

**IN THE UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF TENNESSEE  
GREENEVILLE DIVISION**

<b>IN RE: KING PHARMACEUTICALS, INC. SECURITIES LITIGATION</b>
--

**No. 2:03-CV-77**

<b>THIS DOCUMENT RELATES TO: All Actions</b>
--

**District Judge Thomas W. Phillips**

**Magistrate Judge Dennis H. Inman**

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

**TO: All persons or entities who purchased King Pharmaceuticals, Inc. (“King”) Common Stock between February 16, 1999, and March 10, 2003, inclusive (the “Class Period”), including all persons or entities who acquired shares of King Common Stock pursuant to any offering completed during the Class Period, and who were damaged thereby (“Class Members”).**

**A federal court authorized this Notice. This is not a solicitation from a lawyer. Please read this Notice carefully and in its entirety. Your rights will be affected by proceedings in this Litigation whether you act or do not act.**

**If you are a Class Member, please be advised that your rights may be affected by a class action lawsuit pending in the United States District Court for the Eastern District of Tennessee, and you may be entitled to share in the proceeds of the Settlement described in this Notice. To claim your share of the Settlement Fund, you must submit a valid Proof of Claim and Release form postmarked on or before February 8, 2007. If you are a Class Member and do not submit a timely request for exclusion, you will be bound by the release whether or not you submit a Proof of Claim and Release form.**

<b>YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT</b>	
<b>Submit a Proof of Claim and Release form postmarked no later than February 8, 2007.</b>	This is the only way to receive a share of the Settlement Fund.
<b>Request exclusion from the Class in writing postmarked no later than December 26, 2006.</b>	Receive no payment from the Settlement Fund. This is the only option that allows you to ever be part of any other lawsuit against the Defendants about the Settled Claims.
<b>Object to the Settlement in writing postmarked no later than December 26, 2006.</b>	Write to the Court about why you do not like the Settlement, and ask the Court not to approve it.
<b>Go to the Settlement Hearing to be held on January 9, 2007, at 9:00 a.m.</b>	Ask permission to speak to the Court about the Settlement.
<b>Do nothing.</b>	If you do nothing, you will receive no payment and will give up your rights.

**These rights and options, and the deadlines to exercise them, are explained in this Notice.**

**The Court in charge of this case still has to decide whether to approve the Settlement. Payments will be made if the Court approves the Settlement and after any appeals are resolved.**

## **SUMMARY OF SETTLEMENT AND RELATED MATTERS**

This Notice has been sent to you pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Eastern District of Tennessee (the "Court"). The purpose of this Notice is to inform you of the pendency of this class action (the "Litigation"), its proposed Settlement, and the hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement. This Notice describes the rights you may have in connection with participation in this Settlement, what steps you may take in relation to the Settlement and this class action Litigation, and alternatively, what steps you must take if you wish to be excluded from the Settlement and this class action Litigation.

This Notice is not an expression of any opinion by the Court about the merits of any of the claims or defenses asserted by any party in this Litigation or about the fairness or adequacy of the proposed Settlement.

### **CLASS RECOVERY**

The proposed Settlement creates a fund in the amount of \$38.25 million in cash (the "Settlement Fund") and will include interest that accrues on the fund prior to distribution. Based on Lead Plaintiffs' estimate of the number of shares of King Common Stock that were traded during the Class Period which may have been damaged, Lead Plaintiffs estimate that the average recovery per damaged share of King Common Stock purchased during the Class Period would be approximately \$0.16 before deduction of Court-approved fees and expenses.

The Plan of Allocation described in response to Question 8 provides a more detailed description of how the Settlement Fund will be disbursed. Your actual recovery from the Settlement Fund will depend on a number of variables including the number of claimants and the number of shares of King Common Stock they purchased; the number of shares of King Common Stock you purchased and the timing of your purchases and sales, if any; the expense of administering the claims process; and the amount of fees and expenses awarded by the Court. The number of claimants who send in Proof of Claim and Release forms varies widely from case to case. If fewer than anticipated Class Members send in a Proof of Claim and Release form, you could get more money. Conversely, if more Proof of Claim and Release forms are submitted than currently anticipated, you could get less money.

