



Schering-Plough reached an agreement with Millennium Pharmaceuticals to obtain exclusive development and commercialization rights for the cardiovascular drug Integrilin.

Millennium shares surged 45 cents to \$10.38 in extended hours trading. Also, shares of Schering-Plough gained 15 cents to \$20.69 in aftermarket activity, after closing up 2 percent at \$20.54 on the New York Stock Exchange.

Both companies agreed to restructure their collaboration for the drug in order to optimize growth in the U.S. market, where they have been co-promoting the drug and sharing profits since 2002. Both firms seem to largely benefit from the new agreement.

Millennium will get \$35.5 million and royalties over the U.S. lifespan of Integrilin. In 2006 and 2007, minimum royalty payments for each year are set at **\$85 million**, with some extraordinary conditions that could reduce these minimums. Millennium expects the upfront payment and anticipated royalties from the restructured relationship, combined with the associated cost savings, will be **at least equivalent** to the value of the current profit share arrangement. Strategically, Millennium expects to:

- Continue to receive a substantial revenue stream while eliminating the need to further invest its resources into INTEGRILIN sales and marketing and development activities;
- Capture the opportunity for more efficient management of INTEGRILIN in the U.S. by placing responsibility with one company; and
- Streamline and focus resources on **VELCADE** and its pipeline, which are both critical to the continued success of Millennium. In addition, Schering-Plough will pay to Millennium approximately **\$45 million to \$50 million** for the purchase of existing Integrilin inventories.

Schering-Plough feels that it has walked a step forward towards becoming a global leader in cardiac care.

**Prohost comment:** This is a step forward made by MLNM after announcing the change at the top of management. We expect many other decisions to come up at the hands of the new president who will assume official responsibility on August 1st. The expected changes will probably be directed towards lowering the expenses and focusing on the product pipeline and on getting the most out of the marketed breakthrough drug Velcade.

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