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**UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY**

HARVEY A. LAPIN, Individually and
On
Behalf Of All Others Similarly
Situated,

Plaintiff,

vs.

PHARMACIA CORPORATION,
FRED HASSAN and G. STEVEN
GEIS,

Defendants.

Civil Action No.

CLASS ACTION COMPLAINT
FOR VIOLATIONS OF FEDERAL
SECURITIES LAWS

JURY TRIAL DEMANDED

Plaintiff, Harvey A. Lapin, (“Plaintiff”) individually and on behalf of all others similarly situated, by his undersigned attorneys, for his complaint against defendants, alleges the following based upon personal knowledge as to himself and his own acts, and information and belief as to all other matters, based upon, *inter alia*, the

investigation conducted by and through his attorneys, which included among other things, a review of the defendants' public documents, conference calls and announcements made by defendants, United States Securities and Exchange Commission ("SEC") filings, wire and press releases published by and regarding Pharmacia Corporation ("Pharmacia" or the "Company"), and securities analysts' reports and advisories about the Company. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a federal Class Action brought by the Plaintiff on behalf of himself and a Class consisting of all other persons who purchased the publicly traded securities of Pharmacia, between April 17, 2000 and August 22, 2001, inclusive (the "Class Period"), seeking to recover damages caused by Defendants' violations of federal securities laws and pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act").
2. Pharmacia Corporation (the "Company" or "Pharmacia"), is primarily involved in the development, manufacturing and sale of pharmaceutical products. Prescription pharmaceuticals are the Company's only business segment and includes general therapeutics, ophthalmology and hospital products, including oncology and diversified therapeutics. The Company also operates several business units that do not constitute reportable business segments. These operating units include, among others,

consumer healthcare, animal health, diagnostics and contract manufacturing, and bulk pharmaceutical chemicals. The Company's products are sold throughout the world to a wide range of customers, including pharmacies, hospitals, chain warehouses, governments, physicians, wholesalers, and other distributors.

3. Celebrex is a product of Pharmacia. Celebrex is a once-daily prescription medication that provides powerful, 24-hour relief from osteoarthritis (“OA”). Celebrex is also approved for the treatment of adult rheumatoid arthritis (“RA”), acute pain, and primary dysmenorrhea – painful menstrual cramps. Celebrex blocks the action of the COX-2 enzyme, which plays a key role in pain and inflammation. Celebrex was the first COX-2 specific inhibitor approved for treating the pain, inflammation, and stiffness that accompanies arthritis (both OA and RA).
4. During the Class Period, the Journal of the American Medical Association (“JAMA”) published a study by the Company that showed that Celebrex caused fewer gastrointestinal problems than traditional drugs. However, unbeknownst to JAMA, the study was flawed because the Company manipulated the results, to show that Celebrex was safer for the stomach and digestive tract than conventional drugs, by not including in the final analysis all of the data collected through the entire duration of the study which concluded contrary to the Company’s findings. During the Class Period, defendants failed to make adequate disclosures concerning this

study and used this fallacious study in their continuing efforts to have the Food and Drug Administration remove the warning label from Celebrex. During the Class Period, the Company failed to disclose that Celebrex is just as likely to cause ulcers as older, cheaper medicines such as ibuprofen, until an August 22, 2001 report in The Wall Street Journal shed light on the Company's fallacious misrepresentations.

5. On August 22, 2001, The Wall Street Journal (the "Journal") reported that a review, conducted by researchers from the Cleveland Clinic of clinical trials for the arthritis drugs Celebrex and Vioxx, indicated that the medications might carry an increased risk for cardiovascular events. They concluded that heart-attack rates with Celebrex and Vioxx were high enough to be a concern. The researchers concluded: "Given the remarkable exposure and popularity of this new class of medications, we believe that it is mandatory to conduct a trial specifically assessing cardiovascular risk and benefit of these agents. Until then, we urge caution in prescribing these agents to patients at risk for cardiovascular morbidity." The study's author, Dr. Eric Topol, commented in the Journal article that the results are a "cautionary flag that seems to say something is going on that needs further exploration."

JURISDICTION AND VENUE

6. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act, (15 U.S.C. §§ 78j(b) and 78t(a)), and Rule

10b-5 promulgated thereunder (17 C.F.R. §240.10b-5).

7. This Court has jurisdiction over the subject matter of this action pursuant to §27 of the Exchange Act (15 U.S.C. §78aa) and 28 U.S.C. § 1331.
8. Venue is proper in this Judicial District pursuant to §27 of the Exchange Act, 15 U.S.C. § 78aa and 28 U.S.C. § 1391(b). Many of the acts and transactions alleged herein, including the preparation and dissemination of materially false and misleading information, occurred in substantial part in this District. Additionally, the Company maintains its principal executive offices in this Judicial District.
9. In connection with the acts, conduct and other wrongs alleged in this complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mails, interstate telephone communications and the facilities of the national securities exchange.

THE PARTIES

10. Plaintiff Harvey A. Lapin purchased Pharmacia securities, as set forth in the certification attached hereto and incorporated herein by reference, and has suffered damages as a result of the wrongful acts of defendants as alleged herein.
11. Defendant Pharmacia Corporation is a leading global pharmaceutical enterprise with a robust product portfolio, wide geographic reach and balance, and a \$2 billion research engine to drive new product flow.

Pharmacia's principle place of business is located within this judicial district at 100 Route 206 North, Peapack, NJ 07977.

