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System*

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

ARKANSAS TEACHER RETIREMENT SYSTEM, on
behalf of itself and all others similarly situated,

Plaintiff,

v.

SCHERING-PLOUGH CORPORATION, FRED HASSAN,
ROBERT J. BERTOLINI, STEVEN H. KOEHLER, SUSAN
ELLEN WOLF, HANS W. BECHERER, THOMAS J.
COLLIGAN, C. ROBERT KIDDER, PHILIP LEDER, M.D.,
EUGENE R. MCGRATH, CARL E. MUNDY, JR.,
ANTONIO M. PEREZ, PATRICIA F. RUSSO, JACK L.
STAHL, KATHRYN C. TURNER, ROBERT F.W. VAN
OORDT, ARTHUR F. WEINBACH, GOLDMAN, SACHS
& CO., BANC OF AMERICA SECURITIES LLC, BEAR,
STEARNS & CO. INC., CITIGROUP GLOBAL MARKETS
INC., MORGAN STANLEY & CO. INCORPORATED,
BNP PARIBAS SECURITIES CORP., J.P. MORGAN
SECURITIES INC., CREDIT SUISSE SECURITIES (USA)
LLC, DAIWA SECURITIES AMERICA INC.,
SANTANDER INVESTMENT SECURITIES INC.,
UTENDAHL CAPITAL PARTNERS, L.P., THE
WILLIAMS CAPITAL GROUP, L.P., BANCA IMI SPA,
BBVA SECURITIES INC., ABN AMRO ROTHSCHILD
LLC, BNY CAPITAL MARKETS, INC., ING FINANCIAL
MARKETS LLC, AND MIZUHO SECURITIES USA INC.,

Defendants.

Civil Action No.

This Action is Related to Lead
Case No. 08-397 (DMC) (MF)

**COMPLAINT AND
DEMAND FOR JURY TRIAL**

Plaintiff Arkansas Teacher Retirement System (“Arkansas Teacher” or “Plaintiff”), brings this class action for violations of Sections 11, 12(a)(2) and 15 of the Securities Act of 1933 (the “Securities Act”) on behalf of itself and all other persons or entities, other than Defendants and their affiliates, who purchased or acquired securities of Schering Plough Corporation (“Schering” or the “Company”) through the Company’s common and preferred stock Offering (as defined below) conducted in August 2007, and were damaged thereby. Plaintiff alleges the following facts upon knowledge, with respect to its own acts, and upon other facts obtained through an extensive investigation conducted by its counsel, which included, among other things, reviews of public filings with the United States Securities and Exchange Commission (the “SEC”); press releases; articles in the general and financial press, and wire services. Arkansas Teacher is filing this Complaint for the purpose of tolling any applicable statute of limitations that might apply to the class claims arising under the Securities Act. Pursuant to the Court’s Order entered March 4, 2008, Plaintiff understands that, absent objection, this action will be consolidated with *In re Schering Plough Corporation/ENHANCE Litigation*, Lead Case No. 2:08-397 (DMC) (MF) and further understands that defendants named herein will not be required to answer, move against or otherwise respond to this complaint.

SUMMARY OF THE ACTION

1. Sixteen months after completion of a study showing that its two most profitable drugs had no greater health benefit than far cheaper generic competitors—and may even be harmful--Schering sold over \$4 billion of its own securities to the investing public without disclosing the results of the study. This lack of disclosure violated the securities laws. It took the Company another five months to disclose some of the study results and when it did, Schering’s stock dropped precipitously and investors were harmed. Ten weeks after that initial

disclosure, Schering disclosed the study results in their entirety, which caused the stock to drop even further.

2. Defendant Schering manufactures and markets two anti-cholesterol drugs called ZETIA and VYTORIN. VYTORIN is a combination of ZETIA and Zocor (in generic form, simvastatin), and is jointly manufactured and marketed with Merck & Co., Inc. ("Merck"). Total sales of ZETIA and VYTORIN were \$3.9 billion in 2006 and \$5.2 billion in 2007. These drugs are Schering's most profitable, accounting for 70% of its profits, by one estimate.

3. In April 2006, a clinical trial demonstrated that Schering's two most profitable drugs worked no better, and according to some experts, arguably worse, than generics costing 1% of the price. Sixteen months later, Schering conducted a public securities offering (the "Offering") in which it sold \$1.58 billion of its common stock and \$2.5 billion of preferred stock to the investing public without disclosing the results of the devastating clinical trial and while detailing the importance those drugs played in Schering's business and financial results.

4. Specifically, on or about August 2, 2007, Schering filed a Registration Statement on Form S-3ASR with the SEC, with an effective date the same day. Pursuant to that Registration Statement, Schering commenced the Offering, which included: (1) an August 9, 2007 issuance of 57,500,000 shares of common stock at \$27.50 per share (the "Common Stock Issuance"); and (2) an August 10, 2007 issuance of 10,000,000 shares of 6.00% mandatory convertible preferred stock at \$250 per share (the "Preferred Issuance"). In addition to the Registration Statement, Schering filed two preliminary prospectuses on or about August 2, 2007 pursuant to Rule 424(b)(3), one each for the issuance of the common stock and the 6.00% mandatory convertible preferred stock, and two final prospectus supplements on or about August 10, 2007 pursuant to Rule 424(b)(2), one each for the issuance of the common stock and

the 6.00% mandatory convertible preferred stock (together with the Registration Statement, the “Offering Documents”). In total, the Company raised over \$4 billion in capital from the Offering, which it intended to use to fund a portion of the purchase price for the acquisition of Organon Biosciences N.V., or if the acquisition was not completed, for general corporate purposes. The Offering Documents incorporated by reference several of Schering’s public filings, including its Form 10-K for 2006 (the “2006 10-K”), and its Forms 10-Q issued on April 27, 2007 (the “April 2007 10-Q”) and July 27, 2007 (the “July 2007 10-Q”), respectively.

5. The Offering Documents, 2006 10-K and the April and July 2007 10-Qs discussed in detail various aspects of Schering’s cholesterol franchise, including extensive information about ZETIA and VYTORIN.

6. On January 14, 2008, Schering shocked the market by announcing selected results of a long-suppressed clinical trial, called the ENHANCE study, which had been completed twenty-one months earlier, in April 2006. The ENHANCE study concluded that VYTORIN is no better at reducing the progression of atherosclerosis—a disease in which the arteries become clogged and hardened, thereby increasing the risk of heart attack, stroke, or other heart ailments—than simvastatin, which is the far less expensive generic drug. In fact, the study showed that atherosclerosis progressed more rapidly in the patients taking VYTORIN than in those taking simvastatin. In the ensuing days, Schering’s stock price declined from \$28 to \$22.50 per share, representing a market capitalization loss of almost \$8 billion on heavy trading volume. Ten weeks later, on March 30, 2008, at a conference held by the American College of Cardiology (the “College”) in Chicago (the “Chicago Conference”), Dr. John P. Kastelein, the primary investigator for the ENHANCE study, presented the final results of the study in its entirety. Dr. Kastelein’s presentation affirmed the conclusion that VYTORIN was no better at reducing the

progression of atherosclerosis than simvastatin. Immediately following the presentation of the final results of the ENHANCE study, a panel of cardiologists appointed by the College to review the study results presented its conclusions to the conference. Dr. Harlan Krumholz, a Yale University cardiologist who spoke on behalf of the panel, stated, "You've just seen a negative trial that should change practice, especially the way we in this country have prescribed [ZETIA and VYTORIN]. Dr. Krumholz further advised cardiologists to "go back to statins. That same day, the New England Journal of Medicine ("NEJM) published the ENHANCE study results in an article written by Dr. Kastelein and other doctors entitled "Simvastatin with or without Ezetimibe in Familial Hypercholesterolemia. (ZETIA is the trade name for ezetimibe. VYTORIN is the trade name for simvastatin with ezetimibe.) In an editorial addressing Dr. Kastelein's article published in the same issue of the NEJM, Drs. B. Greg Brown and Allen J. Taylor advised clinicians to use ezetimibe only after failing to reach desirable cholesterol targets with statins and other drugs that show clinical benefits when added to statins.