### **REASONS FOR THE SETTLEMENT**

The Litigation has been ongoing since March 2003, and at present is not expected to go to trial before mid-2007. The parties disagree on both liability and damages, and absent a settlement the outcome of the Litigation is uncertain.

In light of the amount of the Settlement and the immediacy of the recovery to the Class, the Lead Plaintiffs and the Jones Lead Plaintiff believe that the proposed Settlement is fair, reasonable and adequate, and in the best interests of the Class and the Jones Subclass. Lead Plaintiffs and Jones Lead Plaintiff believe that the benefits of the Settlement to the Class, namely a recovery of \$38.25 million plus interest, less the various deductions described in this Notice, outweigh the risks and delay in recovery inherent in continuing the Litigation, including the risk that all or some of the claims in the Litigation could be dismissed in response to anticipated motions for summary judgment; the risk that a similar, smaller or no recovery would be achieved after a trial and appeals in which the Defendants would have the opportunity to assert substantial defenses to the claims asserted against them; and the certainty of substantial delay in obtaining a recovery for the Class even assuming that plaintiffs were to prevail after trial and appeals.

The Defendants deny the claims asserted against them in the Litigation, deny that they have engaged in any wrongdoing, violation of law or breach of duty, and deny that any Class Member has suffered any damages as a result of any conduct by Defendants. The Settlement is not an admission of wrongdoing by any Defendant. The Defendants have agreed to the Settlement in order to eliminate the burden and expense of continued litigation.

### **STATEMENT OF ATTORNEYS' FEES AND COSTS SOUGHT**

To date, Lead Counsel, Jones Subclass Lead Counsel and other plaintiffs' counsel have not received any payment for their services in conducting the Litigation on behalf of the Plaintiffs and the members of the Class, nor have they been reimbursed for their out-of-pocket expenditures. If the Settlement is approved by the Court, Lead Counsel will apply to the Court for an award of attorneys' fees of no more than 17% of the Settlement Fund (including any interest income earned by the Settlement Fund), plus reimbursement of out-of-pocket expenses not to exceed \$1.9 million to be paid from the Settlement Fund. The total requested fees and litigation expenses would amount to an average of \$0.03 per damaged share.

**FURTHER INFORMATION**

For further information regarding this Settlement you may contact any of the following:

**Lead Counsel:**

Jeffrey N. Leibell, Esq.  
BERNSTEIN LITOWITZ BERGER &  
GROSSMANN LLP  
1285 Avenue of the Americas  
New York, NY 10019  
(212) 554-1400

**Jones Subclass Lead Counsel:**

Joseph H. Weiss, Esq.  
Mark D. Smilow, Esq.  
WEISS & LURIE  
551 Fifth Avenue  
New York, NY 10176  
(212) 682-3025

**Claims Administrator:**

In re: King Pharmaceuticals, Inc.  
Securities Litigation  
c/o A.B. Data, Ltd.  
P.O. Box 170500  
Milwaukee, WI 53217  
(800) 949-0192