12. Defendant Fred Hassan ("Hassan") is the current Chief Executive Officer and Chairman of the Board of Pharmacia and has held these high-level executive positions since 1997.
13. Defendant G. Steven Geis ("Geis") was the Group Vice President for Clinical Research at Pharmacia during the Class Period.
14. Defendants Hassan and Geis are collectively referred to herein as the "Individual Defendants." During the Class Period, each of the Individual Defendants, as senior executive officers and/or directors of Pharmacia, were privy to non-public information concerning its business, finances, products, markets and present and future business prospects via access to internal corporate documents, conversations and connections with other corporate officers and employees, attendance at management and Board of Directors meetings and committees thereof and via reports and other information provided to them in connection therewith. Because of their possession of such information, the Individual Defendants knew or recklessly disregarded the fact that adverse facts specified herein had not been disclosed to, and were being concealed from, the investing public.
15. Each of the Individual Defendants is liable as a direct participant with respect to a fraudulent scheme and course of business that operated as a fraud or deceit on purchases of Pharmacia common stock by

disseminating materially false and misleading statements and/or concealing material adverse facts. The scheme deceived the investing public regarding Pharmacia's business, operations, management, and the intrinsic value of Pharmacia common stock and caused Plaintiff and other members of the Class to purchase Pharmacia securities at artificially inflated prices.

16. In addition, the Individual Defendants, by reason of their status as senior executive officers and directors were each a "controlling person" within the meaning of Section 20 of the Exchange Act and had the power and influence to cause the Company to engage in the unlawful conduct complained of herein. Because of their positions of control, the Individual Defendants were able to and did, directly or indirectly, control the content of various SEC filings, press releases, and other public statements pertaining to the Company during the Class Period.
17. The Individual Defendants, because of their positions with the Company, were provided with copies of the Company's reports and press releases alleged herein to be misleading, prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. The Individual Defendants had the opportunity to commit the fraudulent acts alleged herein. Accordingly, each of the Individual Defendants is responsible for the accuracy of the public reports and releases detailed herein and is therefore primarily liable for the

representation contained therein.

18. Individual Defendants are liable, jointly and severally, as direct participants in and coconspirators of, the wrongs complained of herein.

CLASS ACTION ALLEGATIONS

19. Plaintiff brings this action as a federal class action pursuant to Federal Rules of Civil Procedure 23(a) and (b)(3) on behalf of a class (the “Class”), consisting of all those who purchased the securities of Pharmacia between April 17, 2000 and August 22, 2001, inclusive, (the “Class Period”) and who were damaged thereby. Excluded from the Class are defendants, the officers and directors of the Company, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.
20. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Pharmacia securities were actively traded on the New York Stock Exchange (“NYSE”). While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class.
21. Plaintiff’s claims are typical of the claims of the members of the Class, because plaintiffs and all of the Class members sustained damages arising out of defendants’ wrongful conduct complained of herein.

22. Plaintiff will fairly and adequately protect the interests of the Class members and has retained counsel who are experienced and competent in class action and securities litigation.
23. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy, since joinder of all members is impracticable. Furthermore, as the damages suffered by individual members of the Class may be relatively small, the expense and burden of individual litigation make it impossible for the members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.
24. Questions of law and fact common to the members of the Class predominate over any questions that may affect only individual members, in that defendants have acted on grounds generally applicable to the entire Class. Among the questions of law and fact common to the Class are:
 - (a) Whether the federal securities laws were violated by Defendants' acts as alleged herein;
 - (b) Whether the Company's publicly disseminated press releases and statements during the Class Period omitted and/or misrepresented material facts;
 - (c) Whether defendants breached any duty to convey material facts or to correct material facts previously disseminated;
 - (d) Whether defendants participated in and pursued the fraudulent scheme

to artificially inflate stock prices;

(e) Whether the defendants acted willfully, with knowledge or recklessly, in omitting and/or misrepresenting material facts;

(f) Whether the market price of Pharmacia securities during the Class Period was artificially inflated due to material non-disclosures and/or misrepresentations complained of herein; and

(g) Whether the members of the Class have sustained damages and, if so, the appropriate measure of damages.

SUBSTANTIVE ALLEGATIONS

25. In February 1999, after receiving approval from the FDA to market Celebrex to the public, the Company along with Pfizer, Inc. (“Pfizer”) began to heavily promote Celebrex as a new Nonsteroidal Anti-Inflammatory Drug (“NSAID”) that reduced pain and inflammation without the gastrointestinal ulcers and ulcer complications that patients taking ibuprofen experienced. As set forth in more detail below, the Company valued Celebrex and manipulated a study in their efforts to “legitimize” the drug’s ability to avoid gastrointestinal problems effects, which in turn garnered the Company more money during the Class Period.
26. The Class Period commences on April 17, 2000. On that day Pharmacia along with Pfizer issued a joint press release that announced the results of a purported “landmark” study, presented at the American College of Physicians’ annual meeting, evaluating why arthritis patients taking

Celebrex experienced fewer symptomatic gastrointestinal ulcers and ulcer complications than patients taking ibuprofen. The joint press release, in pertinent part, stated:

In a landmark study to assess the overall long-term safety of the COX-2 specific inhibitor Celebrex®) (celecoxib capsules), arthritis patients taking four times the recommended osteoarthritis (OA) dose of the drug experienced fewer symptomatic gastrointestinal (GI) ulcers and ulcer complications than patients taking ibuprofen and diclofenac – a difference that was statistically significant based on a combined analysis of Celebrex versus these two traditional nonsteroidal anti-inflammatory drugs (NSAIDs). The findings, presented at the American College of Physicians annual meeting, also demonstrated differences on a variety of measures in renal and liver toxicity among those taking Celebrex or the NSAID comparators, two of the world's most widely prescribed drugs of this kind. Importantly, Celebrex showed no increase in thromboembolic or other cardiovascular-related events, even among non-aspirin users.