7. On Monday, March 31, 2008, the day after the Chicago Conference and publication of the articles in the NEJM, Schering's stock price plummeted another 25%, causing further damage to shareholders.

8. The 2006 10-K, the April and July 2007 10-Qs, and the Registration Statement were silent regarding the ENHANCE study results. The material omission of the ENHANCE study results rendered numerous statements made in the Offering Documents, including the filings incorporated therein by reference, materially misstated. When selected results of the clinical test were disclosed on January 14, 2008, the Company's stock price plummeted, injuring those who bought securities issued in the Offering. The day after the complete results were revealed at the Chicago Conference and in the NEJM, the stock price plummeted yet again.

Schering is therefore strictly liable to injured investors in accordance with the Securities Act of 1933 while the other defendants are liable unless they bear their burden to show a reasonable investigation that nevertheless failed to uncover the truth about the ENHANCE study and its implications for Schering's business.

9. Plaintiff Arkansas Teacher and the Class (defined below) suffered substantial damages as a result of the materially misstatements and omissions in the Registration Statement and other Offering Documents.

JURISDICTION AND VENUE

10. The claims asserted herein arise under Sections 11, 12(a)(2) and 15 of the Securities Act, 15 U.S.C. §§ 77k, 77l(a)(2) and 77o.

11. Jurisdiction exists pursuant to §22 of the Securities Act, 15 U.S.C. §§77v. Venue is proper in this District pursuant to Section 22 of the Securities Act, 15 U.S.C. §77v. Many of the acts and transactions constituting the violations of law alleged herein, including the issuance and dissemination of the materially misstated Registration Statement, occurred in this District.

12. In connection with the acts alleged in this Complaint, defendants, directly and 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 exchanges.

I. THE PARTIES

A. PLAINTIFF

13. Plaintiff Arkansas Teacher Retirement System ("Arkansas Teacher") is a public pension fund organized in 1937 for the benefit of the current and retired public school Teachers of the State of Arkansas. Arkansas Teachers is headquartered in Little Rock, Arkansas and has total assets of approximately \$10 billion. Arkansas Teachers purchased shares of common stock

of Schering issued on August 9, 2007, and purchased shares of the 6.00% mandatory convertible preferred stock issued on August 10, 2007, and suffered damages as a result of the violations of the federal securities laws alleged herein. Arkansas Teacher, along with the Public Employees' Retirement System of Mississippi ("Mississippi PERS), the Louisiana Municipal Police Employees' Retirement System ("LAMPERS), and the Massachusetts Pension Reserves Investment Management Board ("Mass PRIM), has moved for appointment as Lead Plaintiff in the consolidated action captioned "*In re Schering Plough Corporation/ENHANCE Litigation*, Lead Case No. 2:08-397 (DMC) (MF) pending in this Court and assigned to the Honorable Dennis Cavanaugh. A copy of the certification that Arkansas Teacher filed with its Lead Plaintiff motion, listing its purchases of securities in the Offering, is attached hereto as Exhibit A.

B. THE DEFENDANTS

THE COMPANY

14. Defendant Schering is a global pharmaceutical company incorporated and headquartered in New Jersey, at 2000 Galloping Hill Road, Kenilworth, New Jersey 07033. Schering develops and manufactures pharmaceuticals for three customer markets—human prescription, consumer and animal health. At all times relevant to this Complaint, Schering-Plough was in the business of manufacturing, marketing, distributing, advertising and/or selling the prescription drugs ZETIA and VYTORIN. As of January 31, 2008 there were 1,621,353,851 shares of Schering common stock outstanding. Schering is listed on the NYSE, where its stock was publicly traded under the symbol "SGP.

THE OFFICER DEFENDANTS

15. Fred Hassan is Chairman of the Board of Directors and Chief Executive Officer of Schering-Plough Corporation. He assumed his current position when he joined Schering-Plough in April 2003. Hassan signed the Offering Documents.

16. Robert J. Bertolini has been Executive Vice President and Chief Financial Officer of Schering-Plough since he joined the company in November 2003. Bertolini signed the Offering Documents.

17. Steven H. Koehler is Vice President and Controller of Schering-Plough Corporation. Mr. Koehler joined Schering in 2006 as Vice President and Controller. Koehler signed the Offering Documents.

18. Susan Ellen Wolf is Corporate Secretary, Associate General Counsel and Vice President-Governance of Schering. Wolf joined Schering in 2002 as Senior Director, Corporate Law, and in 2003, was appointed Staff Vice President, Corporate Law. She was appointed Corporate Secretary in May 2004, named Vice President-Corporate Governance in 2005 and became a member of the Operations Management Team in 2007. Wolf signed the Offering Documents.

THE DIRECTOR DEFENDANTS

19. Hans W. Becherer has served as a member of the board of directors of Schering since 1989. Becherer signed the Offering Documents.

20. Thomas J. Colligan has served as a member of the board of directors of Schering since 2005. Colligan signed the Offering Documents.

21. C. Robert Kidder has served as a member of the board of directors of Schering since 2005. Kidder signed the Offering Documents.

22. Philip Leder, M.D. has served as a member of the board of directors of Schering since 2003. Leder signed the Offering Documents.

23. Eugene R. McGrath has served as a member of the board of directors of Schering since 2000. McGrath signed the Offering Documents.

24. Carl E. Mundy, Jr. has served as a member of the board of directors of Schering since 1995. Mundy signed the Offering Documents.

25. Antonio M. Perez has served as a member of the board of directors of Schering since May 2007. Perez signed the Offering Documents.

26. Patricia F. Russo has served as a member of the board of directors of Schering since 1995. Russo signed the Offering Documents.

27. Jack L. Stahl has served as a member of the board of directors of Schering since May 2007. Stahl signed the Offering Documents.

28. Kathryn C. Turner has served as a member of the board of directors of Schering since 2001. Turner signed the Offering Documents.

29. Robert F.W. van Oordt has served as a member of the board of directors of Schering since 1992. Van Oordt signed the Offering Documents.

30. Arthur F. Weinbach has served as a member of the board of directors of Schering since 1999. Weinbach signed the Offering Documents.

31. Because they signed the Registration Statement, the Officer and Director Defendants (collectively, the "Individual Defendants") assumed liability for any material omissions or misstatements contained in the Offering Documents, unless they can prove that they undertook a reasonable investigation into the matters that should have been disclosed and

nevertheless were reasonably unable to uncover the true information omitted or misrepresented in the Offering Documents.

