

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IBEW LOCAL UNION 98,
 individually and on behalf of all
 others similarly situated,

Plaintiff,

v.

NOVEN PHARMACEUTICALS INC.,
 WAYNE P. YETTER, PETER BRANDT,
 JOHN G. CLARKSON, DONALD A.
 DENKHAUS, PHILLIP M. SATOW,
 ROBERT G. SAVAGE, PEDRO GRANADILLO,
 and FRANCOIS NADER,

Defendants.

Consolidated Civil Action No. 4732-CC

**NOTICE OF PENDENCY OF CLASS ACTION, PROPOSED CLASS ACTION DETERMINATION,
 PROPOSED SETTLEMENT OF CLASS ACTION, SETTLEMENT HEARING AND RIGHT TO APPEAR**

IF YOU WERE A COMMON STOCKHOLDER OF NOVEN PHARMACEUTICALS, INC. (“NOVEN”) ON ANY DAY FROM AND INCLUDING JULY 14, 2009 (THE DAY THAT THE PROPOSED TENDER OFFER AND SHORT-FORM MERGER OF NOVEN WITH A WHOLLY-OWNED SUBSIDIARY OF HISAMITSU PHARMACEUTICAL CO., INC. (“HISAMITSU”) WAS PUBLICLY ANNOUNCED) TO AND INCLUDING AUGUST 27, 2009 (THE EFFECTIVE DATE OF CONSUMMATION OF THE MERGER), YOUR RIGHTS MAY BE AFFECTED BY THE SETTLEMENT OF A CLASS ACTION.

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY.

This Notice has been sent to you pursuant to Rule 23 of the Rules of the Court of Chancery of the State of Delaware and an Order of the Court of Chancery of the State of Delaware (the “Court”). The purpose of this Notice is to inform you of the proposed settlement (the “Settlement”) of this class action litigation and of the hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement (the “Settlement Hearing”). This Notice describes the rights you may have in connection with the Settlement and what steps you may take in relation to the Settlement and this class action litigation. This is not a solicitation from a lawyer.

- The Settlement resolves a lawsuit over whether Noven, Wayne P. Yetter, Peter Brandt, John G. Clarkson, Donald A. Denkhaus, Phillip M. Satow, Robert G. Savage, Pedro Granadillo, and Francois Nader (the “Defendants”) breached their fiduciary duties to the shareholders of Noven in connection with the merger between Noven and a wholly-owned subsidiary of Hisamitsu (the “Merger”).
- The Settlement provided for the disclosure of additional information by Noven regarding the Merger in an amendment to its Schedule 14D-9 that was filed with the Securities and Exchange Commission on August 13, 2009. Plaintiffs believe disclosure of such information was necessary to allow Noven shareholders the opportunity to make an informed decision as to whether to tender their shares in the tender offer that preceded the Merger. The Settlement also provides that Plaintiffs’ Counsel (defined below) may apply to the Court for an award of attorneys’ fees and expenses incurred in the prosecution of the lawsuit. Should an award of attorneys’ fees and expenses be made by the Court, it would be paid by Noven or its successor.

| YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT: | |
|--|---|
| DO NOTHING | |
| OBJECT | You may write to the Court if you do not like any aspect of the Settlement. |
| GO TO A HEARING | You may ask to speak in Court about the fairness of any aspect of the Settlement. |

- These rights and options — and the deadlines to exercise them — are explained in this Notice.
- The Court in charge of this case must decide: (a) whether the conditional class certification made in this case should be made final; (b) whether to approve the Settlement as fair, reasonable and adequate; (c) whether to award Plaintiffs’ Counsel attorneys’ fees and expenses, and, if so, in what amount; (d) whether to enter a final

judgment pursuant to the parties' Stipulation of Settlement (the "Final Judgment"); and (e) any other matters as may come before the Court and as the Court may deem appropriate.

BASIC INFORMATION

1. Why Did I Get This Notice?

You or someone in your family appear to have held Noven common stock on one or more days during the period from and including July 14, 2009, to and including August 27, 2009.

The Court ordered this Notice because you have a right to know about a proposed settlement of a class action lawsuit before the Court decides whether to approve the Settlement.

This Notice explains the lawsuit, the Settlement and your legal rights.

The Court in charge of the case is the Court of Chancery of the State of Delaware, and the case is known as *IBEW LOCAL UNION 98 v. NOVEN PHARMACEUTICALS INC., et al.*, Consolidated Civil Action No. 4732-CC.