Also, in comparison to Celebrex, ibuprofen and diclofenac were associated with a significantly greater GI blood loss -- equivalent to two pints or more -- over the course of the study, even in patients not experiencing bleeding ulcers. Such blood loss can often signal serious hidden damage throughout the GI tract.

Groundbreaking Study Reflects Real-World Practice

The Celecoxib Long-term Arthritis Safety Study, an approximately 13-month, multi-center, randomized, double-blind outcomes trial of about 8,000 arthritis patients -- 5,800 with OA and 2,200 with rheumatoid arthritis (RA) -- was

designed to mirror everyday clinical practice by enrolling a broad spectrum of patients, including adult patients of all ages and disease severity, and patients taking low-dose aspirin for cardioprotection. The study, designed to obtain a rigorous assessment of Celebrex safety, compared four times the recommended OA dose of Celebrex (800 mg daily) to typical daily doses of ibuprofen (2400 mg daily) and diclofenac (150 mg daily). The Celebrex study dose is twice the highest recommended RA dose.

No previous study has examined such a broad range of GI side effects -- which encompass events ranging from serious and often devastating GI ulcers and ulcer complications, to silent but medically important damage to the lining of the intestine, to symptoms like abdominal pain, said Lee S. Simon, M.D., associate professor of medicine, Harvard Medical School. We've known the serious risks of traditional NSAIDs for some time, but these long-term findings show that patients taking Celebrex, in contrast to those on ibuprofen or diclofenac, experienced fewer treatment-related side effects in a number of important areas. These side effects often limit patients' ability to maintain their therapy and get the arthritis pain relief they require. Researchers estimate that up to 30 percent of patients taking traditional NSAIDs develop persistent GI symptoms, and more than 10 percent of all patients discontinue treatment.(1) An estimated 33 million people take traditional NSAIDs regularly. (2)

The study, funded by Searle and Pfizer Inc., found that Celebrex patients experienced significantly fewer symptomatic GI ulcers and ulcer complications compared with ibuprofen or diclofenac. Celebrex was also associated with numerically fewer ulcer complications than the NSAID comparators among all patients, and 64 percent fewer of these serious events among non-aspirin

users --

a statistically significant difference. It is well known that aspirin is an independent risk factor for GI complications. Ulcer complications typically lead to hospitalization, and in some cases, death. Further, patients in the study reported Celebrex to be well tolerated, with dyspepsia, nausea and abdominal pain occurring at a significantly lower rate than with diclofenac.

This rigorous outcomes trial set the bar higher than any previous study of its kind.

It included a large number of patients who received four times the recommended

OA dose of Celebrex for up to 13 months. It also compared Celebrex with commonly used traditional NSAIDs – ibuprofen, one of the most well tolerated;

and diclofenac, extensively used throughout the world, said Fred Silverstein, M.D.,

chairperson of the study's external review board. Even at these very high doses,

Celebrex showed sustained safety and tolerability in organ systems often affected

by NSAIDs. As such, these are compelling findings for physicians to consider

when treating arthritis patients.

Beyond GI Events: Safety Results in Major Organ Systems

In addition, the study examined the renal, liver and cardiovascular safety profile of

Celebrex. Observed rates of various renal abnormalities and renal complications

among Celebrex-treated patients were significantly lower as compared with

diclofenac and ibuprofen, respectively. Moreover, in this study, significantly more

patients developed hypertension or edema on ibuprofen, and kidney or liver

abnormalities on diclofenac, compared to the Celebrex group. Furthermore,

Celebrex showed no increases in thromboembolic events (such as myocardial

infarctions and stroke) or other cardiovascular adverse events compared

with the traditional NSAID comparators. This is an important finding in light of the fact that about 40 percent of patients in each arm of the study had a history of cardiovascular disease, and about half of these patients were taking low-dose aspirin.

The incidence of skin rash was significantly higher with Celebrex – at four times the recommended OA dose -- compared with both of the traditional NSAIDs. No serious rashes were observed. Other adverse events most commonly reported with Celebrex in these studies, at approximately the same rate as the comparators, included colds and sinusitis.

Many of the estimated 43 million Americans(3) with OA and RA use NSAIDs, which can lead to stomach ulcers and other serious complications, and are the greatest source of serious adverse drug reactions reported to the U.S. Food and Drug Administration(4). These GI side effects often show no obvious signs or symptoms and go undiagnosed until patients are admitted to the hospital emergency room. Typically 60 to 80 percent of GI complications resulting from NSAIDs occur without previous symptoms.(5),(6)

Patients who have a known allergic reaction to celecoxib, certain sulfa drugs called sulfonamides, aspirin or NSAIDs should not use Celebrex. As with all NSAIDs, serious GI tract ulcerations can occur without warning symptoms. Physicians and patients should remain alert to the signs and symptoms of GI bleeding. Concomitant administration of aspirin with Celebrex may result in an increased risk of GI ulceration or other complications, compared to Celebrex alone. Celebrex does not affect platelet function and therefore should not be used for

cardiovascular prophylaxis. As with all NSAIDs, Celebrex should be used with caution in patients with fluid retention, hypertension, or heart failure. In studies, the most common side effects of Celebrex were dyspepsia, diarrhea and abdominal pain, which were generally mild to moderate. (Footnotes omitted).

