

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

Case No. 1:13-cv-23878-UU
Judge: Hon. Ursula Ungaro

LUIS ARANAZ and JARED PEREIRA,
individually, and on behalf of all others similarly
situated,

Plaintiffs,

vs.

CATALYST PHARMACEUTICAL PARTNERS
INC., and PATRICK J. MCENANY,

Defendants.

**NOTICE OF PENDENCY AND
PROPOSED SETTLEMENT OF CLASS ACTION**

If you purchased the common stock ("Stock") of Catalyst Pharmaceutical Partners, Inc. ("Catalyst") between August 27, 2013 and October 18, 2013, both dates inclusive, (the "Class Period"), and did not sell your stock before October 18, 2013, you could get a payment from a class action settlement (the "Settlement").

Under law, a federal court has authorized this notice. This is not attorney advertising.

- If approved by the Court, the settlement will provide three million five hundred thousand dollars (\$3,500,000) (the "Settlement Amount") gross, plus interest as it accrues, minus attorneys' fees, costs, administrative expenses, and net of any taxes on interest, to pay claims of investors who purchased Catalyst Stock during the Class Period, and did not sell such shares before October 18, 2013.
- The Settlement represents an average gross recovery of \$0.065 per share of Catalyst Stock for the 54,132,937 shares outstanding at the end of the Class Period. This is not an estimate of the actual recovery per share you should expect. Your actual recovery, if any, will depend on the total amount of allowed claims, as well as the amount of attorneys' fees, costs and administrative expenses awarded by the Court.
- Attorneys for Plaintiffs ("Class Counsel") intend to ask the Court to award them fees of up to one-third of the Settlement Amount or one million one hundred sixty six thousand six hundred sixty seven dollars (\$1,166,667), reimbursement of litigation expenses of no more than \$200,000 and an award to the Class Representatives not to exceed \$10,000 each. Collectively, the attorneys' fees and expenses are estimated to average \$0.026 per outstanding share of Catalyst Stock. If approved by the Court, these amounts will be paid from the Gross Settlement Fund.

- The approximate recovery, after deduction of attorneys' fees and expenses approved by the Court, is an average of \$0.039 per outstanding share of Catalyst Stock. This estimate is based on the assumptions set forth in the preceding paragraph. Your actual recovery, if any, will depend on the aggregate losses of all Class Members, the date(s) you purchased and sold Catalyst Stock, the purchase and sale prices, and the total number and amount of claims filed.
- The Settlement resolves the Litigation concerning whether Catalyst and Patrick J. McEnany (together, "Defendants") violated the federal securities laws by making misrepresentations or omissions of material fact in a press release issued on August 27, 2013, to the investing public. Defendants vehemently deny each and every claim and contention alleged by Plaintiffs in the Litigation and any misconduct or wrongdoing whatsoever.
- Your legal rights will be affected whether you act or do not act. If you do not act, you may permanently forfeit your right to recover on this claim. Therefore, you should read this notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

SUBMIT A CLAIM FORM POSTMARKED NO LATER THAN FEBRUARY 2, 2015	The only way to get a payment.
EXCLUDE YOURSELF NO LATER THAN FEBRUARY 23, 2015	Get no payment. This is the only option that allows you to ever be part of any other lawsuit against Defendants about the legal claims in this case.
OBJECT NO LATER THAN MARCH 2, 2015	Write to the Court about why you do not like the settlement.
GO TO A HEARING ON MARCH 16, 2015	Ask to speak in Court about the fairness of the settlement.
DO NOTHING	Get no payment. Give up rights.

INQUIRIES

Please do not contact the Court regarding this notice. All inquiries concerning this Notice, the Proof of Claim and Release Form, or any other questions by Class Members should be directed to:

Catalyst Pharmaceutical Partners, Inc.
Securities Litigation
c/o Strategic Claims Services
600 N. Jackson St., Ste. 3
P.O. Box 230
Media, PA 19063
Tel.: 866-274-4004
Fax: 610-565-7985
info@strategicclaims.net

or

THE ROSEN LAW FIRM, P.A.
275 Madison Avenue, 34th Floor
New York, NY 10016
Tel.: 212-686-1060
Fax: 212-202-3827
info@rosenlegal.com

DEFINITIONS

All capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Stipulation and Agreement of Settlement, dated November 21, 2014 (the “Settlement Stipulation”).