2. What Is This Lawsuit About?

This case was brought as a class action. The Plaintiffs alleged that the Defendants breached their fiduciary duties to Noven's shareholders in connection with the Merger, and Plaintiffs sought to stop the Defendants from proceeding with the Merger. The Plaintiffs also alleged that Defendants' disclosures regarding the Merger omitted information necessary for Noven's shareholders to make an informed decision on whether to tender their shares in the tender offer that preceded the Merger.

The Defendants deny each and all of Plaintiffs' claims and allegations and believe they are without merit. Defendants deny any alleged breach of fiduciary duty and contend that their disclosures regarding the Merger included all information that a reasonable investor would consider important in deciding whether to tender his or her shares.

3. Why Is This a Class Action?

In a class action, one or more people or entities (in this case, International Brotherhood of Electrical Workers Local Union 98 (IBEW 98), the Louisiana Municipal Police Employees Retirement System, International Brotherhood of Electrical Workers Local 35 Pension Fund, and Arthur I. Murphy, Jr.), sue as class representatives on behalf of people and entities who are similarly situated. These similarly situated people and entities are called a "class" or "class members" if the Court determines that the lawsuit should proceed as a class action. One court resolves the issues for all class members.

4. Why Is There a Settlement?

The Court did not decide in favor of Plaintiffs or Defendants. Instead, both parties agreed to a settlement, thereby avoiding the costs and risks of a trial. Before agreeing to finalize the Settlement, Plaintiffs, through their Counsel, negotiated for the right to conduct discovery to confirm that the material terms of the Settlement were fair. Following completion of the discovery, Plaintiffs and their Counsel determined that they believe the additional disclosures that Defendants provided were sufficient to allow Noven's shareholders to make an informed decision on whether to tender their shares in the tender offer that preceded the Merger.

5. How Do I Know if I Am Part of the Settlement?

The class in this case includes all holders of Noven common stock on any day during the period from and including July 14, 2009 (the date that the proposed tender offer and Merger was publicly announced) to and including August 27, 2009 (the effective date of consummation of the Merger), including all of their successors in interest and transferees, immediate and remote (the "Class"). Excluded from the Class are Defendants, their immediate family members, affiliates, successors in interest, heirs, assignees and transferees.

THE SETTLEMENT BENEFITS

6. What Does the Settlement Provide?

To settle the lawsuit, Defendants made available to Noven's shareholders additional information related to the Merger in an Amendment to its Schedule 14D-9 filed with the Securities and Exchange Commission on August 13, 2009, which disclosed information sought by Plaintiffs with respect to:

- A. Discussions between Noven and Hisamitsu in 2008 and the beginning of 2009 regarding a potential manufacturing contract, including the product that was the focus of those discussions;
- B. The increase in Noven's stock price between May 26, 2009 and July 6, 2009, and Noven's inquiries into the potential causes for that increase;

- C. The share count J.P. Morgan Securities, Inc. (“J.P. Morgan”) used to calculate Noven’s equity value per share;
- D. The equity research analysts and the price targets reviewed by J.P. Morgan;
- E. The reasons J.P. Morgan deemed Endo Pharmaceuticals Holdings, Inc., Forest Laboratories, Inc., King Pharmaceuticals, Inc., Medicis Pharmaceutical Corporation, and Sepracor, Inc. to be the five most relevant companies in its Selected Public Companies Analysis;
- F. The reasons J.P. Morgan applied discount rates ranging from 15 to 20% to each of Noven’s four segments in its Discounted Cash Flow Analysis; and
- G. The management forecasts utilized by J.P. Morgan in connection with its valuation and fairness opinion.

7. What Does It Mean to Be Part of the Class?

If you are in the Class, that means you cannot sue or be part of any other lawsuit against the Defendants or other Released Persons about the legal or factual issues in this case. It also means that all of the Court’s orders will apply to you and legally bind you. You also agree to the release of certain claims.