27. Subsequent to the April 17, 2000 press release, the Company sought approval from the FDA to have the FDA warning label, stating that Celebrex may result in an increased risk of gastrointestinal ulceration or other complications, removed from all Celebrex packaging.
28. Pharmacia, on or about April 25, 2000, announced its results for the first quarter of fiscal year 2000. In the Company's announcement, Pharmacia announced that "pharmaceutical sales rose 10 percent to \$2.8 billion from \$2.6 billion. Sales have been growing closer to 15 percent at most major drug companies." The Company further reported that "sales were paced by the arthritis drug Celebrex which increased 92 percent to \$534 million."
29. The statements contained in ¶¶ 26-28 were materially false and misleading because they failed to disclose that the results of the "landmark study" were flawed because the Company manipulated the results to show that Celebrex was safer for the stomach and digestive tract than conventional drugs, by not including in the final analysis all of the data collected through the entire duration of the study.

30. On the heels of their successful study and sharp earnings growth, Pharmacia's share price shot upward, from a closing low of \$49.50 per share on April 17, 2000 to a closing high of \$59.75 per share on April 19, 2000. Thereafter, and throughout the Class Period, shares of Pharmacia, based on the misleading and materially false reports of the Company, continued to trade at artificially inflated prices.
31. On May 23, 2000, Pharmacia and Pfizer again issued a joint release, which, in pertinent part, stated:

No Increased Risk of GI Complications Observed for H. Pylori Positive Patients on Celebrex

New data from the Celebrex® (celecoxib capsules) long-term safety study presented during Digestive Disease Week (DDW) revealed that the risk for serious gastrointestinal complications with the NSAID comparators ibuprofen and diclofenac can start within the first few days after treatment begins. Further, study patients who were H. pylori positive had a two times greater risk of developing both symptomatic ulcers and ulcer complications when taking the NSAID comparators than did H. pylori negative patients. No such increase was observed with patients taking Celebrex, regardless of H. pylori status.

"This study reinforces what gastroenterologists have always suspected -- that even short-term therapy carries risks. Many physicians feel that patients requiring shortterm administration of traditional NSAIDs are not at risk for a serious gastrointestinal event. These results tell a different story, highlighting that many of the events caused by traditional NSAIDs occurred within the first few weeks," said Jay Goldstein, MD, Associate Professor of Medicine at the University of Illinois at

Chicago and Chairman of the GI Events committee of the Celebrex long-term arthritis safety study, who presented the findings at a satellite symposium sponsored by Searle and Pfizer Inc during DDW.

The Celebrex long-term arthritis safety study, an approximately 13-month, multicenter, randomized, double-blind outcomes trial of about 8,000 arthritis patients -- 5,800 with osteoarthritis (OA) and 2,200 with rheumatoid arthritis (RA) -- was designed to mirror everyday clinical practice by enrolling a broad spectrum of patients, including adult patients of all ages and disease severity, and patients taking low-dose aspirin for cardioprotection. The study, designed to obtain a rigorous assessment of Celebrex safety, compared four times the recommended OA dose of Celebrex (800 mg daily) to typical daily doses of ibuprofen (2400 mg daily) and diclofenac (150 mg daily). The Celebrex study dose is twice the highest recommended RA dose.

32. On July 25, 2000, the Company announced its second quarter 2000 results for the period ending June 30, 2000. The Company stated that it had “[p]harmaceutical sales grow 18% to \$3.2 billion, led by 25% increase in prescription sales.” The Company further reported that “Celebrex post[ed] sales of \$630 million.” Moreover, the Company announced that it recorded “net sales of \$5.0 billion, an increase of 16% over second quarter of 1999 along with a 18% increase over the same time period in the Company’s pharmaceutical business.”

33. Defendant Hassan, commenting on the company's results, stated:
Our performance this quarter was driven by solid contributions from both our

pharmaceutical and agricultural businesses. In our pharmaceutical business, we remain pleased with the acceptance of Celebrex by patients and doctors, and our agricultural business continues to grow satisfactorily.

Hassan added: We are pleased with the progress of our merger and the integration process which continues on track. We continue to be confident of delivering on our merger commitment to achieve our stated goal of a 20 percent plus annual compounded growth rate in earnings per share from the 1999 base through 2002. As we have said previously, individual quarters will fall above or below that goal but our overall growth expectations are unchanged.

34. The statements contained in ¶¶ 31-33 were materially false and misleading because they failed to disclose that the results of the “landmark study” were flawed because the Company manipulated the results to show that Celebrex was safer for the stomach and digestive tract than conventional drugs, by not including in the final analysis all of the data collected through the entire duration of the study. Such materially false and misleading statements caused the Company’s stock to trade at artificially inflated prices during the Class Period and caused damages to the Class Members.
35. On or about September 13, 2000, Business Wire reported that JAMA had published a study conducted by the Company purportedly showing that Celebrex caused fewer gastrointestinal problems than traditional drugs. However, unbeknownst to JAMA, the study was flawed because the

Company manipulated the results in such a way to show that Celebrex was safer for the stomach and digestive tract than conventional drugs by not including in the final analysis all of the data collected through the entire duration of the study, which concluded opposite to the Company's findings.