COMMON QUESTIONS AND ANSWERS CONCERNING THE SETTLEMENT

1. Why did I get this Notice?

You or someone in your family may have acquired Catalyst Stock between August 27, 2013, and October 18, 2013, both dates inclusive.

2. What is this lawsuit about?

The case is known as *Luis Aranaz, et al., v. Catalyst Pharmaceutical Partners, Inc., et al.*, Case No. 1:13-cv-23878-UU (the “Litigation”), and the Court in charge of the case is the United States District Court for the Southern District of Florida.

The case involves whether Defendants violated the federal securities laws by making misrepresentations or omissions of material fact in an August 27, 2013 press release. The Second Amended Class Action Complaint for Violations of the Federal Securities Laws (the “Complaint”) alleges that the Defendants falsely stated that there was “no [] effective treatment” for Lambert Eaton Myasthenic Syndrome (“LEMS”), the disease Catalyst’s drug Firdapse™ (“Firdapse”) aims to treat. The Complaint alleges that 3,4-DAP is an effective treatment for LEMS and had been provided to some LEMS patients free of charge for several years. The Complaint further alleges that the alleged false statement and other related allegedly misleading statements artificially inflated the price of Catalyst’s Stock. The Complaint alleges that when an article authored by Adam Feuerstein was published that allegedly revealed that 3,4-DAP was an effective treatment for LEMS, Catalyst’s Stock price fell, damaging investors. The Defendants have denied and continue to deny the allegations in the Complaint and all charges of wrongdoing or liability. The Settlement resolves all of the claims in the Litigation.

3. Why is this a class action?

In a class action, one or more persons and/or entities, called plaintiffs, sue on behalf of all persons and/or entities who have similar claims. All of these persons and/or entities are referred to collectively as a class, and these individual persons and/or entities are known as class members. One court resolves all of the issues for all class members, except for those class members who exclude themselves from the class.

4. Why is there a Settlement?

The Plaintiffs and Defendants do not agree regarding the merits of Plaintiffs’ allegations and Defendants’ defenses with respect to liability or the average amount of damages per share that would be recoverable if Plaintiffs were to prevail at trial on each claim. The issues on which the Plaintiffs and the Defendants disagree include: (1) whether at the time of the alleged misstatement, 3,4-DAP was considered an “effective” treatment for LEMS; (2) whether at the time of the alleged misstatement, the market understood the statement that there was “no approved or effective treatment” for LEMS to mean that there was no treatment for LEMS that the FDA had found to be safe and effective in clinical trials; (3) whether at the time of the alleged misstatement, the market understood that 3,4-DAP was not approved by the FDA and that 3,4-DAP had not been determined to be a safe and effective treatment for LEMS; (4)

whether 3,4-DAP has been approved by the FDA because it has been made available under one or more expanded access INDs; (5) whether at the time of the alleged misstatement the information set forth in Mr. Feuerstein's article was already known by the market; (6) whether the information set forth in Mr. Feuerstein's article caused Plaintiffs' losses; and (7) the amount of damages.

This matter has not gone to trial and the Court has not decided in favor of either Plaintiffs or any of the Defendants. Instead, the Plaintiffs and Defendants have agreed to settle the case. The Plaintiffs and Class Counsel believe the settlement is best for all Class Members because of the risks associated with continued litigation and the nature of the defenses raised by the Defendants. Among the reasons that Plaintiffs and Class Counsel believe the Settlement is fair is the fact that there is uncertainty about whether the Defendants may ultimately prove their affirmative defense that the alleged misstatements and omissions did not cause the Class any damages, and the amount of damages.

Even if Plaintiffs win at trial, and also prevail on any appeal, Plaintiffs might not be able to collect some, or all, of any judgment they are awarded. Moreover, while litigation of this type is usually expensive, it appears that, even if Plaintiffs' allegations are eventually found to be true, the total amount of damages to which Class Members would be entitled could be substantially reduced.

5. How do I know if I am part of the settlement?

To be a Class Member, you must have purchased Catalyst shares between August 27, 2013 and October 18, 2013, both dates inclusive, and not have sold your stock before October 18, 2013 (the "Class").