THE UNDERWRITER DEFENDANTS

32. The Defendants listed below, collectively referred to as the “Underwriter Defendants, provided underwriting services to Schering for the Offering. Specifically, they provided underwriting services for one or both of the Common Stock Issuance and the Preferred Issuance. The Underwriter Defendants collectively received at least \$102 million in underwriting fees and commissions for the common and preferred stock offerings. The Offering Documents disclosed that each Underwriter Defendant was serving as an underwriter for the Offering. As part of their duties as underwriters, the Underwriter Defendants, collectively and individually, are liable for material omissions and misstatements contained in the Offering Documents unless they can prove that they conducted, prior to the Offering, a reasonable investigation of the Company to ensure that the statements contained in the Offering Documents contained no material misstatements or omissions of material fact. The Underwriter Defendants failed to fulfill their duty to the investing public in this regard and cannot bear their burden to show adequate investigation under the circumstances.

33. Defendant Goldman, Sachs & Co., Inc. (“Goldman Sachs”) is an investment bank with offices in New York, New York. Goldman Sachs was global coordinator and joint bookrunner for the Offering. According to the Offering Documents, Goldman Sachs sold and distributed 12,555,125 shares of Schering common stock, and 2,172,500 of preferred stock to the investing public. Goldman Sachs was paid at over \$22 million for its underwriting services in connection with the Offering.

34. Defendant Banc of America Securities LLC (“Banc of America”) is an investment bank with offices in New York, New York. Banc of America was joint bookrunner for the

Offering. According to the Offering Documents, Banc of America sold and distributed 8,560,312 shares of Schering common stock and 1,481,250 shares of Schering preferred stock to the investing public. Banc of America was paid over \$15 million for its underwriting services in connection with the Offering.

35. Defendant Bear, Stearns & Co. Inc. ("Bear Stearns ") is an investment bank with offices in New York, New York. Bear Stearns was joint bookrunner for the Offering. According to the Offering Documents, Bear Stearns sold and distributed 8,560,312 shares of Schering common stock and 1,481,250 shares of Schering preferred stock to the investing public. Bear Stearns was paid over \$15 million for its underwriting services in connection with the Offering.

36. Defendant Citigroup Global Markets, Inc. ("Citigroup ") is an investment bank with offices in New York, New York. Citigroup was a joint bookrunner for the Offering. According to the Offering Documents, Citigroup sold and distributed 8,560,312 shares of Schering common stock and 1,481,250 shares of Schering preferred stock to the investing public. Citigroup was paid over \$15 million for its underwriting services in connection with the Offering.

37. Defendant Morgan Stanley & Co. Incorporated ("Morgan Stanley ") is an investment bank with offices in New York, New York. Morgan Stanley was joint bookrunner for the Offering. According to the Offering Documents, Morgan Stanley sold and distributed 8,560,312 shares of Schering common stock and 1,481,250 shares of Schering preferred stock. Morgan Stanley was paid over \$15 million for its underwriting services in connection with the Offering.

38. Defendant BNP Paribas Securities Corp. (“BNP Paribas”) is an investment bank with offices in New York, New York. According to the Offering Documents, BNP Paribas sold and distributed 2,711,843 shares of Schering common stock and 444,375 shares of Schering preferred stock to the investing public. BNP Paribas was paid at least \$4.6 million for its underwriting services in connection with the Offering.

39. Defendant J.P. Morgan Securities Inc. (“J.P. Morgan”) is an investment bank with offices in New York, New York. According to the Offering Documents, J.P. Morgan sold and distributed 2,568,094 shares of Schering common stock and 444,375 shares of Schering preferred stock to the investing public. J.P. Morgan was paid at least \$4.5 million for its underwriting services in connection with the Offering.

40. Defendant Credit Suisse Securities (USA) LLC (“Credit Suisse”) is an investment bank with offices in New York, New York. According to the Offering Documents, Credit Suisse sold and distributed 2,568,094 shares of Schering common stock and 444,375 shares of Schering preferred stock to the investing public. Credit Suisse was paid at least \$4.5 million for its underwriting services in connection with the Offering.

41. Defendant Daiwa Securities America Inc. (“Daiwa Securities”) is an investment bank with offices in New York, New York. According to the Offering Documents, Daiwa Securities sold and distributed 856,031 shares of Schering common stock and 148,125 shares of Schering preferred stock to the investing public. Daiwa Securities was paid at least \$1.5 million for its underwriting services in connection with the Offering.

42. Defendant Santander Investment Securities Inc. (“Santander Securities”) is an investment bank with offices in New York, New York. According to the Offering Documents, Santander Securities sold and distributed 856,031 shares of Schering common stock and 148,125

shares of Schering preferred stock to the investing public. Santander Securities was paid at least \$1.5 million for its underwriting services in connection with the Offering.

43. Defendant Utendahl Capital Partners, L.P. ("Utendahl Capital") is an investment bank with offices in New York, New York. According to the Offering Documents, Utendahl Capital sold and distributed 428,016 shares of Schering common stock and 74,062 shares of Schering preferred stock, to the investing public. Utendahl Capital was paid at least \$757,000 for its underwriting services in connection with the Offering.

44. Defendant The Williams Capital Group, L.P. ("Williams Capital") is an investment bank with offices in New York, New York. According to the Offering Documents, Williams Capital sold and distributed 428,016 shares of Schering common stock and 99,063 shares of Schering preferred stock. Williams Capital was paid over \$950,000 for its underwriting services in connection with the Offering.

45. Defendant Banca IMI SpA ("Banca IMI") is an investment bank with offices in New York, New York. According to the Offering Documents, Banca IMI sold and distributed 143,750 shares of Schering common stock to the investing public. Banca IMI was paid at least \$98,000 for its underwriting services in connection with the common stock offering.

46. Defendant BBVA Securities Inc. ("BBVA Securities") is an investment bank with offices in New York, New York. According to the Offering Documents, BBVA Securities sold and distributed 143,750 shares of Schering common stock to the investing public. BBVA Securities was paid at least \$98,000 for its underwriting services in connection with the common stock offering.

47. Defendant ABN AMRO Rothschild LLC ("ABN AMRO") is an investment bank with offices in New York, New York. According to the Offering Documents, ABN AMRO sold

and distributed 25,000 shares of Schering preferred stock to the investing public. ABN AMRO was paid at least \$156,000 for its underwriting services in connection with the preferred stock offering.

48. Defendant BNY Capital Markets, Inc. (“BNY Capital”) is an investment bank with offices in New York, New York. According to the Offering Documents, BNY Capital sold and distributed 25,000 shares of Schering preferred stock to the investing public. BNY Capital was paid at least \$156,000 for its underwriting services in connection with the preferred stock offering.

49. Defendant ING Financial Markets LLC (“ING Financial”) is an investment bank with offices in New York, New York. According to the Offering Documents, ING Financial sold and distributed 25,000 shares of Schering preferred stock to the investing public. ING Financial was paid at least \$156,000 for its underwriting services in connection with the preferred stock offering.

50. Defendant Mizuho Securities USA Inc. (“Mizuho Securities”) is an investment bank with offices in Hoboken, New Jersey. According to the Offering Documents, Mizuho Securities sold and distributed 25,000 shares of Schering preferred stock to the investing public. Mizuho Securities was paid at least \$156,000 for its underwriting services in connection with the preferred stock offering.