36. On the heels of the JAMA publication, the Company continued to pursue the FDA for removal of the warning label from Celebrex. Moreover, the Company continued to hype Celebrex's ability to avoid gastrointestinal problems, thereby artificially inflating Pharmacia's stock during the Class Period.
37. On February 12, 2001, the Company published its fourth quarter and full-year results for the period ending December 31, 2000. The Company's announcement advised the investing public that "Pharmacia recorded net sales of continuing businesses of \$4.5 billion, an increase of 8% over the fourth quarter of 1999." In addition, the Company reported that "[n]et sales for the company's pharmaceutical business were \$3.3 billion, an 8% increase over the fourth quarter of 1999," and reported "[s]ales of prescription pharmaceutical products increased 11% in the fourth quarter." Overall, "[o]n an adjusted basis, [the Company] reported earnings of \$417 million, 32% increase over the fourth quarter of 1999."
38. Defendant Hassan, commenting on Pharmacia's results, stated: "We are very pleased with our performance in the fourth quarter, in particular our

33 percent increase in earnings per share which leads our industry peer group. Our strong results . . . establishes a strong foundation for our future growth.”

39. With respect to Celebrex, the Company reported “sales of \$772 million in the fourth quarter and \$2.6 billion for the full year.” In addition to the foregoing, the Company stated that in 2001 “Pharmacia anticipates continued double-digit sales growth in its pharmaceutical business and agricultural sales growth in line with levels recorded in 2000.”
40. On or about March 26, 2001, the Company filed its Form 10-K with the SEC. The Company’s SEC filing advised shareholders and the investing public that Celebrex, which is “our breakthrough compound for arthritis (and the world’s top-selling prescription arthritis medication)” was launched in Europe. The Company’s SEC filing also made reference to the Company’s continued double-digit sales growth in its pharmaceutical business, which were in line with levels recorded in 1999.
41. The statements contained in ¶¶ 37-40 were materially false and misleading because they failed to disclose that the results of the “landmark study” were flawed because the Company manipulated the results to show that Celebrex was safer for the stomach and digestive tract than conventional drugs, by not including in the final analysis all of the data collected through the entire duration of the study. Such materially false and misleading statements caused the Company’s stock to trade at

artificially inflated prices during the Class Period and caused damages to the Class Members.

42. On April 25, 2001, Pharmacia issued its financial results for the period ending March 31, 2001. The Company's first quarter results announcement stated: "Net sales for the company's pharmaceutical business were \$3.2 billion in the first quarter, a 13% increase over the first quarter of 2000." The Company also announced that "earnings from pharmaceutical businesses in the first quarter of 2001 increased 27% to \$365 million."
43. Defendant Hassan commented on the Company's first quarter performance, stating that the Company was very pleased with the first quarter results, especially the strong performance of the pharmaceutical business.
44. On May 21, 2001, Pharmacia and Pfizer issued another joint press release, which announced the following:

The COX-2 specific inhibitors represent a major medical advance in the treatment of arthritis. Pharmacia and Pfizer maintain that molecular differences between the COX-2 specific inhibitors may account for the cardiovascular and renal safety differences seen between CELEBREX® (celecoxib capsules) and Vioxx®).

Pharmacia and Pfizer note that all clinical trials of CELEBREX to date, representing over 30,000 patients and nearly two million patient-years of exposure, have shown no increased risk for heart attack and stroke, compared to traditional NSAIDs studied. These data include the studies done

to support the initial celecoxib new drug application, the Celecoxib Long-term Arthritis Safety Study (CLASS), and other post approval clinical trials.

In fact, data from two recent head-to-head studies of CELEBREX 200 mg once-a-day and Vioxx 25 mg once-a-day demonstrated that osteoarthritis patients over 65 years of age with high blood pressure taking Vioxx experienced statistically significant and clinically meaningful increases in systolic blood pressure (SBP) and edema, compared to patients taking CELEBREX.

These studies were presented at this year's annual meetings of the American College of Cardiology and the American Geriatric Society.

"These studies substantially add to our understanding of differences between the overall cardiovascular safety profile of COX-2 specific inhibitors, as experienced by clinically relevant populations," said William B. White, MD, professor of medicine and chief, section of hypertension and clinical pharmacology at the University of Connecticut School of Medicine in Farmington. "They also provide compelling evidence that all COX-2 specific inhibitors are not the same," Dr. White added.

The two companies acknowledge that CELEBREX is not a cardioprotective agent and should not be substituted as such for aspirin, in a population at risk for cardiovascular disease.

45. On July 15, 2001, Pharmacia published its financial results for the period ended June 30, 2001. The announcement trumpeted the Company's net sales for its pharmaceutical business, which were "\$3.4 billion in the second quarter, a 7% increase over the second quarter of 2000." The Company further reported total company earnings, on an adjusted basis, of \$844 million, "(63 cents per share), a 20% increase over the second

quarter of 2000.”

46. The statements contained in ¶¶ 42-45 were materially false and misleading because they failed to disclose that the results of the “landmark study” were flawed because the Company manipulated the results in such a way to show that Celebrex was safer for the stomach and digestive tract than conventional drugs by not including in the final analysis all of the data collected through the entire duration of the study. Such materially false and misleading statements caused the Company’s stock to trade at artificially inflated prices during the Class Period and caused damages to the Class Members.