6. Are there exceptions to being included?

Yes. Excluded from the Class are Defendants; any entities affiliated with Catalyst; the present and former officers and directors of Catalyst or any subsidiary or affiliate thereof; members of such excluded persons' immediate families and their legal representatives, heirs, successors or assigns; and any entity in which any excluded person has or had a controlling interest.

7. I am still not sure whether I am included.

If you are still not sure whether you are included, you can ask for free help. For more information, you can contact the Claims Administrator, Strategic Claims Services, by phone at (866) 274-4004 or by facsimile at (610) 565-7985, visiting the website www.strategicclaims.net, or filling out and returning the Proof of Claim and Release Form described in Question 9, to see if you qualify.

8. What does the Settlement provide?

a. What is the settlement fund?

The proposed Settlement provides that Catalyst's insurer, on behalf of the Defendants, will pay into a settlement fund three million five hundred thousand dollars (\$3,500,000). The Settlement is subject to Court approval. Also, subject to the Court's approval, a portion of the settlement fund will be used to pay attorneys' fees and reasonable litigation expenses to Class Counsel and any award to the Class Representatives. A portion of the settlement fund also will be used to pay taxes due on interest earned by the settlement fund, if necessary, and any Notice and Administration Expenses permitted by the Court. After the foregoing deductions from the

settlement fund have been made, the amount remaining (the “Net Settlement Fund”) will be distributed to Class Members who submit timely, valid claims.

b. What can you expect to receive under the proposed Settlement?

Your share of the Net Settlement Fund will or may depend on: (i) the number of claims filed; (ii) the dates you purchased and sold Catalyst Stock; (iii) the prices of your purchases and sales; (iv) the amount of administrative costs, including the costs of notice; and (v) the amount awarded by the Court to Class Counsel for attorneys’ fees, costs, and expenses and to Class Representatives.

The Claims Administrator will determine each Class Member’s *pro rata* share of the Net Settlement Fund based upon each Class Member’s valid “Recognized Loss.” The Recognized Loss formula is not intended to be an estimate of the amount that a Class Member might have been able to recover after a trial; it also is not an estimate of the amount that will be paid to Class Members pursuant to the Settlement. The Recognized Loss formula is the basis upon which the Net Settlement Fund will be proportionately allocated to the Class Members with valid claims.

The Net Settlement Fund will be distributed to Class Members who submit a Proof of Claim and Release Form and whose claim for recovery are allowed by the Claims Administrator pursuant to the terms of the Settlement Stipulation or by order of the Court under the below Plan of Allocation, which reflects the Class Representatives’ contention that because of the alleged misrepresentations made by Defendants, the price of Catalyst Stock was artificially inflated during the Class Period and that disclosures of the true facts caused changes in the inflated price of Catalyst’s Stock.

Plan of Allocation

For purposes of determining the amount an Authorized Claimant will recover from the Settlement, Class Counsel, with the aid of a financial consultant, has developed the Plan of Allocation. It is designed to fairly allocate the proceeds of the Net Settlement Fund to Authorized Claimants.

The Court has not made any finding that the Released Parties are liable to the Class or that the Class has suffered any compensable damages, nor has the Court made any finding that the payments allowed under this Plan of Allocation are an accurate measure of damages.

The Claims Administrator will determine each Authorized Claimant’s *pro rata* share of the Net Settlement Fund based upon each claimant’s “recognized claim” from transactions in Catalyst Stock as a member of the Class. No distribution will be made on a claim where the potential distribution amount is less than ten dollars (\$10.00).

A Claimant’s recognized claim will be calculated as follows:

- 1. For shares of common stock purchased between August 27, 2013 and October 17, 2013, both dates inclusive:**
 - A. For shares retained at the end of trading on October 18, 2013, the Recognized Claim shall be the lesser of:
 - (1) \$1.09 per share; or
 - (2) the difference between the purchase price per share and \$1.84.

