



Current Agreements

Dealdoc

Settlement agreement for Vytorin Enhance study lawsuit

Merck and Co
Schering-Plough

Feb 14 2013

Settlement agreement for Vytorin Enhance study lawsuit

Companies:	Merck and Co Schering-Plough
Announcement date:	Feb 14 2013
Deal value, US\$m:	688 : sum of payment

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Details

Announcement date:	Feb 14 2013
Industry sectors:	Bigpharma Pharmaceutical
Therapy areas:	Cardiovascular » Hypercholesterolemia
Technology types:	Small molecules
Deal components:	Settlement

Financials

Deal value, US\$m:	688 : sum of payment
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Termsheet

Merck has reached an agreement in principle with plaintiffs to resolve two federal securities class-action lawsuits.

Under the proposed agreement, which will have no impact on Merck's 2013 results of operations, the company will pay \$215 million to resolve the securities class action against all of the Merck defendants and \$473 million to resolve the securities class action against all of the Schering-Plough defendants.

Merck agreed to pay \$688 million to resolve two securities-fraud lawsuits filed by irate shareholders.

Pension funds and other institutional investors alleged that Merck--and Schering-Plough, which Merck bought in 2009--held back key information about the Enhance trial, which tested the combination drug Vytorin against one of its constituent parts, the statin drug Zocor.

Press Release

Merck to pay \$688M in lawsuit over failed Vytorin study

The Company Records \$493 Million Charge Reducing 2012 GAAP Results

"This agreement avoids the uncertainties of a jury trial and will resolve all of the remaining litigation in connection with the ENHANCE study,"

WHITEHOUSE STATION, N.J.--(BUSINESS WIRE)--Merck, known as MSD outside the United States and Canada, announced today that it has reached an agreement in principle with plaintiffs to resolve two federal securities class-action lawsuits. The suits are pending in the U.S. District Court for the District of New Jersey against Merck, Schering-Plough Corporation and certain of their current and former officers and directors.

Under the proposed agreement, which will have no impact on Merck's 2013 results of operations, the company will pay \$215 million to resolve the securities class action against all of the Merck defendants and \$473 million to resolve the securities class action against all of the Schering-Plough defendants. In connection with the settlement, Merck recorded a pre-tax and after-tax charge of \$493 million, which reflects

anticipated insurance recoveries. This charge reduced the company's previously reported fourth-quarter 2012 GAAP (generally accepted accounting principles) EPS (earnings per share) results from \$0.46 to \$0.30 per share and full-year 2012 GAAP results from \$2.16 to \$2.00 per share, but did not change its previously reported non-GAAP results.

The plaintiffs are investors who purchased certain securities issued by Merck and Schering-Plough between December 2006 and March 2008 and claim that they lost money when the results of the ENHANCE trial were published in early 2008. Merck continues to believe that both companies acted responsibly in connection with the ENHANCE study, and this agreement contains no admission of liability or wrongdoing. The agreement is subject to court approval.

"This agreement avoids the uncertainties of a jury trial and will resolve all of the remaining litigation in connection with the ENHANCE study," said Bruce N. Kuhlik, executive vice president and general counsel of Merck. "We believe it is in the best interests of the company and its shareholders to put this matter behind us, and to continue our focus on scientific innovations that improve health worldwide."

Judge Dennis M. Cavanaugh is presiding over the cases. Merck is represented by Theodore V. Wells, Jr. and Daniel J. Kramer of Paul, Weiss, Rifkind, Wharton & Garrison LLP.

About Merck

Today's Merck is a global healthcare leader working to help the world be well. Merck is known as MSD outside the United States and Canada. Through our prescription medicines, vaccines, biologic therapies, and consumer care and animal health products, we work with customers and operate in more than 140 countries to deliver innovative health solutions. We also demonstrate our commitment to increasing access to healthcare through far-reaching policies, programs and partnerships. For more information, visit www.merck.com and connect with us on Twitter, Facebook and YouTube.

Filing Data

Not available.

Contract

Not available.