**Please do not call any representative of King or the Court.**

**[END OF COVER PAGE]**

**WHAT THIS NOTICE CONTAINS**

**BASIC INFORMATION ..... 4**

1. WHY DID I GET THIS NOTICE? ..... 4

2. WHAT IS THIS LAWSUIT ABOUT? ..... 4

3. WHY IS THERE A SETTLEMENT WITH DEFENDANTS? ..... 4

**WHO IS IN THE SETTLEMENT? ..... 4**

4. HOW DO I KNOW IF I AM PART OF THE SETTLEMENT? ..... 4

5. WHO IS INCLUDED IN THE CLASS? WHO IS EXCLUDED? ..... 5

6. I AM STILL NOT SURE IF I AM INCLUDED ..... 5

**THE SETTLEMENT BENEFITS — WHAT YOU GET ..... 5**

7. WHAT DOES THE SETTLEMENT PROVIDE? ..... 5

8. HOW MUCH WILL MY PAYMENT BE? ..... 5

**HOW YOU GET A PAYMENT — SUBMITTING A CLAIM FORM ..... 6**

9. HOW WILL I GET A PAYMENT? ..... 6

10. WHEN WILL I GET MY PAYMENT? ..... 7

**THE LAWYERS REPRESENTING YOU ..... 7**

11. DO I HAVE A LAWYER IN THIS CASE? ..... 7

12. HOW WILL THE LAWYERS BE PAID? ..... 7

**OBJECTING TO THE SETTLEMENT ..... 7**

13. HOW DO I TELL THE COURT THAT I DO NOT LIKE THE SETTLEMENT? ..... 7

**EXCLUDING YOURSELF FROM THE SETTLEMENT ..... 8**

14. WHAT IS THE DIFFERENCE BETWEEN OBJECTING AND EXCLUDING? ..... 8

**THE COURT’S FAIRNESS HEARING ..... 8**

15. WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT? ..... 8

16. DO I HAVE TO COME TO THE HEARING? ..... 8

17. MAY I SPEAK AT THE HEARING? ..... 9

**IF YOU DO NOTHING ..... 9**

18. WHAT HAPPENS IF I DO NOTHING AT ALL? ..... 9

**GETTING MORE INFORMATION ..... 9**

19. ARE THERE MORE DETAILS ABOUT THE SETTLEMENT? ..... 9

20. HOW DO I GET MORE INFORMATION? ..... 9

**SPECIAL NOTICE TO NOMINEES ..... 9**

## BASIC INFORMATION

### 1. WHY DID I GET THIS NOTICE?

You or someone in your family may have purchased or acquired King Common Stock between February 16, 1999, and March 10, 2003, inclusive

The Court in charge of the case is the United States District Court for the Eastern District of Tennessee, and the case is known as *In re: King Pharmaceuticals, Inc. Securities Litigation*, No. 2:03-CV-77, and is referred to in this Notice as the “Litigation.” The Court ordered that this Notice be sent because you have a right to know about the proposed Settlement of this Litigation and about all of your options before the Court decides whether to approve the Settlement. If the Court approves the Settlement, and after any objections and appeals are resolved, the Claims Administrator appointed by the Court will make the payments that the Settlement allows.

This package explains the Litigation, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

### 2. WHAT IS THIS LAWSUIT ABOUT?

This case was brought as a class action on behalf of persons who purchased King Common Stock between February 16, 1999, and March 10, 2003, inclusive (the “Class Period”), including all persons and entities who acquired shares of King Common Stock pursuant to any offering completed during the Class Period, and who were damaged thereby. Persons who purchased King Common Stock during the Class Period are members of the Class. Persons who acquired King Common Stock in the August 2000 merger of Jones Pharmaceuticals, Inc. (“Jones”) with King (the “Jones Merger”) are also members of the Jones Subclass.

In a class action, one or more people called class representatives sue on behalf of people who have similar claims. All these people together are called a Class. As noted, this case also includes a Subclass, which is part of the Class. The Court resolves the issues for all Class and Subclass Members, except for those who exclude themselves from the Class.

The entities chosen by the Court to represent the Class — the Los Angeles County Employees Retirement Association (LACERA) and the Police & Fire Retirement System of the City of Detroit (PRFS) — are called Lead Plaintiffs. Another entity, the Teachers’ Retirement System of Louisiana, is also a Lead Plaintiff. The individual chosen by the Court to represent the Jones Subclass — Kathleen Crews — is called the Jones Subclass Lead Plaintiff. The Defendants in the Litigation are King, Jones, twenty current or former directors and officers of King or Jones, and four investment banking firms that served as underwriters for the public offering of 16 million shares of King Common Stock that was completed on November 1, 2001. Certain of these defendants were dismissed as Defendants earlier in the Litigation.

