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**LABOR AND CONSUMER COALITION ANNOUNCE \$24 MILLION SETTLEMENT
OF LEGAL ACTION AGAINST AIDS DRUG MAKER**

Pharmaceutical company caused AIDS patients to pay for unnecessary medication

Boston, MA, [February 19] — The Prescription Access Litigation Project (PAL) and PAL member AFSCME District Council 37 Health and Security Plan (DC 37) today announced a settlement in a nationwide class-action lawsuit brought by DC 37 and others against EMD Serono, Inc. and Merck Serono International S.A. (jointly, Serono) (NYSE: SRA). The \$24-million settlement resolves claims that Serono wrongfully encouraged doctors to prescribe the AIDS drug Serostim to patients for whom it was unnecessary. Serostim is a recombinant human growth hormone manufactured by Serono to treat AIDS wasting, a condition involving profound involuntary weight loss in AIDS patients.

The lawsuit, filed in September 2005, charged Serono with promoting the use of an unapproved medical device that improperly diagnosed people as having AIDS wasting; providing doctors with travel stipends in exchange for their agreement to prescribe Serostim; and marketing the drug for uses that were not approved by the FDA.

There is no allegation in this case that any patient was medically harmed by Serono's conduct.

This settlement follows a settlement reached in October 2005 by the U.S. Department of Justice (DOJ). In that DOJ settlement, Serono agreed to pay \$704 million in fines and pled guilty to criminal charges for the unlawful promotion of Serostim. In addition to the monetary settlement with the DOJ, Serono also agreed to a "Corporate Integrity Agreement" that requires internal audits and government monitoring. The U.S. Attorney in charge of the case asserted that "nearly 85% of prescriptions written for Serostim were not medically necessary."

The DOJ settlement reimbursed government programs for their Serostim payments but did not include reimbursement for patients and private health plans that paid out-of-pocket for Serostim treatment. The lawsuit filed by DC 37 sought to recover Serostim payments for those groups. The settlement agreement in DC 37's case received preliminary approval from the U.S. District Court in Massachusetts last week and must receive "final approval" from the Court before it goes into effect.

The settlement will establish a fund to reimburse two groups for their Serostim payments: (1) individual patients who paid the entire cost of Serostim prescriptions or who had private health coverage and were responsible for a co-payment for their prescriptions; and (2) third-party payers -- health insurance plans, union benefit funds and self-insured employers -- that paid for part or all of the cost of Serostim dispensed to their members.

Alex Sugeran-Brozan, Director of PAL, explains: “We hope that this settlement will not only compensate those consumers and health plans that were deceived into paying unnecessarily for Serostim, but it will also serve as a precedent for other drug companies that would venture to take advantage of seriously ill patients in the name of profits.”

According to Rosaria Esperon, Administrator of the AFSCME District Council 37’s Health & Security Plan in New York City, “This case cried out for justice. Serono’s promotion of Serostim affected some of our most vulnerable members who had to expend their scarce resources for co-pays on a drug that was unnecessary. Our self-administered drug benefit plan too was harmed when it paid the ingredient cost of this hugely expensive drug. Through this settlement, both our members and our plan have achieved a fair measure of justice.”

David Nalven, a lawyer with Hagens Berman Sobol Shapiro LLP, who represents the class, said "This is an excellent result for consumers and third-party payors who paid for Serostim based on unsupported representations -- they are getting their money back." Lance Harke of Harke & Clasby also represents the class in this case.

For more information about the Serostim lawsuit and settlement, please visit www.prescriptionaccess.org

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The Prescription Access Litigation Project (PAL) (www.prescriptionaccess.org) is a nationwide coalition of over 125 state, local, and national senior, labor and consumer health advocacy groups in 36 states fighting to make prescription drugs affordable. The organizations in the PAL coalition have a combined membership of over 13 million people. PAL works to end illegal drug industry practices that increase the price of prescription drugs beyond the reach of the American consumer, using class action litigation and public education. Since 2001, PAL members have filed 28 sets of lawsuits targeting such practices.

AFSCME District Council 37 Health and Security Plan (www.dc37.net) provides a wide array of health and welfare benefits, including a prescription drug benefit, for 120,000 represented municipal employees and retirees of the City of New York, various authorities and cultural institutions, plus their spouses and dependants for a total of 300,000+ lives.

Hagens Berman Sobol Shapiro, LLP (HBSS) (www.hbsslaw.com), is one of the premier law firms in the country in large-scale public-impact litigation. HBSS has earned a special reputation as a nationwide leader in complex prescription drug litigation. Through its representation of members of PAL, HBSS lawyers have been appointed to a leadership position in many large-scale prescription drug cases over the last five years. HBSS currently serves as a lead counsel in *In re Pharmaceutical Industry Average Wholesale Price Litigation* as well as in major antitrust class actions involving the drugs TriCor, OxyContin, and Wellbutrin, and deceptive promotion cases involving the drugs Vioxx, Celebrex, and Nexium. HBSS also served as a lead counsel in *In re Lupron Sales and Marketing Practices* in which it obtained \$150 million class settlement; *In re Relafen Antitrust Litigation*, in which it secured a \$75 million settlement for consumers and third-party payors; and many other significant prescription drug class actions. With offices in Boston, Chicago, Los Angeles, Phoenix, and Seattle, HBSS is also one of the largest plaintiffs’ class action and multi-party litigation firms in the nation.

Harke & Clasby LLP (www.harkeclasby.com) is an AV-rated litigation boutique based in Miami, Florida. Its five attorneys focus on class actions, business torts, antitrust, insurance, product defects, and consumer rights litigation in state and federal courts across the country. Lance Harke is an AV-rated trial attorney, and has been appointed class counsel, co-lead counsel, or selected to serve on plaintiff’s steering committees in numerous nationwide class action cases.