II. FACTUAL AND PROCEDURAL BACKGROUND

51. The anti-cholesterol drugs ZETIA and VYTORIN are Schering’s most important products, driving its revenues and earnings. The Company markets the drugs in a joint venture with Merck. Until the ENHANCE study results were publicized, about one million prescriptions were written worldwide for ZETIA and/or VYTORIN each week. In 2006 alone, ZETIA had

sales of \$1.92 billion and VYTORIN had sales of \$1.95 billion. In 2007, collective sales of ZETIA and VYTORIN hit \$5.2 billion.

52. At the urging of cardiologists and other health care providers, Merck and Schering conducted the ENHANCE study to assess the true impact of ZETIA and VYTORIN on the risk of heart attacks. Unbeknownst to the investing public, that study determined in April 2006 that ZETIA/VYTORIN was no more effective at reducing atherosclerosis — the disease which can lead to heart attacks and strokes—than the far cheaper generic drug, simvastatin. The study showed that the fatty arterial plaques actually grew somewhat faster among patients taking ZETIA or VYTORIN than in those patients taking cheaper generic cholesterol lowering drugs.

53. Schering failed to disclose the results of the ENHANCE study in connection with the Offerings. Rather, shortly after the Offering, on November 20, 2007, Schering-Plough announced that it was going to change the primary end-point of the ENHANCE study. The medical community, which had been patiently waiting for the results of the study, was outraged by the plan to change the primary end-point, viewing such a mid-study change as an unprecedented violation of basic scientific protocol. With the results of the ENHANCE study still unknown in December 2007, Congress commenced an investigation.

54. Schering first released some of the long-awaited ENHANCE study results on January 14, 2008—twenty-one months after the ENHANCE study had concluded. The revelations caused a significant decline in the Company's stock price, with the stock declining \$2.21—more than 8%—in a single day. On March 31, 2008, the first business day after the final results of the ENHANCE study were released, Schering's stock dropped severely—by as much as \$5.47—or more than 25%, in just one day.

The Secondary Offering

55. On August 2, 2007, Schering filed a Registration Statement on Form S-3ASR with the SEC, with an effective date the same day. Pursuant to that Registration Statement, Schering commenced the Offering, which included: (1) an August 9, 2007 issuance of 57,500,000 shares of common stock at \$27.50 per share; and (2) an August 10, 2007 issuance of 10,000,000 shares of 6.00% mandatory convertible preferred stock at \$250 per share. Schering filed Preliminary Prospectus Supplements and Prospectuses with each of these filings. The Offering Documents incorporated by reference the Company's: (a) 2006 annual report for the year 2006 on Form 10-K, filed with the SEC on February 28, 2007; (b) quarterly report for the first quarter of 2007 on Form 10-Q, filed with the SEC on April 27, 2007; (c) quarterly report for the second quarter of 2007 on Form 10-Q, filed with the SEC on July 27, 2007, among other filings.

A. Material Misstatements in the Registration Statement

56. As noted, the Registration statement incorporates by reference Schering's 2006 10-K ("2006 10-K") filed with the SEC on February 28, 2007, Schering's April 27, 2007 10-Q ("April 2007 10-Q"), and Schering's July 27, 2007 10-Q ("July 2007 10-Q"). ZETIA, VYTORIN, and the "cholesterol franchise" are repeatedly discussed in these filings, which address the drugs' sales, market share, and risk factors. The statements discussed below were materially misstated because they omit any mention of the ENHANCE study results, or the fact that the study had no independent committee, both material omissions.

57. The 2006 10-K states that Schering's "Cholesterol Franchise" is: "ZETIA, a novel cholesterol-absorption inhibitor discovered by Schering-Plough scientists, for use as monotherapy or in combination with either statins or fenofibrate to lower cholesterol; and "VYTORIN, a cholesterol-lowering tablet combining the dual action of ZETIA and Merck &

Co., Inc.'s statin, Zocor. Schering's disclosures relating to ZETIA and VYTORIN detail the importance of these drugs to Schering's financial health and provide a long list of risks relating to these revenue streams, but fail to disclose the internally known but not yet publicly disclosed impairment to the "Cholesterol Franchise" caused by the results of the ENHANCE study.

58. Under Item 1A of the 2006 10-K, the April 2007 10-Q, and the July 2007 10-Q, Schering identifies its "Risk Factors" and states:

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... 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 the year.

(Emphasis added.)

59. Moreover, in a second entry under "Risk Factors," the 2006 10-K and the April 2007 10-Q state:

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 both served 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.

60. In addition, in Item 7, under the heading “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*,” under the subheading, “2006 Results — Highlights of Schering-Plough’s performance in 2006” the 2006 10-K states that, “Global sales of Schering-Plough’s cholesterol franchise products, VYTORIN and ZETIA, made by the cholesterol joint venture with Merck & Company, Inc. (Merck) continued to grow in 2006 and significantly contributed to Schering-Plough’s improved operating results and cash flow.

61. Also under Item 7, under the subheading, “Cholesterol Franchise,” the 2006 10-K states:

Schering-Plough’s cholesterol franchise products, VYTORIN and ZETIA, are managed through a joint venture between Schering-Plough and Merck for the treatment of elevated cholesterol levels. ***ZETIA is Schering-Plough’s novel cholesterol absorption inhibitor.*** VYTORIN is the combination of ZETIA and Zocor, Merck’s statin medication...

A material change in the sales or market share of Schering-Plough’s cholesterol franchise would have a significant impact on Schering-Plough’s results of operations and cash flows. In order to maintain and enhance its infrastructure and business, Schering-Plough must continue to increase profits. ***This increased profitability is largely dependent upon the performance of Schering-Plough’s cholesterol franchise.***

The cholesterol-reduction market is the single largest pharmaceutical category in the world. VYTORIN and ZETIA are competing in this market and, on a combined basis, these products continued to grow in terms of market share during 2006. As a franchise, the two products together have captured more than 15 percent of total prescriptions for the U.S. cholesterol management market (based on January 2007 IMS data).

(Emphasis Added).

62. Moreover, in its discussion of operating results, under the sub-heading, “Equity Income from Cholesterol Joint Venture,” the 2006 10-K states:

Global cholesterol franchise sales, which include sales of VYTORIN and ZETIA, made by the cholesterol joint venture with Merck and Schering-Plough totaled \$3.9 billion... The sales growth in 2006 was due to an increase in market share... As a franchise, the two products combined have captured more than 15 percent of total prescriptions in the U.S. cholesterol management market (based on January 2007 IMS data).

63. Under the heading “2007 OUTLOOK” the 2006 10-K states:

Currently, the U.S. cholesterol lowering market is adjusting to the entry into the market of multiple generic forms of competing cholesterol products. *Despite the introduction of new innovative competing treatments and generic versions of competing products, Schering-Plough continues to anticipate that sales from VYTORIN and ZETIA will grow in 2007.* The decisions of government entities, managed care groups and other groups concerning formularies and reimbursement policies could negatively impact the dollar size and/or growth of the cholesterol management market, including VYTORIN and ZETIA.