The Litigation was brought as a class action alleging that Defendants violated the securities laws by making materially false and misleading statements and omissions regarding King’s revenues and profitability during the period from February 16, 1999, to March 10, 2003, inclusive. Defendants have denied that they are liable or otherwise did anything wrong.

### 3. WHY IS THERE A SETTLEMENT WITH DEFENDANTS?

The Court did not decide in favor of Lead Plaintiffs or Defendants. Instead, these parties agreed to a settlement. That way, they avoid the cost and risks of a trial, and eligible Class Members who make a valid claim will get compensation. The Lead Plaintiffs, Jones Lead Plaintiff and their attorneys think the Settlement is best for all Class Members.

## WHO IS IN THE SETTLEMENT?

### 4. HOW DO I KNOW IF I AM PART OF THE SETTLEMENT?

The Class includes all persons or entities who purchased King Common Stock between February 16, 1999, and March 10, 2003, inclusive, including all persons and entities who acquired shares of King Common Stock pursuant to any offering completed during the Class Period, **and** who were damaged thereby, **except** those persons and entities that are excluded, as described below.

5. WHO IS INCLUDED IN THE CLASS? WHO IS EXCLUDED?

If you purchased or acquired King Common Stock between February 16, 1999, and March 10, 2003, inclusive, that alone does not make you a Class Member. You are a Class Member only if you purchased or acquired King Common Stock during the Class Period **and were damaged thereby**. In general, this requires that you still have retained some or all of the King Common Stock you purchased during the Class Period as of the close of trading on March 10, 2003. Additional information regarding who is entitled to be included in the Class and to share in the Settlement is found in the response to Question 8 below.

Excluded from the class are Defendants; members of the families of each of the individual Defendants; any parent, subsidiary, affiliate, partner, officer, executive (having the title of Vice President or above) or director of any Defendant during the Class Period; any entity in which any such excluded person has a controlling interest; and the legal representatives, heirs, successors, or assigns of any such excluded person or entity.

6. I AM STILL NOT SURE IF I AM INCLUDED

If you are still not sure whether you are included, you can ask for help. You can call the Claims Administrator, A.B. Data, Ltd., at (800) 949-0192, or look up the website at [www.kingsecuritiessettlement.com](http://www.kingsecuritiessettlement.com) or [www.abdatalawserve.com](http://www.abdatalawserve.com) for more information. Or you can fill out and return the Proof of Claim and Release form described in Question 9 and enclosed in this packet, or available online at the websites above, to see if you qualify.

**THE SETTLEMENT BENEFITS—WHAT YOU GET**

7. WHAT DOES THE SETTLEMENT PROVIDE?

Defendants have agreed to pay \$38.25 million in cash to be divided among all eligible Class Members who send in valid Proof of Claim and Release forms, after payment of Court-approved attorneys' fees and expenses, taxes and the cost of preparation of tax returns, and the costs of claims administration, including the costs of printing and mailing this Notice and the cost of publishing Notice (the "Net Settlement Fund").

8. HOW MUCH WILL MY PAYMENT BE?

Your share of the Net Settlement Fund will depend on the number of valid Proof of Claim and Release forms that Class Members send in, the amount of King Common Stock you purchased or acquired during the Class Period, and when you purchased or acquired and sold that stock. For purposes of allocating the Net Settlement Fund, Lead Plaintiffs and Jones Lead Plaintiff will ask the Court to approve a Plan of Allocation of the Settlement proceeds. The Court may adopt this proposed plan or adopt a different plan of allocation without further notice. You may object to the proposed Plan of Allocation.

The Plan of Allocation Lead Plaintiffs and Jones Lead Plaintiff will propose is as follows:

A. To receive any money from the Net Settlement Fund, you must show that you are a member of the Class and timely submit a valid Proof of Claim and Release form and all required documentation to the Claims Administrator so that it is postmarked no later than February 8, 2007.

