplement relating to any series of debt securities being offered will include specific terms relating to the offering. These terms will include, among other terms, some or all of the following:

- the title and type of the series;
- the total principal amount;
- the percentage of the principal amount at which the securities will be issued;
- the dates on which the principal of the securities will be payable;
- any payments due if the maturity of the securities is accelerated;



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- any interest rates or the method of determining the interest rates;
- the dates from which any interest will accrue or the method of determining those dates;
- the interest payment record and payment dates;
- whether the securities are redeemable at Schering-Plough's option;
- any sinking fund or other provisions that would obligate Schering-Plough to repurchase or otherwise redeem the securities;
- the option of either Schering-Plough or the holder to elect the currency (for example, U.S. dollars, euros, or other non-U.S. currency, currency unit or composite currency) of payment on the securities;
- the currency of the payment of principal, any premium, and any interest;
- any index or other method Schering-Plough will use to determine the amount of principal or any premium or interest;
- the form in which Schering-Plough will issue the securities (for example, registered or bearer book-entry form, or registered or bearer certificated form) and any restrictions related to the form;
- any covenants, defaults, events of default or provisions applicable to the securities;
- any special tax implications, including provisions for original issue discount securities, if offered;
- any provisions for convertibility or exchangeability of the debt securities into or for any other securities;
- any provisions granting special rights to the holders of the securities upon the occurrence of specified events;
- the denominations of the securities;
- whether the securities are subject to subordination and, if so, the subordination terms; and
- any other specific terms of the securities.

Schering-Plough may in the future issue debt securities other than the debt securities described in this prospectus. There is no requirement that any other debt securities be issued under the indenture. Thus, Schering-Plough may issue any other debt securities under other indentures or documentation containing provisions different from those included in the indenture or any series of securities issued pursuant to this prospectus.

**Events of Default**

When Schering-Plough uses the term "event of default" in the indenture, here are some examples of what is meant. An event of default occurs if:

- Schering-Plough fails to make the principal or any premium payment on any debt security when due;

- Schering-Plough fails to pay interest on any debt security for 45 days after payment was due;

Schering-Plough fails to make any sinking fund payment when due;

Schering-Plough fails to perform any other covenant in the indenture and this failure continues for 90 days after Schering-Plough receives written notice of it from the trustee or the holders of at least 25% in principal amount of outstanding debt securities of that series; or

Schering-Plough or a court takes certain actions relating to the bankruptcy, insolvency or reorganization of the company.



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The supplemental indenture or the form of security for a particular series of debt securities may include additional events of default or changes to the events of default described above. The events of default applicable to a particular series of debt securities will be described in the prospectus supplement relating to that series. A default under Schering-Plough's other indebtedness will not be a default under the indenture for the debt securities covered by this prospectus, and a default under one series of debt securities will not necessarily be a default under another series. The trustee may withhold notice to the holders of debt securities of any default (except for defaults that involve Schering-Plough's failure to pay principal or interest) if it considers such withholding of notice to be in the best interests of the holders.

If an event of default with respect to outstanding debt securities of any series occurs and is continuing, then the trustee or the holders of at least 25% in principal amount of outstanding debt securities of that series may declare, in a written notice, the principal amount (or specified amount) plus accrued and unpaid interest on all debt securities of that series to be immediately due and payable. If Schering-Plough or a court takes certain actions relating to the bankruptcy, insolvency or reorganization of the company, the principal amount plus accrued and unpaid interest on all debt securities will become immediately due and payable without any declaration or other act on the part of the trustee or holders of securities. At any time after a declaration of acceleration with respect to debt securities of any series has been made, the holders of a majority in principal amount (or specified amount) of the outstanding debt securities of that series, by written notice to Schering-Plough and the trustee, may rescind and annul such declaration and its consequences if:

Schering-Plough has paid or deposited with the trustee a sum sufficient to pay overdue interest and overdue principal other than the accelerated interest and principal; and

Schering-Plough has cured or the holders have waived all events of default, other than the non-payment of accelerated principal and interest with respect to debt securities of that series, as provided in the indenture.

Schering-Plough refers you to the prospectus supplement relating to any series of debt securities that are discount securities for the particular provisions relating to acceleration of a portion of the principal amount of the discount securities upon the occurrence of an event of default.