64. These statements were materially misstated and omitted material facts because the results of the ENHANCE study posed a direct and existing threat to sales of ZETIA and VYTORIN, Schering’s most profitable products. Yet no information about the study results was disclosed to the public at the time of the Offering. And once the study results were finally and belatedly disclosed—first incompletely in January 2008, and then in their entirety on March 30, 2008—Schering’s stock price dropped as did prescriptions for ZETIA and VYTORIN.

65. Schering’s 10-Q filed on April 27, 2007 (“April 2007 10-Q”), under Item 2, states that, “Global sales of Schering-Plough’s cholesterol franchise products, VYTORIN and ZETIA, made by the cholesterol joint venture with Merck & Company, Inc. (Merck) continued to grow in 2007.

66. Similarly, under the heading, “Cholesterol Franchise,” both the April 2007 10-Q and the July 2007 10-Q state:

Schering-Plough’s cholesterol franchise products, VYTORIN and ZETIA, are managed through a joint venture between Schering-Plough and Merck

for the treatment of elevated cholesterol levels. ZETIA is Schering-Plough's novel cholesterol absorption inhibitor. VYTORIN is the combination of ZETIA and Zocor, Merck's statin medication...

The cholesterol-reduction market is the single largest pharmaceutical category in the world. VYTORIN and ZETIA are competing in this market, and on a combined basis, these products continued to grow in terms of market share during the first three months of 2007. A material change in the sales or market share of Schering-Plough's cholesterol franchise would have a significant impact on Schering-Plough's results of operations and cash flows. In order to maintain and enhance its infrastructure and business, Schering-Plough must continue to increase profits. This increased profitability is largely dependent upon the performance of Schering-Plough's cholesterol franchise.

67. Likewise, under the heading "Equity Income from Cholesterol Joint Venture, the April 2007 10-Q states:

Global cholesterol franchise sales, which include sales of VYTORIN and ZETIA, made by the cholesterol joint venture with Merck and Schering-Plough for the three months ended March 31, 2007 and 2006 totaled \$1.2 billion and \$786 million, respectively. The sales growth in 2007 was due to an increase in market share... Equity income from cholesterol joint venture totaled \$487 million and \$311 million for the three months ended March 31, 2007 and 2006, respectively. The increase in 2007 equity income as compared to 2006 reflects continued strong sales of VYTORIN and ZETIA. Schering-Plough's equity income in the first three months of the year is favorably impacted by the proportionally greater share of income allocated from the joint venture on the first \$300 million of annual ZETIA sales.

68. Item 2 of Schering's July 27, 2007 10-Q, under the sub-heading "Results and Highlights for the three and six months ended June 30, 2007 states that, "Global sales of Schering-Plough's cholesterol franchise products, VYTORIN and ZETIA, made by the cholesterol joint venture with Merck & Company, Inc. (Merck) continued to grow in 2007.

69. The July 2007 10-Q also states, under the heading "Equity income from cholesterol joint venture :

Sales of the Merck/Schering-Plough Cholesterol Partnership for the three and six months ended June 30, 2007 totaled \$1.3 billion and \$2.4 billion,

respectively, as compared to \$973 million and \$1.8 billion for the three and six months ended June 30, 2006. The sales growth in 2007 was due to an increase in market share...

Equity income from cholesterol joint venture totaled \$490 million and \$978 million for the three and six months ended June 30, 2007, respectively, as compared to \$355 million and \$666 million for the three and six months ended June 30, 2006, respectively. *The increase in 2007 equity income as compared to 2006 reflects continued strong sales of VYTORIN and ZETIA. Schering-Plough's equity income in the first six months of the year is favorably impacted by the proportionally greater share of income allocated from the joint venture on the first \$300 million of annual ZETIA sales.*

(Emphasis added).

70. The Underwriter Defendants collectively received more than \$102,000,000 in underwriting fees and commissions for the Offering. The Offering Documents disclosed that each Underwriter Defendant was serving as an underwriter for the Offering. As part of their duties as underwriters, the Underwriter Defendants, collectively and individually, were required to conduct, prior to the Offering, a reasonable investigation of the Company to ensure that the statements contained in the Offering Documents contained no material misstatements or omissions of material fact. The Underwriter Defendants failed to fulfill their duty to the investing public in this regard.

71. Defendants Hassan, Bertolini, Koehler, Becherer, Colligan, Kidder, Leder, McGrath, Mundy, Perez, Russo, Stahl, Turner, van Oordt, Wolf and Weinbach signed the Registration Statement.

III. CLASS ALLEGATIONS

72. Plaintiff Arkansas Teacher brings this action on its own behalf and as a class action, pursuant to Rule 23(a) and Rule 23(b)(3) of the Federal Rules of Civil Procedure, on behalf of a class consisting of all persons who purchased securities in the Offerings pursuant to

the Registration Statement, and who were injured thereby when the ENHANCE study results were belatedly disclosed on January 14, 2008 and thereafter (the "Class"). Excluded from the Class are: (i) defendants; (ii) members of the family of each individual defendant; (iii) any entity in which any defendant has a controlling interest; (iv) officers and directors of the Company and its subsidiaries and affiliates; (v) any person who profited from or actively participated in the wrongdoing at issue and (vi) the legal representatives, heirs, successors or assigns of any such excluded party.

73. The members of the Class who acquired common and/or preferred stock pursuant to the Registration Statement are so numerous that joinder of all members is impracticable. While the exact number of Class members may only be determined by appropriate discovery, Plaintiff Arkansas Teacher believes that Class members number in the thousands.

74. Plaintiff Arkansas Teacher's claims are typical of the claims of the members of the Class. Plaintiff Arkansas Teacher and all other members of the Class acquired their shares pursuant to the Registration Statement or traceable thereto and sustained damages as a result of defendants' wrongful conduct complained of herein.

75. Plaintiff Arkansas Teacher will fairly and adequately protect the interests of the other members of the Class and has retained counsel competent and experienced in class action and securities litigation.

76. A class action is superior to other available methods for the fair and efficient adjudication of this controversy. Because the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation makes it virtually impossible for class members to individually seek redress for the wrongful conduct alleged herein.

77. Common questions of law and fact exist as to all members of the Class and predominate over any questions affecting solely individual members of the Class. Among the questions of law and fact common to the Class are:

- a. whether the Securities Act was violated by defendants' acts, as alleged herein;
- b. whether the Registration Statement contained material misstatements or omitted to state material information;
- c. whether the Schering financial statements that were incorporated by reference into the Registration Statement were materially misstated; and
- d. whether the members of the Class have sustained damages and, if so, the appropriate measure thereof.

78. Plaintiff Arkansas Teacher knows of no difficulty that will be encountered in the management of this action that would preclude its maintenance as a class action.

79. The names and addresses of the record owners of the common and preferred stock acquired pursuant to the Registration Statement are available from the Company's transfer agent(s). Notice may be provided to such record owners via first class mail using techniques and a form of notice similar to those customarily used in class actions.

80. Defendants Schering is strictly liable for material misstatements or omissions contained in the Offering Documents, and therefore cannot assert any so-called "due diligence defense to the imposition of liability for losses incurred by the Class.