B. The Claims Administrator will determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's Recognized Loss. Recognized Loss is based on the amount of inflation in the price of King Common Stock at the time of purchase or acquisition due to Defendants' alleged false statements or omissions, as calculated by Lead Plaintiffs' damages expert ("Plaintiffs' Expert").

C. The Recognized Loss per share of King Common Stock purchased or acquired during the Class Period and held at the close of the Class Period has been determined by Plaintiffs' Expert as follows:

1. **Open market purchases.** The Recognized Loss per share for King Common Stock purchased on the open market during the Class Period and held until the end of the Class Period is \$3.66.
2. **Shares acquired pursuant to the Registration Statement filed in connection with the Jones Merger or the Registration Statement filed in connection with the Public Offering of King Common Stock that was completed on November 1, 2001.** The Recognized Loss per share for King Common Stock acquired pursuant to the Registration Statement filed in connection with the Jones Merger or the Registration Statement filed in connection with the Public Offering of King Common Stock that was completed on November 1, 2001 and held until the end of the Class Period is \$4.39.

D. King Common Stock that was purchased or acquired during the Class Period but was sold before the close of the Class Period is not eligible for payment.

E. You will be required to provide documentation with respect to your transactions, including free receipts and free deliveries, in King Common Stock during the Class Period, as well as any ownership you had of King Common Stock at the beginning and the end of the Class Period.

F. A purchase or acquisition of King Common Stock will be presumed to be on the open market unless the Class Member submits to the satisfaction of the Claims Administrator proof that the purchase or acquisition was made pursuant to the Registration Statement filed in connection with the Jones Merger or the Registration Statement filed in connection with the Public Offering of King Common Stock that was completed on November 1, 2001.

G. In calculating the Recognized Loss, an Authorized Claimant's sale of King Common Stock will be matched first against that claimant's holdings of King Common Stock in the opening position, and then matched chronologically against each purchase made during the Class Period. If you made multiple purchases of King Common Stock during the Class Period, the earliest subsequent sale will be matched first against your holdings as of the opening of trading on the first day of the Class Period, and then matched chronologically thereafter against each purchase made during the Class Period.

H. Your total Recognized Loss will be calculated by accumulating, for each respective transaction, the product of the Recognized Loss per share by the respective number of shares purchased by the Class Member during the Class Period, as set forth above.

I. PLEASE NOTE: To the extent you had a market gain from your overall transactions in King Common Stock during the Class Period, the value of your Recognized Loss will be zero. To the extent that you suffered an overall market loss on your overall transactions in King Common Stock during the Class Period, but that market loss was less than the total Recognized Loss calculated pursuant to the provisions above, then your Recognized Loss will be limited to the amount of the overall market loss.

J. For purposes of determining whether you had a market gain from your overall transactions in King Common Stock during the Class Period or suffered a market loss, the Claims Administrator will: (i) total the amount paid for each share of King Common Stock purchased during the Class Period (the "Total Purchase Amount"); (ii) match any sales during the Class Period first against your opening position in King Common Stock (the proceeds of those sales will not be considered for purposes of calculating gains or losses); (iii) total the amount received for sales of the remaining shares of King Common Stock sold during the Class Period (the "Sales Proceeds"); and (iv) ascribe a holding value equal to the closing price of each share on March 10, 2003, times the number of shares, purchased during the Class Period and still held at the end of the Class Period (the "Holding Value"). The Total Purchase Amount (i) less the Sales Proceeds (iii) and less the Holding Value (iv) will be deemed a Claimant's market gain or market loss (a gain occurs if a negative number is calculated) on your overall transactions in King Common Stock during the Class Period.

K. If you acquired King Common Stock by means of a gift, inheritance or operation of law any King Common Stock during the Class Period that was purchased prior to commencement of the Class Period, such acquisitions do not qualify as purchases on the dates of acquisition. If you acquired during the Class Period by gift, inheritance or operation of law any King Common Stock that was purchased during the Class Period by the donor, decedent or transferor, then your claim will be computed with respect to that King Common Stock by using the price of the stock on the date of purchase and not the date of transfer.