If a default in the performance or breach of the indenture shall have occurred and be continuing, the holders of not less than a majority in principal amount of the outstanding securities of all series, by notice to the trustee, may waive any past event of default or its consequences under the indenture.

However, an event of default cannot be waived with respect to any series of securities in the following two circumstances:

a failure to pay the principal of, and premium, if any, or interest on any security; or

a covenant or provision that cannot be modified or amended without the consent of each holder of outstanding securities of that series.

Other than its duties in case of a default, the trustee is not obligated to exercise any of its rights or powers under the indenture at the request, order or direction of any holders, unless the holders offer the trustee reasonable indemnity. If they provide this reasonable indemnity, the holders of a majority in principal amount outstanding of any series of debt securities may, subject to certain limitations, direct the time, method and place for conducting any proceeding or any remedy available to the trustee, or exercising any power conferred upon the trustee, for any series of debt securities.

Schering-Plough is required to deliver to the trustee an annual statement as to Schering-Plough's fulfillment of all of its obligations under the indenture.

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### **Defeasance**

The term defeasance, as used in the indenture means discharge from some or all of its obligations under the indenture. If Schering-Plough deposits with the trustee sufficient cash or government securities to pay the principal, any premium, interest and any other sums due on the stated maturity date or a redemption date of the securities of a particular series, then at Schering-Plough's option:

Schering-Plough will be discharged from its obligations with respect to the securities of such series; or

Schering-Plough will no longer be under any obligation to comply with certain restrictive covenants under the indenture, and certain events of default will no longer apply to Schering-Plough.

If this happens, the holders of the securities of the affected series will not be entitled to the benefits of the indenture except for registration of transfer and exchange of debt securities and replacement of lost, stolen or mutilated securities. Such holders may look only to such deposited funds or obligations for payment.

To exercise the defeasance option, Schering-Plough must deliver to the trustee an opinion of counsel that the deposit and related defeasance would not cause the holders of the securities to recognize income, gain or loss for federal income tax purposes. Schering-Plough must also deliver any ruling received from or published by the United States Internal Revenue Service if Schering-Plough is discharged from its obligations with respect to the securities.

### **Modification of the Indenture**

Under the indenture, Schering-Plough's rights and obligations, as well as the rights of the holders, may be modified if the holders of a majority in aggregate principal amount of the outstanding debt securities of each series affected by the modification consent to the modification. However, none of the following modifications will be effective against any holder without its consent:

modification of the maturity date;

modification of the principal and interest payment terms;

modification of the currency for payment;

impairment of the right to sue for the enforcement of payment at the maturity of the debt security;

modification of any conversion rights; or

modification reducing the percentage required for modifications or modifying the foregoing requirements or reducing the percentage required to waive certain specified covenants.

In addition, no supplemental indenture shall adversely affect the rights of any holder of senior indebtedness with respect to subordination without the consent of such holder.

### **Subordination**

The extent to which a particular series of subordinated debt securities may be subordinated to Schering-Plough's unsecured and senior indebtedness will be set forth in the prospectus supplement for any such series. The indenture may be modified by a supplemental indenture to reflect such subordination provisions.



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**Form and Denomination of Debt Securities**

***Denomination of Debt Securities***

Unless otherwise indicated in the applicable prospectus supplement, the debt securities will be denominated in U.S. dollars, in minimum denominations of \$1,000 and multiples thereof.

***Registered Form***

Schering-Plough may issue the debt securities in registered form. In that case, Schering-Plough may issue the securities either in book-entry form only or in certificated form. Schering-Plough will issue registered debt securities in book-entry form only, unless it specifies otherwise in the applicable prospectus supplement. Debt securities issued in book-entry form will be represented by global securities.

***Bearer Form***

Schering-Plough also will have the option of issuing debt securities in non-registered form, as bearer securities, if Schering-Plough issues the securities outside the United States to non-U.S. persons. In that case, the applicable prospectus supplement will set forth the mechanics for holding the bearer securities, including the procedures for receiving payments, for exchanging the bearer securities for registered securities of the same series and for receiving notices. The applicable prospectus supplement will also describe the requirements with respect to Schering-Plough's maintenance of offices or agencies outside the United States and the applicable U.S. federal tax law requirements.