THE TRUTH BEGINS TO EMERGE

47. On August 5, 2001, The Washington Post (the “Post”), in an article titled “Missing Data on Celebrex; Full Study Altered Picture of Drug,” reported the following:

When editors of the Journal of the American Medical Association sent medical expert M. Michael Wolfe an unpublished study on the blockbuster arthritis drug Celebrex last summer, he was impressed by what he read.

Tested for six months in a company-sponsored study involving more than 8,000 patients, the drug was associated with lower rates of stomach and intestinal ulcers and their complications than two older arthritis medicines --

diclofenac and ibuprofen. JAMA's editors wanted to rush the findings into print, and Wolfe and a colleague provided a cautiously favorable editorial to accompany it. But in February, when Wolfe was shown the complete data from the same study as a member of the Food and Drug Administration's arthritis advisory committee, he said he saw a different picture. "We were flabbergasted," he said.

The study -- already completed at the time he wrote the editorial -- had lasted a year, not six months as he had thought, Wolfe learned. Almost all of the ulcer complications that occurred during the second half of the study

were in Celebrex users. When all of the data were considered, most of Celebrex's apparent safety advantage disappeared.

"I am furious. . . . I wrote the editorial. I looked like a fool," said Wolfe, a Boston University gastroenterologist. "But . . . all I had available to me was the data presented in the article."

JAMA's editor, Catherine D. DeAngelis, said the journal's editors were not informed about the missing data. "I am disheartened to hear that they had those data at the time that they submitted [the manuscript] to us," she said. "We are functioning on a level of trust that was, perhaps, broken."

The study's 16 authors included faculty members of eight medical schools. All authors were either employees of Pharmacia, Celebrex's manufacturer, or paid consultants of the company. For company-sponsored studies, JAMA now requires a statement, signed by an author who is not employed by the company, taking "responsibility for the integrity of the data and the accuracy of the data analyses," DeAngelis added.

Steven Geis, a vice president for clinical research of Pharmacia and one of the authors, said that only the first six months of data were presented because, after that, more patients withdrew from the comparison groups than from the Celebrex group, biasing later findings. He said a three-member executive committee, composed of authors who were not Pharmacia employees, approved the decision.

"The intention really was not to be deceptive in any way," he said. "People thought that six months was the appropriate analysis." With inclusion of the later data, "the actual difference between Celebrex and [the other drugs] are not as wide as they were at six months," he acknowledged. "But I think in the end, it does show that Celebrex has a

superior safety profile."

After reviewing the full study, the FDA's arthritis advisory committee concluded that Celebrex offers no proven safety advantage over the two older drugs in reducing the risk of ulcer complications, said FDA spokesman

Susan Cruzan. The company has requested a change in the drug's labeling to state that it is indeed safer, but the FDA has asked for additional information before making a decision.

Meanwhile, the JAMA article and editorial have likely contributed to Celebrex's huge sales. "When the JAMA article comes out and confirms the

hype, that probably has more impact than our labeling does," said Robert J.

Temple, director of medical policy at the FDA's Center for Drug Evaluation and Research.

James Wright, a professor of clinical pharmacology at the University of British Columbia, said he complained to JAMA after noticing differences between the published report and the data presented to the FDA. He praised the Public Citizen's Health Research Group, a consumer organization, for filing a lawsuit that led to the agency's putting all drug studies presented to its advisory committees on its public Web site.

"Otherwise, we still wouldn't know this," Wright said. "We would still be in the dark."

48. Less than three weeks after the Post's article, on August 22, 2001, The Wall Street Journal reported that, according to researchers from the Cleveland Clinic, reviews of clinical trials for the arthritis drugs Celebrex and Vioxx indicated that the medications might carry an increased risk for cardiovascular events. The study concluded that heart-attack rates with Celebrex and Vioxx were high enough to be a concern and that "[g]iven the remarkable exposure and popularity of this new class of medications,

we believe that it is mandatory to conduct a trial specifically assessing cardiovascular risk and benefit of these agents. Until then, we urge caution in prescribing these agents to patients at risk for cardiovascular morbidity." Study author Dr. Eric Topol added that the results are a "cautionary flag that seems to say something is going on that needs further exploration."

49. On that same day, Pharmacia and Pfizer issued a joint press release in response to the JAMA study in the hopes of fending off any price decline in the Company's stock. The text of the joint release stated:

Pharmacia and Pfizer today strongly reiterated their confidence in the efficacy and safety of Celebrex (celecoxib capsules) for patients with osteoarthritis and adult rheumatoid arthritis. The companies said a widely publicized JAMA article could lead to undue alarm among some of the many patients who take Celebrex for symptoms of these diseases. Pharmacia and Pfizer emphasized that their commitment to patient safety is paramount. Further, the companies are confident that the extensive Celebrex clinical trials program has been conducted with the highest degree of scientific integrity, quality and excellence.

Celebrex has an excellent, well-documented gastrointestinal and cardiorenal safety profile. The safety of Celebrex has been fully demonstrated in the extensive clinical trials reviewed by the FDA as part of the approval of Celebrex and confirmed in numerous post-approval clinical settings that have been widely published, as well as in real world use, 21.5 million patients to date.

Pharmacia and Pfizer believe the conclusions drawn by the analysis in the JAMA article were flawed and unsound. It contains no new clinical

information, and is based on an inappropriate re-analysis of several older clinical studies containing data that were not suitable for combination and comparison. Patients in these studies had different underlying diseases and different cardiovascular risk profiles.