L. A payment to any Authorized Claimant of less than \$10.00 in total per claim will not be included in the calculation and will not be distributed.

M. Distribution to Authorized Claimants from the Net Settlement Fund will be made after all Proof of Claim and Release forms have been processed. If any funds remain in the Net Settlement Fund by reason of un-cashed checks or otherwise, then, after the Claims Administrator has made reasonable and diligent efforts to have Class Members who are entitled to participate in the distribution of the Net Settlement Fund cash their distribution checks, any cash balance remaining in the Net Settlement Fund six months after the initial distribution of such funds shall, if economically feasible, be re-distributed after payment from this balance of any unpaid costs or fees incurred in administering the Net Settlement Fund for such re-distribution to Class Members who have cashed their checks and who would receive at least \$10.00 per claim from such re-distribution. If after nine months after such re-distribution any funds shall remain in the Net Settlement Fund, then such balance shall be contributed to non-sectarian, not-for-profit, 501(c)(3) organization(s) designated by Lead Counsel and approved by the Court.

N. Each claimant shall be deemed to have submitted to the jurisdiction of the United States District Court for the Eastern District of Tennessee with respect to his, her or its Proof of Claim and Release form.

## HOW YOU GET A PAYMENT — SUBMITTING A CLAIM FORM

### 9. HOW WILL I GET A PAYMENT?

To qualify for payment, you must be an eligible Class Member and you must submit a Proof of Claim and Release form. A Proof of Claim and Release form is enclosed with this Notice and is available online at [www.kingsecuritiessettlement.com](http://www.kingsecuritiessettlement.com) or [www.abdatalawserve.com](http://www.abdatalawserve.com). Read and follow the instructions carefully, fill out the Proof of Claim and Release form completely, and include all the documents the Proof of Claim and Release form asks for. The completed Proof of Claim and Release form must be postmarked no later than **February 8, 2007**.

10. WHEN WILL I GET MY PAYMENT?

The Court has scheduled a hearing to be held on January 9, 2007, at 9:00 a.m. to decide whether to approve the Settlement, the fee and expense application, and the Plan of Allocation. The Court may reschedule the hearing without further notice. If the Court approves the Settlement, there may be appeals. It is always uncertain whether these appeals can be resolved, and resolving them can take time, perhaps several years. Everyone who sends in a Proof of Claim and Release form will be informed of the determination with respect to their claim. Please be patient.

**THE LAWYERS REPRESENTING YOU**

11. DO I HAVE A LAWYER IN THIS CASE?

The Court approved the law firm of Bernstein Litowitz Berger & Grossmann LLP as Lead Counsel to represent you and other Class Members, and the law firms of Weiss & Lurie and Abbey Spanier Rodd Abrams & Paradis, LLP as Jones Subclass Lead Counsel to represent the Jones Subclass. You will not personally be charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

12. HOW WILL THE LAWYERS BE PAID?

Lead Counsel will ask the Court, on behalf of all Plaintiffs' Counsel (including Jones Subclass Lead Counsel), for attorneys' fees not to exceed 17% of the Settlement Fund and for reimbursement of out-of-pocket expenses as authorized by law up to \$1.9 million. The total requested fees and litigation expenses would amount to an average of \$0.03 per share of King Common Stock. Such sums as may be approved by the Court will be paid from the Settlement Amount of \$38.25 million. Class Members are not personally liable for any such fees or expenses.