**Holder of Registered Debt Securities**

***Book-Entry Holders***

Schering-Plough will issue registered debt securities in book-entry form only, unless Schering-Plough specifies otherwise in the applicable prospectus supplement. Debt securities held in book-entry form will be represented by one or more global securities registered in the name of a depositary or its nominee. The depositary or its nominee will hold such global securities on behalf of financial institutions that participate in such depositary's book-entry system. These participating financial institutions, in turn, hold beneficial interests in the global securities either on their own behalf or on behalf of their customers.

Under the indenture, only the person in whose name a debt security is registered is recognized as the holder of that debt security. Consequently, for debt securities issued in global form, Schering-Plough will recognize only the depositary or its nominee as the holder of the debt securities, and Schering-Plough will make all payments on the debt securities to the depositary or its nominee. The depositary will then pass along the payments that it receives to its participants, which in turn will pass the payments along to their customers who are the beneficial owners of the debt securities. The depositary and its participants do so under agreements they have made with one another or with their customers or by law; they are not obligated to do so under the terms of the debt securities or the terms of the indenture.

As a result, investors will not own debt securities directly. Instead, they will own beneficial interests in a global security, through a bank, broker or other financial institution that participates in the depositary's book-entry system, or that holds an interest through a participant in the depositary's book-entry system. As long as the debt securities are issued in global form, investors will be indirect holders, and not holders, of the debt securities.



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### ***Street Name Holders***

In the event that Schering-Plough issues debt securities in certificated form, or in the event that a global security is terminated, investors may choose to hold their debt securities either in their own names or in street name. Debt securities held in street name are registered in the name of a bank, broker or other financial institution chosen by the investor, and the investor would hold a beneficial interest in those debt securities through the account that he or she maintains at such bank, broker or other financial institution.

For debt securities held in street name, Schering-Plough will recognize only the intermediary banks, brokers and other financial institutions in whose names the debt securities are registered as the holders of those debt securities, and Schering-Plough will make all payments on those debt securities to them. These institutions will pass along the payments that they receive from Schering-Plough to their customers who are the beneficial owners pursuant to agreements that they have entered into with such customers or by law; they are not obligated to do so under the terms of the debt securities or the terms of the indenture. Investors who hold debt securities in street name will be indirect holders, and not holders, of the debt securities.

### ***Registered Holders***

Schering-Plough's obligations, as well as the obligations of the trustee and those of any third parties employed by the trustee or Schering-Plough, run only to the registered holders of the debt securities. Schering-Plough does not have obligations to investors who hold beneficial interests in global securities, in street name or by any other indirect means and who are, therefore, not the registered holders of the debt securities. This will be the case whether an investor chooses to be an indirect holder of a debt security, or has no choice in the matter because Schering-Plough is issuing the debt securities only in global form.

For example, once Schering-Plough makes a payment or gives a notice to the registered holder of the debt securities, Schering-Plough has no further responsibility with respect to such payment or notice even if that registered holder is required, under agreements with depositary participants or customers or by law, to pass it along to the indirect holders but does not do so. Similarly, if Schering-Plough wants to obtain the approval of the holders for any purpose (for example, to amend an indenture or to relieve Schering-Plough of the consequences of a default or of Schering-Plough's obligation to comply with a particular provision of an indenture), Schering-Plough would seek the approval only from the registered holders, and not the indirect holders, of the debt securities. Whether and how the registered holders contact the indirect holders is up to the registered holders.

Notwithstanding the above, references to you or your in this description of debt securities are to investors who invest in the debt securities being offered by this prospectus, whether they are the registered holders or only indirect holders of the debt securities offered. References to your debt securities in this prospectus means the series of debt securities in which you hold a direct or indirect interest.

### ***Special Considerations for Indirect Holders***

If you hold debt securities through a bank, broker or other financial institution, either in book-entry form or in street name, Schering-Plough urges you to check with that institution to find out:

how it handles securities payments and notices;

whether it imposes fees or charges;

how it would handle a request for its consent, as a registered holder of the debt securities, if ever required;

if permitted for a particular series of debt securities, whether and how you can instruct it to send you debt securities registered in your own name so you can be a registered holder of such debt securities;



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how it would exercise rights under the debt securities if there were a default or other event triggering the need for holders to act to protect their interests; and

if the debt securities are in book-entry form, how the depository's rules and procedures will affect these matters.