Specifically, you will be releasing all claims, demands, rights, liabilities and causes of action of every description whatsoever, whether in contract, tort, equity or otherwise, whether known or unknown, contingent or absolute, disclosed or undisclosed, matured or not matured, and whether individual, class, derivative, representative, or any other type or in any other capacity, that were asserted or might have been asserted in this or any other forum or proceeding in the United States or in any other country, including without limitation claims for negligence, gross negligence, indemnification, breach of duty of care, breach of duty of loyalty, bad faith, fraud, misrepresentation, misstatement, omission, breach of fiduciary duty, breach of duty of disclosure, negligent misrepresentation, mismanagement, corporate waste, breach of contract, claims based upon or related in any way to any alleged violation of state, federal or any foreign country’s securities laws, or any other alleged wrongdoing or misconduct (or aiding and abetting any of the foregoing), against any or all of the Defendants and/or Hisamitsu and/or any or all of their present or past heirs, executors, estates, administrators, predecessors, successors, assigns, parents, subsidiaries, associates, affiliates, employers, employees, agents, consultants, insurers, directors, managing directors, officers, partners, principals, members, attorneys, accountants, financial and other advisors, investment bankers, underwriters, lenders, and any other representatives of any of these persons or entities (the “Released Persons”), by or on behalf of you or any of your heirs, executors, administrators, representatives, agents, successors, transferees or assigns acting in their capacity as such (including, without limitation, any claims, whether direct, derivative, representative or in any other capacity, arising under federal, state, local, statutory or common law or any other law, rule or regulation, including the law of any jurisdiction outside of the United States), **and** relating in any way to the Merger or the events leading thereto; or any other claims relating to the Merger or the events leading thereto, the fiduciary and other duties owed to Noven shareholders in connection therewith, Defendants’ disclosure obligations under federal, state or any other law (including the law of any jurisdiction outside of the United States) in connection with the Merger, and any other claim related in any way to any of the foregoing (the “Released Claims”).

You will also be releasing all claims that you do not know or suspect to exist, which, if known by you might affect your agreement to release the Released Persons or the Released Claims, or might affect your decision to object or not to object to the Settlement.

Furthermore, you will also be deemed to have expressly waived and relinquished, to the fullest extent permitted by law, the provisions, rights and benefits of § 1542 of the California Civil Code, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS, WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

You also will be waiving any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, or the law of any jurisdiction outside of the United States, which is similar, comparable or equivalent to § 1542 of the California Civil Code.

Claims by you for appraisal pursuant to § 262 of the General Corporation Law of the State of Delaware, and claims to enforce the Settlement, are excluded from this release.

THE LAWYERS REPRESENTING YOU

8. Do I Have a Lawyer in This Case?

Several law firms represent you and other members of the Class. They are: (1) Barrack, Rodos & Bacine, 3300 Two Commerce Square, 2001 Market Street, Philadelphia, PA 19130; (2) Chimicles & Tikellis LLP, 222 Delaware

Avenue, Suite 1100, Wilmington, DE 19801; (3) Fine, Kaplan & Black R.P.C., 1835 Market Street, 28th Floor, Philadelphia, PA 19103; (4) Coughlin Stoia Geller Rudman & Robbins LLP, 120 E. Palmetto Park Road, Suite 500, Boca Raton, FL 33432; (5) Robert M. Cheverie & Associates, Commerce Center One, 333 E. River Drive, Suite 101, East Hartford, CT 06108; (6) Taylor & McNew LLP, 2710 Centerville Road, Suite 210 Wilmington, DE 19808; and (7) Alfred G. Yates, Jr., 519 Allegheny Building, 429 Forbes Avenue, Pittsburgh, PA 15219 (together "Plaintiffs' Counsel").

You will not be charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

9. How Will Plaintiffs' Counsel Be Paid?

Plaintiffs' Counsel will apply to the Court for an award of attorneys' fees and reimbursement of expenses in the lawsuit based upon the benefits that Plaintiffs contend the Settlement provided to Noven's shareholders. Plaintiffs' Counsel intend to apply for an attorney's fee and expense award not in excess of \$975,000.00. Defendants reserve the right to oppose the amount of such application, although they expressly acknowledge that as a result of Plaintiffs' efforts and the supplemental disclosures that were made as a result of those efforts, Plaintiffs' Counsel are entitled to some reasonable fee to be paid by Noven or its successor, subject to the Court's approval.

Final resolution by the Court of any fee application shall not be a condition of the Settlement or a precondition to the dismissal of the lawsuit in accordance with the Settlement, and any fee application may be considered separately from the Settlement.

THE COURT'S SETTLEMENT HEARING

The Court will hold a Settlement Hearing to decide: (a) whether the conditional class certification for settlement purposes in this case should be made final; (b) whether to approve the Settlement as fair, reasonable and adequate; (c) whether to award to Plaintiffs' Counsel attorneys' fees and expenses and, if so, the amount of the award; (d) whether to enter a Final Judgment pursuant to the parties' Stipulation of Settlement; and (e) any other matters as may come before the Court and as the Court may deem appropriate.

You may attend the Settlement Hearing and you may ask to speak, but you do not have to. Any member of the Class who objects to any aspect of the Settlement, or who otherwise wishes to be heard, may appear in person or by counsel at the Settlement Hearing; provided, however, that no papers, briefs, pleadings or other documents submitted by any person shall be considered by the Court unless, not later than twenty (20) days prior to the Settlement Hearing, such person files with the Court and serves upon counsel listed below: (a) a notice of objection containing a detailed statement of all such person's objections to any matters before the Court; (b) proof of his or her or its membership in the Settlement Class; and (c) copies of any papers, briefs or other matter they wish the Court to consider. Such objections must be mailed to each of the following and postmarked by November 18, 2009.