81. Defendants Hassan, Bertolini, Koehler, Becherer, Colligan, Kidder, Leder, McGrath, Mundy, Perez, Russo, Stahl, Turner, van Oordt, and Weinbach, each of whom prepared, approved, and/or signed the Offering Documents, are liable for losses incurred by the Class unless they can show that they conducted a reasonable investigation of the statements contained in the Offering Documents, and possessed reasonable grounds for believing that the statements in those documents were true and not misleading. These defendants did not conduct a

reasonable investigation of the statements contained in the Offering Documents, and did not possess reasonable grounds for believing that the statements in those documents were true and not misleading.

82. The Underwriter Defendants are liable for losses incurred by the Class unless they can show that they conducted a reasonable investigation of the statements contained in the Offering Documents, and possessed reasonable grounds for believing that the statements in those documents were true and not misleading. These defendants did not conduct a reasonable investigation of the statements contained in the Offering Documents, and did not possess reasonable grounds for believing that the statements in those documents were true and not misleading.

83. Had the Underwriter Defendants fulfilled their obligation to conduct this reasonable investigation, they would have discovered the material information relating to the results of the ENHANCE study, which information was required to be disclosed in connection with the Offerings.

COUNT ONE
(For Violations of §11 of the Securities Act Against All Defendants)

84. Plaintiff repeats and realleges each and every allegation above relating to the Securities Act claims as if fully set forth herein.

85. This claim is brought pursuant to Section 11 of the Securities Act against Defendants Schering, Hassan, Bertolini, Koehler, Becherer, Colligan, Kidder, Leder, McGrath, Mundy, Perez, Russo, Stahl, Turner, van Oordt, Wolf and Weinbach, Goldman, Sachs & Co., Banc of America Securities LLC, Bear, Stearns & Co. Inc., Citigroup Global Markets Inc., Morgan Stanley & Co. Incorporated, BNP Paribas Securities Corp., J.P. Morgan Securities Inc., Credit Suisse Securities (USA) LLC, Daiwa Securities America Inc., Santander Investment

Securities Inc., Utendahl Capital Partners, L.P., The Williams Capital Group, L.P., Banca IMI SpA, BBVA Securities Inc., ABN AMRO Rothschild LLC, BNY Capital Markets, Inc., ING Financial Markets LLC, Mizuho Securities USA Inc. (collectively, the “Section 11 Defendants”), on behalf of members of the Class who purchased or otherwise acquired the registered stock issued pursuant and/or traceable to the Offering and were damaged by the acts alleged herein. This claim is based solely in strict liability and negligence—it does not sound in fraud. Plaintiff expressly disclaims any allegations of fraud or intentional misconduct in connection with this claim.

86. As discussed above, in August 2007, Schering issued and sold to investors 57,500,000 shares of common stock and 10,000,000 shares of 6.00% mandatory convertible preferred stock.

87. Schering was the issuer of the registered stock pursuant to the Offering Documents within the meaning of Section 11 of the Securities Act.

88. Defendants Hassan, Bertolini, Koehler, Becherer, Colligan, Kidder, Leder, McGrath, Mundy, Perez, Russo, Stahl, Turner, van Oordt, Wolf and Weinbach each signed the Offering Documents as a senior officer and/or director of Schering within the meaning of Section 11 of the Securities Act.

89. The Underwriter Defendants were statutory underwriters for the registered common and preferred stock, as admitted in the Offering Documents.

90. The registered stock was issued and sold pursuant to the Offering Documents. All purchases of the registered stock after the issuance of the Offering Documents are traceable to the Offering Documents.

91. The Offering Documents contained untrue statements of material fact and omitted to state material facts required to be stated therein or necessary to make the statements therein not misleading.

92. As the issuer of the registered stock, Schering is strictly liable for the untrue statements of material fact and material omissions described herein.

93. None of the other Section 11 Defendants made a reasonable investigation or possessed reasonable grounds for the belief that the statements contained in the Offering Documents were accurate and complete in all material respects. Had they exercised reasonable care, they would have known of the material misstatements and omissions alleged herein.

94. In connection with offering the registered stock to the public and the sale of Schering securities, the Section 11 Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, the United States mails and a national securities exchange.

95. Class members did not know, nor in the exercise of reasonable diligence could not have known, that the Offering Documents contained untrue statements of material fact and omitted to state material facts required to be stated or necessary to make the statements particularized above not misleading when they purchased or acquired the registered stock.

96. Defendants issued and disseminated, caused to be issued and disseminated, and participated in the issuance and dissemination of, material misstatements to the investing public which were contained in the Offering Documents, which misrepresented or failed to disclose, inter alia, the facts set forth above.

97. As a direct and proximate result of Defendants' acts and omissions in violation of the Securities Act, Plaintiff suffered substantial damage in connection with its purchase of

Schering common and/or preferred stock pursuant to the Offering Documents. By reason of the conduct alleged herein, each Defendant violated and/or controlled a person who violated Section 11 of the Securities Act.

98. This claim is brought within one year after the discovery of the untrue statements and omissions, and within three years after the issuance of the Offering Documents.

99. By reason of the foregoing, the Section 11 Defendants are liable to the members of the Class who acquired the registered stock pursuant to or traceable to the Offering Documents.

COUNT TWO
(For Violations of Section 12(a)(2) of the Securities Act
Against Defendant Schering and the Underwriter Defendants)

100. Plaintiff repeats and realleges each and every allegation above relating to the Securities Act claims as if fully set forth herein. This claim is brought pursuant to Section 12(a)(2) of the Securities Act, 15 U.S.C. §77k against Defendants Schering, Goldman, Sachs & Co., Banc of America Securities LLC, Bear, Stearns & Co. Inc., Citigroup Global Markets Inc., Morgan Stanley & Co. Incorporated, BNP Paribas Securities Corp., J.P. Morgan Securities Inc., Credit Suisse Securities (USA) LLC, Daiwa Securities America Inc., Santander Investment Securities Inc., Utendahl Capital Partners, L.P., The Williams Capital Group, L.P., Banca IMI SpA, BBVA Securities Inc., ABN AMRO Rothschild LLC, BNY Capital Markets, Inc., ING Financial Markets LLC, and Mizuho Securities USA Inc. (collectively, the “Section 12(a)(2) Defendants), on behalf of members of the Class who purchased or otherwise acquired Schering common stock or preferred stock pursuant and/or traceable to the Prospectus and were damaged by acts alleged herein. For the purposes of this Count, Plaintiff asserts only strict liability and negligence claims and expressly disclaims any allegation of fraud or intentional misconduct.

101. By means of the Offering Documents, and by using the means and instruments of transportation and communication in interstate commerce and of the mails, Defendant Schering and the Underwriter Defendants, through public offerings, offered and sold Schering common and/or preferred stock to members of the Class.

102. The Offering Documents were materially misstated, omitted to state facts necessary to make the statements made not misleading and concealed or failed to adequately disclose material facts as alleged herein.

103. Neither Schering nor any of the Underwriter Defendants made a reasonable investigation or possessed reasonable grounds for the belief that the statements contained in the Prospectus, as set out above, were accurate and complete in all material respects. Had they exercised reasonable care, these Defendants would have known of the material misstatements and omissions alleged herein.

104. Plaintiff and other members of the Class purchased Schering common stock and/or preferred stock by means of the materially misstated Prospectus. At the time they purchased shares in the Secondary Offering, neither Plaintiff nor any member of the class knew, or by the reasonable exercise of care could have known, of the material misstatements in and omissions from the Secondary Prospectus.