In contrast to the analysis presented in the JAMA article, properly conducted, well-controlled clinical trials have consistently shown that Celebrex poses no increased risk for heart attack compared to the traditional NSAIDs studied, medications that have been widely used to treat arthritis for decades. The FDA reviewed these studies, and has concluded that Celebrex is not associated with a greater cardiovascular risk compared to traditional NSAIDs studied.

Finally, while both Celebrex and Vioxx are specific COX-2 inhibitors, they are chemically distinct. As is demonstrated within other therapeutic classes, products exhibiting the same mechanism may have distinctly different adverse effect profiles. For example, there are two well-controlled comparative trials that demonstrate Vioxx is associated with a significantly greater incidence of high blood pressure compared to Celebrex in elderly osteoarthritic patients. Celebrex represents a major advance in the treatment of the debilitating diseases osteoarthritis and rheumatoid arthritis, because of its efficacy and excellent gastrointestinal safety profile.

50. The Company's joint press release did not have its intended effect as the Company's stock price dropped to an adjusted close of \$39.30 per share with trading volume of 7,656,400, which was more than double the previous day's volume.

UNDISCLOSED ADVERSE INFORMATION

51. The market for Pharmacia securities was open, well-developed and

efficient at all relevant times during the Class Period. As a result of these materially false and misleading statements and failures to disclose, the Company's securities traded at artificially inflated prices during the Class Period. The artificial inflation continued until the time that it was reported that Celebrex is just as likely as older, cheaper medicines, such as ibuprofen, to cause ulcers.

52. During the Class Period, defendants materially misled the investing public, thereby inflating the price of Pharmacia securities, by publicly issuing false and misleading statements and omitting to disclose material facts necessary to make defendants' statements, as set forth herein, not false and misleading. Said statements and omissions were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about Celebrex and the Company's business and operations, including, inter alia:

(a) What was unknown to investors was that before Celebrex was introduced to the market, some officers at the Company knew that Celebrex is just as likely to cause ulcers as are older, cheaper medicines like ibuprofen; and

(b) The Company continued to misrepresent and conceal the dangers associated with Celebrex when the Company failed to disclose that it manipulated its own clinical trial results that proved Celebrex is just as likely to cause ulcers as older, cheaper medicines like ibuprofen.

53. At all relevant times, the material misrepresentations and omissions particularized herein directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, defendants made or caused to be made a series of materially false or misleading statements about Pharmacia's business, prospects and operations. These material misstatements and omissions had the cause and effect of creating in the market an unrealistically positive assessment of Pharmacia and its business, prospects and operations, thus causing the Company's common stock to be overvalued and artificially inflated at all relevant times. Defendants' materially false and misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's common stock at artificially inflated prices, thus causing the damages complained of herein.

SCIENTER ALLEGATIONS

54. As alleged herein, defendants acted with scienter in that defendants knew that the public documents and statements, issued or disseminated by or in the name of the Company were materially false and misleading, knew or recklessly disregarded that such statements or documents would be issued or disseminated to the investing public, and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violators of the federal securities

laws. As set forth elsewhere herein in detail, defendants, by virtue of their receipt of information reflecting the true facts regarding Pharmacia and its business practices, their control over and/or receipt of Pharmacia's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Pharmacia were active and culpable participants in the fraudulent scheme alleged herein.

55. Defendants knew and/or recklessly disregarded the falsity and misleading nature of the information which they caused to be disseminated to the investing public. The ongoing fraudulent scheme described in this complaint could not have been perpetrated over a substantial period of time, as has occurred, without the knowledge and complicity of the personnel at the highest level of the Company, including the Individual Defendants.

STATUTORY SAFE HARBOR

56. The federal statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements described herein. Further, none of the statements described herein were identified as "forward-looking statements" when made. Nor was it stated that actual results "could differ materially from those projected." Nor were the forward-looking statements accompanied by meaningful cautionary statements identifying important factors that could

cause actual results to differ materially from the statements made therein. Defendants are liable for these forward-looking statements because, at the time each of those forward-looking statements was made, the speaker knew the forward-looking statement was false and the forward-looking statement was authorized and/or approved by an executive officer of Pharmacia who knew that those statements were false when made.

**APPLICABILITY OF PRESUMPTION OF RELIANCE:
FRAUD-ON-THE-MARKET DOCTRINE**

57. At all relevant times, the market for Pharmacia's securities was an efficient market for the following reasons, among others:
- (a) Pharmacia's securities met the requirements for listing, and was listed and actively traded on the NYSE, a highly efficient and automated market;
 - (b) As a regulated issuer, Pharmacia filed periodic public reports with the SEC and the NYSE;
 - (c) Pharmacia regularly communicated with public investors via established market communication mechanisms, including national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services. Each of these releases was publicly available and entered into the marketplace; and
 - (d) Pharmacia was followed by securities analysts employed by major

brokerage firms who wrote reports which were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports were publicly available and entered the public marketplace.

58. As a result of the foregoing, the market for Pharmacia's securities promptly digested current information regarding Pharmacia from all publicly available sources and reflected such information in Pharmacia's stock prices. Under these circumstances, all purchasers of Pharmacia's securities during the Class Period suffered similar injury through their purchase of Pharmacia's securities at artificially inflated prices and a presumption of reliance applies.