Court

Clerk of the Court
Court of Chancery of the State of Delaware for Sussex County
34 The Circle
Georgetown, DE 19947

Counsel for Plaintiffs

Jeffrey W. Golan
BARRACK RODOS & BACINE
3300 Two Commerce Square
2001 Market Street
Philadelphia, PA 19103

Jonathan M. Stein
COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
120 East Palmetto Park Road, Suite 500
Boca Raton, FL 33432

Counsel for Defendants

Sandra C. Goldstein
CRAVATH, SWAINE & MOORE LLP
Worldwide Plaza
825 Eighth Ave.
New York, NY 10019

Counsel for Hisamitsu

John B. Missing
DEBEVOISE & PLIMPTON LLP
555 13th St. NW
Washington, DC 20004

Unless the Court otherwise directs, no person shall be entitled to object to any aspect of the Settlement, or otherwise be heard, except by serving a written objection and supporting papers and documents as described above. Any person who fails to object in the manner described above shall be deemed to have waived the right to object (including any right of appeal) and shall be forever barred from raising such objection or otherwise contesting the Settlement and the Final Judgment in this or any other action or proceeding.

If the Court approves the Settlement, a Final Judgment shall be entered in this case:

1. approving the proposed Settlement, adjudging the terms thereof to be fair, reasonable and adequate, and directing consummation of its terms and provisions;
2. dismissing this case with prejudice and providing that Plaintiffs and each member of the Class, by operation of the Final Judgment, be deemed to release and forever discharge, and shall forever be enjoined from prosecuting, any Released Claims against any of the Released Persons; and
3. containing such other and further provisions consistent with the terms and provisions of the Stipulation as the Court may deem advisable.

If the proposed Settlement is not approved for any reason, the Settlement shall become null and void and shall be of no further force or effect, and the parties shall be returned to their respective positions immediately preceding agreeing to the Settlement.

10. When and Where Will the Court Hold the Settlement Hearing?

The Court will hold the Settlement Hearing at 2.30 p.m. on December 8, 2009, at the Sussex County Courthouse, 34 The Circle, Georgetown, DE 19947. The Court has reserved the right to adjourn or continue the Settlement Hearing without further notice to you.

11. Do I Have to Come to the Settlement Hearing?

No. Plaintiffs' Counsel will answer questions the Court may have, but you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you submitted your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

GETTING MORE INFORMATION

12. Are There More Details About the Settlement?

This Notice summarizes the proposed Settlement. This summary is qualified by, and subject to, the detailed terms of the Stipulation of Settlement together with its exhibits entered into as of September 14, 2009. You can obtain a copy of the Stipulation of Settlement during business hours from the Clerk of the Court, Sussex County Courthouse, 34 The Circle, Georgetown, DE 19947; or by writing to Julie B. Palley, Barrack, Rodos & Bacine, 3300 Two Commerce Square, 2001 Market Street, Philadelphia, PA 19130, or by writing to Rick Nelson, Coughlin Stoia Geller Rudman & Robbins LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101.

13. How Do I Get More Information?

You can call 215/963-0600 or write to Julie B. Palley, Barrack, Rodos & Bacine, 3300 Two Commerce Square, 2001 Market Street, Philadelphia, PA 19130, or you can call 619/231-1058 or write to Rick Nelson, Coughlin Stoia Geller Rudman & Robbins LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101.

SPECIAL NOTICE TO NOMINEES

If you held any Noven common stock on any date from and including July 14, 2009, to and including August 27, 2009 as nominee for a beneficial owner, then, within ten (10) calendar days after you receive this Notice, you must either: (1) send a copy of this Notice by first class mail to all such persons or entities; or (2) provide a list of the names and addresses of such persons or entities to the Notice Administrator:

IBEW LOCAL UNION 98 v. NOVEN PHARMACEUTICALS INC., et al.,
Gilardi & Co. LLC
P.O. Box 808061
Petaluma CA 94975-8061
1-888-821-8156

If you choose to mail the Notice yourself, you may obtain from the Notice Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

PLEASE DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE

DATED: September 15, 2009

BY ORDER OF THE COURT

IBEW LOCAL UNION 98 v. NOVEN PHARMACEUTICALS INC., et al.,
Gilardi & Co. LLC
P.O. Box 808061
Petaluma CA 94975-8061

Important Legal Document.

NOVEN