- B. For shares sold between August 27, 2013 and October 17, 2013, inclusive, the Recognized Claim shall be zero.
 - C. For shares sold on October 18, 2013, the Recognized Claim shall be the lesser of:
 - (1) \$.71 per share; or
 - (2) the difference between the purchase price per share and the sales price per share for each share sold.
- 2. For shares of common stock purchased on October 18, 2013:**
- A. For shares retained at the end of trading on October 18, 2013, the Recognized Claim shall be the lesser of:
 - (1) \$.38 per share; or
 - (2) the difference between the purchase price per share and \$1.84.
 - B. For shares sold on October 18, 2013, the Recognized Claim shall be zero.
- c. Are there any further limitations on the amount I may receive?**
- i) To the extent there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive the percentage of the Net Settlement Fund that each Authorized Claimant's recognized loss bears to the total recognized losses of all Authorized Claimants. Thus, if the total recognized losses of all Authorized Claimants exceeds the Net Settlement Fund, then Authorized Claimants will receive less than their recognized loss, and if the total recognized loss is less than the net settlement fund, then Authorized Claimants will receive more than their recognized loss.
 - ii) For Class Members who conducted multiple transactions in Catalyst shares, the earliest subsequent sale shall be matched first against those shares in the Claimant's opening position on the first day of the Class Period, and then matched chronologically thereafter against each purchase made during the Class Period.
 - iii) Transactions during the Class Period resulting in a gain shall be netted against the Class Member's transactions resulting in a loss to arrive at the recognized loss.
 - iv) Any Class Members whose collective transactions in Catalyst shares during the Class Period resulted in a net gain shall not be entitled to share in the Net Settlement Fund.
 - v) The purchase and sale prices exclude any brokerage commissions, transfer taxes or other fees.
 - vi) The covering purchase of a short sale is not an eligible purchase. Gifts and transfers are not eligible purchases.

9. How can I get a payment?

To qualify for a payment, you must send in a form entitled “Proof of Claim and Release-Form.” This Proof of Claim and Release Form is attached to this Notice. You may also obtain a claim form on the Internet at www.strategicclaims.net. Read the instructions carefully, fill out the form, sign it in the location indicated, and mail the claim form together with all documentation requested in the form, postmarked no later than February 2, 2015, to:

Catalyst Pharmaceutical Partners, Inc. Securities Litigation
c/o Strategic Claims Services
600 N. Jackson St., Ste. 3
P.O. Box 230
Media, PA 19063
Tel.: 866-274-4004
Fax: 610-565-7985
info@strategicclaims.net

The Claims Administrator will process your claim and determine whether you are an Authorized Claimant.

10. What am I giving up to get a payment or stay in the Class?

Unless you exclude yourself, you will remain in the Class. That means that if the Settlement is approved, you and all Class Members will release (agreeing never to sue, continue to sue, or be part of any other lawsuit) all Settled Claims against the Defendants and, past or present, their affiliates, representatives, shareholders, creditors, partners, principals, officers, directors, employees, insurers, reinsurers, professional advisors, attorneys, agents, successors in interest, and such others as is usual and customary (the “Released Parties”) in connection with your acquisition of Catalyst Stock as a Class Member, except that you do not release the Released Parties from any claim or action to enforce the Settlement. It also means that all of the Court’s orders will apply to you and legally bind you. That means you will accept a share in the Net Settlement Fund as sole compensation for any losses you have suffered in the acquisition and sale of Catalyst shares as a Class Member.

11. How do I get out of the Settlement?

If you do not want to receive a payment from this Settlement, and you want to keep any right you may have to sue or continue to sue Defendants on your own based on the legal claims raised in this case, then you must take steps to get out. To exclude yourself from the Settlement, you must mail a letter stating you want to be excluded as a Class Member from *Luis Aranaz, et al., v. Catalyst Pharmaceutical Partners, Inc., et al.*, Case No. 1:13-cv-23878-UU. You must include your (i) name, (ii) address, (iii) telephone number, (iv) number of Catalyst common stock purchased or sold during the Class Period, (v) prices paid or received for such Catalyst common stock, and (vi) the date of each transaction. You must mail your exclusion request, to be received no later than February 23, 2015, to the Claims Administrator at the following address:

Catalyst Pharmaceutical Partners, Inc. Securities Litigation
c/o Strategic Claims Services
600 N. Jackson St., Ste. 3
P.O. Box 230
Media, PA 19063

You cannot exclude yourself by telephone or by e-mail.

If you properly exclude yourself, you will not receive a payment from the Net Settlement Fund, you cannot object to the settlement, and you will not be legally bound by the judgment in this case.