105. By virtue of the conduct alleged herein, Schering and the Underwriter Defendants violated, and/or controlled a person who violated, Section 12(a)(2) of the Securities Act. Accordingly, members of the Class who purchased or otherwise acquired Schering common stock and/or preferred stock have a right to rescind and recover the consideration paid for their common stock and/or preferred stock and hereby elect to rescind and tender their common stock to Schering and the Underwriter Defendants.

106. Members of the Class who have sold their Schering common stock and or preferred stock issued in or traceable to the Secondary Offering are entitled to rescissory damages.

107. This action is commenced within one year after the discovery of the misstatements and omissions contained in the Prospectus and within three years after the Secondary Offering.

COUNT THREE
**(For Violations of §15 of the Securities Act
Against Defendants Hassan, Bertolini, Koehler and Wolf)**

108. Plaintiff repeats and realleges each and every allegation above relating to the Securities Act claims as if fully set forth herein. This claim is brought pursuant to Section 15 of the Securities Act against Defendants Hassan and Bertolini (collectively, the “Section 15 Defendants), on behalf of members of the Class who purchased or otherwise acquired the registered common and/or preferred stock and were damaged by acts alleged herein. This claim is specifically brought in strict liability and negligence.

109. As alleged herein, Schering violated Section 11 of the Securities Act by issuing the Offering Documents, which included materially untrue statements of fact and omitted to state material facts required to be stated therein or necessary to make the statements therein not misleading. The Section 15 Defendants were controlling persons of Schering when the Offering Documents were filed and became effective. Defendant Hassan was a controlling person of Schering at the time the Offering Documents were filed and became effective, and ever since, as demonstrated by the facts alleged herein, including:

- (a) Defendant Hassan has served as Chairman of the Board of Directors and Chief Executive Officer of Schering since April 2003.

(b) Defendant Hassan was ultimately responsible for ensuring that the internal disclosure and accounting procedures were effective and required no changes. Consistent with that responsibility, he signed the Registration Statement. Pursuant to Sections 302 and 906 of Sarbanes-Oxley, Hassan certified the accuracy of Schering's Forms 10-K and 10-Q and the effectiveness of Schering's disclosure and internal control procedures.

(c) Defendant Hassan led Schering's conference calls with analysts and investors, where he responded to questions relating to all aspects of Schering's business, strategic direction and financial performance.

110. Defendant Bertolini was a controlling person of Schering from November 2003 through the present, as demonstrated by the facts alleged herein, including:

(a) Defendant Bertolini served as Executive Vice President and Chief Financial Officer of Schering-Plough since he joined the company in November 2003.

(b) As Chief Financial Officer, Defendant Bertolini was ultimately responsible for ensuring that the internal disclosure and accounting procedures were effective and required no changes. Consistent with that responsibility, he signed Schering's 2006 10-K. Pursuant to Sections 302 and 906 of Sarbanes-Oxley, Bertolini certified the accuracy of Schering's 2006 10-K and the effectiveness of Schering's disclosure and internal control procedures from November 2003 through the present.

(c) Defendant Bertolini participated in Schering conference calls with analysts and investors, where he responded to questions relating to all aspects of Schering's business, strategic direction and financial performance.

111. Defendant Koehler was a controlling person of Schering from 2006 through the present. He had the power and authority to cause Schering to engage in the wrongful conduct

complained of herein by virtue of his positions as Vice President and Controller of Schering-Plough Corporation.

112. Defendant Wolf was a controlling person of Schering from 2002 to the present. She had the power and authority to cause Schering to engage in the wrongful conduct complained of herein by virtue of her positions as Corporate Secretary, Associate General Counsel and Vice President-Governance of Schering.

113. By virtue of their exercise of control over the Company, the Section 15 Defendants each had the power to influence and control, and did influence and control, directly or indirectly, the decision-making of Schering, including the content of its public statements and of the Offering Documents. These Section 15 Defendants did not make a reasonable investigation or possess reasonable grounds for the belief that the statements contained in the Offering Documents were accurate and complete in all material respects. Had they exercised reasonable care, they would have known of the material misstatements and omissions alleged herein.

114. This claim is brought within one year after the discovery of the materially untrue statements and omissions in the Offering Documents and within three years after the registered stock was offered to the public.

115. By reason of the misconduct alleged herein, for which Schering is primarily liable as set forth herein, the Section 15 Defendants are jointly and severally liable with and to the same extent as Schering, pursuant to Section 15 of the Securities Act.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff Arkansas Teacher, on behalf of itself and the other members of the Class, pray for judgment as follows:

1. declaring this action to be a proper class action maintainable pursuant to Rule 23 of the Federal Rules of Civil Procedure and declaring Plaintiff Arkansas Teacher to be a proper Class representative;
2. awarding Plaintiff Arkansas Teacher and the other members of the Class compensatory damages and rescissionary damages;
3. awarding Plaintiff Arkansas Teacher and the other members of the Class pre-judgment and post-judgment interest, their costs and expenses in this litigation, including reasonable attorneys' fees and experts' fees and other costs and disbursements; and
4. awarding Plaintiff Arkansas Teacher and the other members of the Class such other and further relief as the Court may deem just and proper.

CARELLA, BYRNE, BAIN, GILFILLAN
CECCHI, STEWART & OLSTEIN
Attorneys for Plaintiff

By: /s/ James E. Cecchi
JAMES E. CECCHI

Dated: April 7, 2008

Gerald H. Silk
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**CERTIFICATION PURSUANT TO
THE FEDERAL SECURITIES LAWS**

I, Christa Clark, on behalf of the Arkansas Teacher Retirement System ("Arkansas Teachers"), hereby certify, as to the claims asserted under the federal securities laws, that:

1. I am the Chief Legal Officer of Arkansas Teachers. I have reviewed a complaint filed in this matter. Arkansas Teachers has authorized Bernstein Litowitz Berger & Grossmann LLP to file a motion for appointment as lead plaintiff on its behalf.

2. Arkansas Teachers did not purchase the securities that are the subject of this action at the direction of counsel or in order to participate in any action arising under the federal securities laws.

3. Arkansas Teachers is willing to serve as a lead plaintiff and representative party on behalf of the Class, including providing testimony at deposition and trial, if necessary. Arkansas Teachers fully understands the duties and responsibilities of the lead plaintiff under the Private Securities Litigation Reform Act, including the selection and retention of counsel and overseeing the prosecution of the action for the Class.

4. Arkansas Teachers' transactions in the Schering-Plough Corp. securities that are the subject of this action are set forth in the chart attached hereto.

5. Arkansas Teachers has sought to serve and was appointed as a lead plaintiff and representative party on behalf of a class in the following actions under the federal securities laws filed during the three-year period preceding the date of this Certification:

Atlas et al. v. Accredited Home Lenders Holdings Co., et al., Case No. 07-cv-488 (C.D. Cal.)
In re Openwave Systems Securities Litigation, Case No. 07-cv-1309 (S.D.N.Y.)