FIRST CLAIM

Violation Of Section 10(b) Of The Exchange Act And Rule 10b-5 Promulgated Thereunder Against All Defendants

59. Plaintiff repeats and reiterates the allegations set forth above as though fully set forth herein. This claim is asserted against all defendants.
60. During the Class Period, defendant Pharmacia and the Individual Defendants, and each of them, carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did (a) deceive the investing public, including plaintiff and other Class members, as alleged herein; (b) artificially inflate and maintain the market price of Pharmacia's securities; and (c) cause plaintiff and other members of the Class to purchase Pharmacia's securities at artificially inflated prices. In

furtherance of this unlawful scheme, plan and course of conduct, defendants Pharmacia and the Individual Defendants, and each of them, took the actions set forth herein.

61. These defendants (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (c) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for Pharmacia's securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. These defendants are sued either as primary participants in the wrongful and illegal conduct charged herein. The Individual Defendants are also sued as controlling persons of Pharmacia, as alleged below.
62. In addition to the duties of full disclosure imposed on defendants as a result of their making of affirmative statements and reports, or participation in the making of affirmative statements and reports to the investing public, they each had a duty to promptly disseminate truthful information that would be material to investors in compliance with the integrated disclosure provisions of the SEC as embodied in SEC Regulation S-X (17 C.F.R. § 210.01 et seq.) and S-K (17 C.F.R. § 229.10 et seq.) and other SEC regulations, including accurate and truthful information with respect to the Company's operations, financial condition

and performance so that the market prices of the Company's publicly traded securities would be based on truthful, complete and accurate information.

63. Pharmacia and the Individual Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about the business, business practices, performance, operations and future prospects of Pharmacia as specified herein.
64. These defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Pharmacia's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and omitting to state material facts necessary in order to make the statements made about Pharmacia and its business operations and future prospects, in the light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of Pharmacia's securities during the Class Period.

65. Each of the Individual Defendants' primary liability, and controlling person liability, arises from the following facts: a) each of the Individual Defendants was a high-level executive and/or director at the Company during the Class Period; b) each of the Individual Defendants, by virtue of his responsibilities and activities as a senior executive officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; c) the Individual Defendants enjoyed significant personal contact and familiarity with each other and were advised of and had access to other members of the Company's management team, internal reports, and other data and information about the Company's financial condition and performance at all relevant times; and d) the Individual Defendants were aware of the Company's dissemination of information to the investing public which they knew or recklessly disregarded was materially false and misleading.
66. These defendants had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Pharmacia's operating condition, business practices and future business prospects from

the investing public and supporting the artificially inflated price of its securities. As demonstrated by defendants' overstatements and misstatements of the Company's financial condition and performance throughout the Class Period, the Individual Defendants, if they did not have actual knowledge of the misrepresentations and omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

67. As a result of the dissemination of the materially false and misleading information and failure to disclose material facts, as set forth herein, the market price of Pharmacia's securities were artificially inflated during the Class Period. In ignorance of the fact that market prices of Pharmacia's publicly traded securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by defendants, or upon the integrity of the market in which the securities trade, and/or on the absence of material adverse information that was known to or recklessly disregarded by defendants but not disclosed in public statements by defendants during the Class Period, plaintiff and the other members of the Class acquired Pharmacia securities during the Class Period at artificially high prices and were damaged thereby.
68. At the time of said misrepresentations and omissions, plaintiff and other members of the Class were ignorant of their falsity, and believed them to

be true. Had plaintiff and the other members of the Class and the marketplace known of the true performance, business practices, future prospects and intrinsic value of Pharmacia, which were not disclosed by defendants, plaintiff and other members of the Class would not have purchased or otherwise acquired their Pharmacia securities during the Class Period, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

69. By virtue of the foregoing, Pharmacia and the Individual Defendants have each violated Section 10(b) of the Exchange Act, and Rule 10b-5 promulgated thereunder.
70. As a direct and proximate result of defendants' wrongful conduct, plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

SECOND CLAIM

Violation Of Section 20(a) Of The Exchange Act Against the Individual Defendants

71. Plaintiff repeats and reiterates the allegations as set forth above as if set forth fully herein. This claim is asserted against the Individual Defendants.

72. Each of the Individual Defendants acted as a controlling person of Pharmacia within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions with the Company, participation in and/or awareness of the Company's operations and/or intimate knowledge of the Company's actual performance, the Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which plaintiff contends are false and misleading. Each of the Individual Defendants was provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.
73. In addition, each of the Individual Defendants had direct involvement in the day-to-day operations of the Company and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.
74. As set forth above, Pharmacia and the Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their controlling positions, the

Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

PRAYER FOR RELIEF

75. WHEREFORE, Plaintiff on behalf of himself and of the Class pray for relief and judgment, as follows:

(a) Declaring this action to be a class action pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure on behalf of the Class defined herein;

(b) Awarding plaintiffs and the members of the Class damages in an amount which may be proven at trial, together with interest thereon;

(c) Awarding plaintiffs and the members of the Class pre-judgment and post-judgment interest, as well as their reasonable attorneys' and experts' witness fees and other costs;

(d) Awarding such other and further relief as this Court may deem just and proper including any extraordinary equitable and/or injunctive relief as permitted by law or equity to attach, impound or otherwise restrict the defendants' assets to assure plaintiffs have an effective remedy; and

(e) Such other relief as this Court deems appropriate.

JURY TRIAL DEMANDED