**Global Securities**

A global security represents one or any other number of individual debt securities. Generally, all debt securities represented by the same global securities will have the same terms. Each debt security issued in book-entry form will be represented by a global security that Schering-Plough deposits with and registers in the name of a financial institution or its nominee that Schering-Plough selects. The financial institution that Schering-Plough selects for this purpose is called the depository. Unless Schering-Plough specifies otherwise in the applicable prospectus supplement, The Depository Trust Company, New York, New York, known as DTC, will be the depository for debt securities that Schering-Plough issues in book-entry form.

A global security may not be transferred to or registered in the name of anyone other than the depository or its nominee, unless special termination situations arise. Schering-Plough describes those situations below under **Special Situations When a Global Security Will Be Terminated**. As a result of these arrangements, the depository, or its nominee, will be the sole registered holder of all debt securities represented by a global security, and investors will be permitted to own only beneficial interests in a global security. Beneficial interests must be held by means of an account with a broker, bank or other financial institution that in turn has an account either with the depository or with another institution that has an account with the depository. Thus, an investor whose security is represented by a global security will not be a registered holder of the debt security, but an indirect holder of a beneficial interest in the global security.

***Special Considerations for Global Securities***

As an indirect holder, an investor's rights relating to a global security will be governed by the account rules of the investor's financial institution and of the depository, as well as general laws relating to securities transfers. The depository that holds the global security will be considered the registered holder of the debt securities represented by such global security.

If debt securities are issued only in the form of a global security, an investor should be aware of the following:

An investor cannot cause the debt securities to be registered in his or her name, and cannot obtain non-global certificates for his or her interest in the debt securities, except in the special situations described below under **Special Situations When a Global Security Will Be Terminated**.

An investor will be an indirect holder and must look to his or her own bank or broker for payments on the debt securities and protection of his or her legal rights relating to the debt securities, as described under  **Holders of Registered Debt Securities** above.

An investor may not be able to sell his or her interest in the debt securities to some insurance companies and other institutions that are required by law to own their securities in non-book-entry form.

An investor may not be able to pledge his or her interest in the debt securities in circumstances where certificates representing the debt securities must be delivered to the lender or other beneficiary of the pledge in order for the pledge to be effective.

The depositary's policies, which may change from time to time, will govern payments, transfers, exchanges and other matters relating to an investor's interest in the debt securities. Neither the trustee nor Schering-Plough have any responsibility for any aspect of the depositary's actions or

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for the depositary's records of ownership interests in a global security. Additionally, neither the trustee nor Schering-Plough supervise the depositary in any way.

DTC requires that those who purchase and sell interests in a global security that is deposited in its book-entry system use immediately available funds. Your broker or bank may also require you to use immediately available funds when purchasing or selling interests in a global security.

Financial institutions that participate in the depositary's book-entry system, and through which an investor holds its interest in a global security, may also have their own policies affecting payments, notices and other matters relating to the debt security. There may be more than one financial intermediary in the chain of ownership for an investor. Schering-Plough does not monitor and is not responsible for the actions of any of such intermediaries.

***Special Situations When a Global Security Will Be Terminated***

In a few special situations described below, a global security will be terminated and interests in the global security will be exchanged for certificates in non-global form, referred to as certificated debt securities. After such an exchange, it will be up to the investor as to whether to hold the certificated debt securities directly or in street name. Schering-Plough has described the rights of direct holders and street name holders under *Holder of Registered Debt Securities* above. Investors must consult their own banks or brokers to find out how to have their interests in a global security exchanged on termination of a global security for certificated debt securities to be held directly in their own names.

The special situations for termination of a global security are as follows:

if the depositary notifies Schering-Plough that it is unwilling, unable or no longer qualified to continue as depositary for that global security, and Schering-Plough does not appoint another institution to act as depositary within 90 days of such notification; or

if Schering-Plough notifies the trustee that it wishes to terminate that global security.

The applicable prospectus supplement may list situations for terminating a global security that would apply only to the particular series of debt securities covered by such prospectus supplement. If a global security were terminated, only the depositary, and not Schering-Plough or the trustee, would be responsible for deciding the names of the institutions in whose names the debt securities represented by the global security would be registered and, therefore, who would be the registered holders of those debt securities.

**Form, Exchange and Transfer of Registered Securities**

If Schering-Plough ceases to issue registered debt securities in global form, it will issue them:

only in fully registered certificated form; and

in the denominations specified in the applicable prospectus supplement.