6. Arkansas Teachers has sought to serve and was appointed as a lead plaintiff and representative party on behalf of a class in the following actions under the federal securities laws filed during the three-year period preceding the date of this Certification that have been fully settled:

In re SFBC International Inc. Securities & Derivative Litigation, Case No. 06-cv-165 (D.N.J.)
In re EVCI Career Colleges Holding Corp. Securities Litigation,
Case No. 05-cv-10240 (S.D.N.Y.)

7. Arkansas Teachers is currently seeking to serve as a lead plaintiff and representative party on behalf of a class in the following action filed under the federal securities laws during the three years preceding the date of this Certification:

Reimer v. Ambac Financial Group, Inc., Case No. 08-cv-411 (S.D.N.Y.)

8. Arkansas Teachers will not accept any payment for serving as a representative party on behalf of the Class beyond Arkansas Teachers' pro rata share of any recovery, except such reasonable costs and expenses (including lost wages) directly relating to the representation of the Class, as ordered or approved by the court.

I declare under penalty of perjury that the foregoing is true and correct.
Executed this 18 day of March, 2008.



Christa Clark
Chief Legal Officer
Arkansas Teacher Retirement System

Arkansas Teacher Retirement System
Transactions in Schering-Plough Corp.
Class Period: 7/24/06-1/14/08

Common Stock
Cusip# 806605101

<u>Transaction</u>	<u>Date</u>	<u>Shares</u>	<u>Price</u>
Purchase	01/22/07	34,900	\$24.8965
Purchase	04/19/07	6,900	\$30.9490
Purchase	04/19/07	50,000	\$30.8135
Purchase	04/19/07	3,100	\$31.1209
Purchase	04/19/07	9,800	\$30.9976
Purchase	04/20/07	19,700	\$30.7834
Purchase	04/20/07	816	\$30.8115
Purchase	04/20/07	21,384	\$30.8115
Purchase	04/30/07	5,300	\$31.7488
Purchase	06/07/07	5,300	\$31.3850
Purchase	06/07/07	5,300	\$30.6503
Purchase	07/27/07	5,900	\$29.0783
Purchase	08/02/07	6,600	\$29.7961
Purchase	08/09/07	4,700	\$27.4980
Purchase	08/09/07	9,500	\$27.5000
Purchase	09/14/07	171,416	\$25.9720
Purchase	10/22/07	500	\$28.2401
Purchase	10/22/07	5,300	\$28.2350
Purchase	11/06/07	2,200	\$29.4045
Purchase	11/06/07	4,000	\$29.4350
Purchase	11/09/07	800	\$29.3050
Purchase	11/09/07	5,300	\$29.3772
Purchase	12/19/07	6,600	\$26.1866
Purchase	12/20/07	218,900	\$26.2660
Purchase	12/31/07	6,600	\$26.6791
Purchase	01/02/08	6,700	\$26.2281
Purchase	01/09/08	5,900	\$27.2740
Sale	01/22/07	(5,000)	\$24.9500
Sale	01/22/07	(17,000)	\$24.8997
Sale	02/13/07	(34,900)	\$24.8600
Sale	09/24/07	(171,415)	\$32.0300
Sale	10/22/07	(1)	\$27.0690
Sale	12/07/07	(1,000)	\$31.0385
Sale	12/07/07	(500)	\$31.0385
Sale	12/07/07	(3,300)	\$30.7222
Sale	12/07/07	(1,600)	\$30.7222
Sale	12/07/07	(1,200)	\$30.2826
Sale	12/07/07	(600)	\$30.2826
Sale	12/07/07	(4,200)	\$30.2826
Sale	12/07/07	(2,100)	\$30.2826
Sale	12/07/07	(300)	\$30.4717
Sale	12/07/07	(100)	\$30.4717
Sale	12/07/07	(1,200)	\$30.4717
Sale	12/07/07	(600)	\$30.4717
Sale	12/27/07	(59,300)	\$26.9127
Sale	01/04/08	(32,600)	\$26.6700

Arkansas Teacher Retirement System
Transactions in Schering-Plough Corp.
 Class Period: 7/24/06-1/14/08

Preferred Stock
Cusip # 806605705

<u>Transaction</u>	<u>Date</u>	<u>Shares</u>	<u>Price</u>
Purchase	09/24/07	19,850	\$279.1500

Preferred Stock
Cusip # 806605606

<u>Transaction</u>	<u>Date</u>	<u>Shares</u>	<u>Price</u>
Purchase	01/17/07	20,400	\$57.7727
Purchase	01/17/07	19,400	\$58.0318
Purchase	01/18/07	20,150	\$58.5700
Purchase	01/29/07	25,700	\$58.7047
Sale	04/19/07	(9,350)	\$70.6940
Sale	09/14/07	(76,300)	\$58.3486

JS 44 (Rev. 11/04)

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

I. (a) PLAINTIFFS

Arkansas Teacher Retirement System

DEFENDANTS

Schering-Plough Corporation, Fred Hassan, Robert J. Bertolini, Steven H. Koehler, Susan Ellen Wolf, Hans W. Becherer, Thomas J.

(b) County of Residence of First Listed Plaintiff Pulaski
(EXCEPT IN U.S. PLAINTIFF CASES)

County of Residence of First Listed Defendant _____
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE LAND INVOLVED.

(c) Attorney's (Firm Name, Address, and Telephone Number)
Carella, Byrne, Bain, Gilfillan, Cecchi, Stewart & Olstein, 5 Becker Farm Road, Roseland, New Jersey 07068

Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- 1 U.S. Government Plaintiff
- 2 U.S. Government Defendant
- 3 Federal Question (U.S. Government Not a Party)
- 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

	PTF	DEF		PTF	DEF
Citizen of This State	<input type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business in This State	<input type="checkbox"/> 4	<input type="checkbox"/> 4
Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business in Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5
Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6

IV. NATURE OF SUIT (Place an "X" in One Box Only)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury	PERSONAL INJURY - Med. Malpractice <input type="checkbox"/> 362 Personal Injury - Med. Malpractice <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act	<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input checked="" type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes
REAL PROPERTY	CIVIL RIGHTS	PRISONER PETITIONS	LABOR	FEDERAL TAX SUITS
<input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	<input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 Amer. w/Disabilities - Employment <input type="checkbox"/> 446 Amer. w/Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	<input type="checkbox"/> 510 Motions to Vacate Sentence Habeas Corpus: <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition	<input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs. <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other <input type="checkbox"/> 861 HIA (1395f) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609	

V. ORIGIN

(Place an "X" in One Box Only)

- 1 Original Proceeding
- 2 Removed from State Court
- 3 Remanded from Appellate Court
- 4 Reinstated or Reopened
- 5 Transferred from another district (specify)
- 6 Multidistrict Litigation
- 7 Appeal to District Judge from Magistrate Judgment

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):
15 U.S.C. sec 78

Brief description of cause:
This is a claim for securities fraud

VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23 DEMAND \$ _____
CHECK YES only if demanded in complaint:
JURY DEMAND: Yes No

VIII. RELATED CASE(S) IF ANY

(See instructions):

JUDGE Cavanaugh

DOCKET NUMBER 08-285, 08-316, 08-320

DATE

4/4/08

SIGNATURE OF ATTORNEY OF RECORD

[Signature]

FOR OFFICE USE ONLY

RECEIPT # _____ AMOUNT _____ APPLYING IFP _____ JUDGE _____ MAG. JUDGE _____