12. If I do not exclude myself, can I sue the Defendants for the same thing later?

No. Unless you followed the procedure outlined in the Notice to exclude yourself, you give up any right to sue the Defendants for the claims that this Settlement resolves. If you have a pending lawsuit, speak to your lawyer in that case immediately, since you must exclude yourself from this Class to continue your own lawsuit.

13. Do I have a lawyer in this case?

The Court appointed The Rosen Law Firm, P.A. as Lead Counsel, also referred to as Class Counsel, to represent you and the other Class Members. If you want to be represented by your own lawyer, you may hire one at your own expense. Contact information for The Rosen Law Firm, P.A. is provided below.

14. How will the lawyers be paid?

Class Counsel have expended considerable time litigating this action on a contingent fee basis, and have paid for the expenses of the case themselves. They have not been paid attorneys' fees or reimbursed for their expenses in advance of this Settlement. Class Counsel have done so with the expectation that, if they are successful in recovering money for the Class, they will receive attorneys' fees and be reimbursed for their litigation expenses from the settlement fund, as is customary in this type of litigation. Class Counsel will not receive attorneys' fees or be reimbursed for their litigation expenses except from the settlement fund. Therefore, Class Counsel will file a motion asking the Court at the Settlement Hearing to make an award of attorneys' fees in an amount not to exceed \$1,166,667, for reimbursement of reasonable litigation expenses not to exceed \$200,000, and an award to Class Representatives in an amount not to exceed \$20,000 in total. The Court may award less than these amounts. Any amounts awarded by the Court will come out of the settlement fund.

15. How do I tell the Court that I do not like the Settlement?

You can tell the Court you do not agree with the Settlement, any part of the Settlement, Class Counsel's motion for attorneys' fees and expenses and application for award to the Class Representatives, and that you think the Court should not approve the Settlement, by mailing a letter stating that you object to the Settlement in the matter of *Luis Aranaz, et al., v. Catalyst Pharmaceutical Partners, Inc., et al.*, Case No. 1:13-cv-23878-UU. Be sure to include (1) your name, address, and telephone number, (2) a list of all your purchases and sales of Catalyst Stock during the Class Period in order to show membership in the Class, (3) all grounds for the objection, including any legal support, and (4) the number of times you and/or your counsel have filed an objection to a class action settlement in the last five years, the nature of each such objection in each case, the jurisdiction in each case, and the name of the issuer of the security or seller of the product or service at issue in each case. Be sure to mail the objections to the three different addresses listed below, to be received no later than March 2, 2015, so the Court will consider your views:

Clerk of the Court United States District Court Southern District of Florida 400 North Miami Avenue Miami, FL 33128	Laurence M. Rosen, Esq. THE ROSEN LAW FIRM, P.A. 275 Madison Avenue, 34th Floor New York, NY 10016 <i>Class Counsel</i>	Brian P. Miller, Esq. Samantha J. Kavanaugh, Esq. AKERMAN LLP One Southeast Third Avenue 25th Floor Miami, FL 33131 <i>Counsel for Defendants</i>
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16. What is the difference between objecting and requesting exclusion?

Objecting is simply telling the Court you do not like something about the Settlement or some portion thereof. You can object only if you stay in the Class. Requesting exclusion is telling the Court you do not want to be part of the Class and Settlement. If you exclude yourself, you cannot object to the Settlement because it no longer concerns you. If you stay in the Class and object, but your objection is overruled, you will not be allowed a second opportunity to exclude yourself.

17. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Settlement Hearing on March 16, 2015, at 10:00 a.m., at the United States District Court for the Southern District of Florida, 400 North Miami Avenue, Miami, Florida, 33128, Courtroom # 12b.

At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate and whether to approve the Settlement. If there are objections, the Court will consider them, and the Court will listen to people who have asked to speak at the hearing. The Court may also decide how much to pay Class Counsel for attorneys' fees and expenses and how much to award to the Class Representatives.

18. Do I have to come to the hearing?

No. Class Counsel will answer any questions the Court may have. However, you are welcome to attend 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 mail your written objection on time, the Court will consider it.

19. What happens if I do nothing at all?

If you do nothing, you will not receive a payment from the Settlement. However, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Defendants about the claims made in this case ever again.

DATED: DECEMBER 3, 2014

BY ORDER OF THE UNITED STATES DISTRICT
COURT FOR THE SOUTHERN DISTRICT OF
FLORIDA