Holders may exchange their certificated securities for debt securities of smaller denominations or combined into fewer debt securities of larger denominations, as long as the total principal amount is not changed.

Holders may exchange or transfer their certificated securities at the trustee's office. Schering-Plough has appointed the trustee to act as its agent for registering debt securities in the names of holders transferring debt securities. Schering-Plough may appoint another entity to perform these functions or perform them itself.

Holders will not be required to pay a service charge to transfer or exchange their certificated securities, but they may be required to pay any tax or other governmental charge associated with the transfer or exchange. The transfer or exchange will be made only if Schering-Plough's transfer agent is satisfied with the holders' proof of legal ownership.

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If Schering-Plough has designated additional transfer agents for your debt security, they will be named in the applicable prospectus supplement. Schering-Plough may appoint additional transfer agents or cancel the appointment of any particular transfer agent. Schering-Plough may also approve a change in the location of the office through which any transfer agent acts.

If any certificated securities of a particular series are redeemable and Schering-Plough redeems less than all the debt securities of that series, Schering-Plough may block the transfer or exchange of those debt securities during the period beginning 15 days before the day Schering-Plough mails the notice of redemption and ending on the day of that mailing, in order to freeze the list of holders to prepare the mailing. Schering-Plough may also refuse to register transfers or exchanges of any certificated securities selected for redemption, except that Schering-Plough will continue to permit transfers and exchanges of the unredeemed portion of any debt security that will be partially redeemed.

If a registered debt security is issued in global form, only the depositary will be entitled to transfer and exchange the debt security as described in this subsection because it will be the sole holder of the debt security.

## **Payment and Paying Agents**

On each due date for interest payments on the debt securities, Schering-Plough will pay interest to each person shown on the trustee's records as owner of the debt securities at the close of business on a designated day that is in advance of the due date for interest. Schering-Plough will pay interest to each such person even if such person no longer owns the debt security on the interest due date. The designated day on which Schering-Plough will determine the owner of the debt security, as shown on the trustee's records, is also known as the record date. The record date will usually be about two weeks in advance of the interest due date.

Because Schering-Plough will pay interest on the debt securities to the holders of the debt securities based on ownership as of the applicable record date with respect to any given interest period, and not to the holders of the debt securities on the interest due date (that is, the day that the interest is to be paid), it is up to the holders who are buying and selling the debt securities to work out between themselves the appropriate purchase price for the debt securities. It is common for purchase prices of debt securities to be adjusted so as to prorate the interest on the debt securities fairly between the buyer and the seller based on their respective ownership periods within the applicable interest period.

Schering-Plough will make payments on a global security by wire transfer of immediately available funds directly to the depositary, or its nominee, and not to any indirect holders who own beneficial interests in the global security. An indirect holder's right to those payments will be governed by the rules and practices of the depositary and its participants, as described under Global Securities above. Any other payments will be made as set forth in the applicable prospectus supplement.

If payment on a debt security is due on a day that is not a business day, Schering-Plough will make such payment on the next succeeding business day. The indenture will provide that such payments will be treated as if they were made on the original due date for payment. A postponement of this kind will not result in a default under any debt security or indenture, and no interest will accrue on the amount of any payment that is postponed in this manner.

**Book-entry and other indirect holders should consult their banks or brokers for information on how they will receive payments on their debt securities.**

## **Information Concerning the Trustee**

The trustee, The Bank of New York (BONY), and certain of its affiliates have in the past and currently do provide banking, investment and other services to Schering-Plough. Those services



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include acting as a lender under Schering-Plough's revolving credit agreement; trustee under the indenture, dated as of November 26, 2003, under which Schering-Plough issued \$1.25 billion aggregate principal amount of 5.3% senior unsecured notes due 2013 and \$1.15 billion aggregate principal amount of 6.5% senior unsecured notes due 2033; a transfer agent for Schering-Plough's 2004 Preferred Stock and its common shares; and providing cash management services. Schering-Plough currently anticipates that BONY may continue to provide similar services in the future.

**Governing Law**

The indenture and the debt securities will be governed by, and construed in accordance with, the law of the State of New York.

**PLAN OF DISTRIBUTION**

Schering-Plough may sell the securities covered by this prospectus in any of the following methods:

through underwriters, dealers or remarketing firms;

directly to one or more purchasers, including to a limited number of institutional purchasers;