To date, Lead Counsel, Jones Subclass Lead Counsel, and the other attorneys who have assisted them in representing the Class and the Jones Subclass have not been paid for their services for conducting this Litigation on behalf of the Class and Jones Subclass nor for their substantial out-of-pocket expenses, which have included hiring experts, reviewing and analyzing hundreds of thousands of documents produced by Defendants and third-parties, conducting numerous depositions, and taking other steps to prepare the case for trial. The attorneys' fees and expenses requested will be the only payment to Plaintiffs' Counsel for their efforts in achieving this Settlement and for their risk in undertaking this representation on a wholly contingent basis. The fee requested will compensate Lead Counsel, Jones Subclass Lead Counsel and other plaintiffs' attorneys for their work to date in pursuing this Litigation on behalf of the Class and the Jones Subclass and achieving the Settlement, and is within the range of fees awarded to class counsel under similar circumstances in other cases of this type.

**OBJECTING TO THE SETTLEMENT**

You can tell the Court that you do not agree with the Settlement or some part of it, the fee and expense application(s), or the Plan of Allocation.

13. HOW DO I TELL THE COURT THAT I DO NOT LIKE THE SETTLEMENT?

If you are a Class Member you can object to the Settlement, the fee and expense application(s), and/or the Plan of Allocation if you do not like all or any part of them. You can give reasons why you think the Court should not approve whatever you object to, and the Court will consider your views.

To object, you must send a letter saying that you object to the Settlement in *In re: King Pharmaceuticals, Inc. Securities Litigation*, No. 2:03-CV-77. Be sure to include your name, address, telephone number, your signature, the number of shares of King Common Stock you purchased or acquired and sold during the period from February 16, 1999, to March 10, 2003, inclusive, and the reasons you object to the Settlement. Any objection to the Settlement must be mailed to each of the following postmarked no later than **December 26, 2006**:

**Court:**  
Clerk of Court  
United States District Court  
for the Eastern District of Tennessee  
800 Market Street  
Knoxville, TN 37902

**Lead Counsel:**  
Jeffrey N. Leibell, Esq.  
BERNSTEIN LITOWITZ BERGER &  
GROSSMANN LLP  
1285 Avenue of the Americas  
New York, NY 10019  
(212) 554-1400

**Jones Subclass Lead Counsel:**  
Joseph H. Weiss, Esq.  
Mark D. Smilow, Esq.  
WEISS & LURIE  
551 Fifth Avenue  
New York, NY 10176  
(212) 682-3025

**King Defendants' Counsel:**

John C. Millian, Esq.  
 Daniel A. Cantu, Esq.  
 GIBSON, DUNN & CRUTCHER LLP  
 1050 Connecticut Avenue N.W.  
 Washington, D.C. 20036

**Underwriter Defendants' Counsel:**

Lawrence J. Portnoy, Esq.  
 Lindsay H. Tomenson, Esq.  
 DAVIS POLK & WARDWELL  
 450 Lexington Avenue  
 New York, NY 10017

**EXCLUDING YOURSELF FROM THE SETTLEMENT**

If you do not want a payment from the Settlement or to release the Defendants, and want to maintain a right to sue the Defendants on your own about the same legal and factual issues involved in the Litigation, then you must take steps to opt-out or exclude yourself from the Class.

To exclude yourself from the Class, you must send a letter by First Class Mail specifically stating that you want to be excluded from *In re: King Pharmaceuticals, Inc. Securities Litigation*, No. 2:03-CV-77. You must include: (1) your name, address, telephone number; (2) your signature; (3) the number of shares of King Common Stock you owned at the opening of trading on February 16, 1999; (4) the number of shares of King Common Stock you purchased or acquired, and sold, during the period from February 16, 1999, to March 10, 2003, inclusive; and (5) the number of shares of King Common Stock you held at the close of trading on March 10, 2003. Your exclusion request must be mailed postmarked no later than **December 26, 2006** to:

**In re: King Pharmaceuticals, Inc. Securities Litigation**

**Claims Administrator**

**EXCLUSIONS**

**c/o A.B. Data, Ltd.**  
**P.O. Box 170500**  
**Milwaukee, WI 53217**

You cannot exclude yourself by phone, fax or e-mail. **You must submit a written request for exclusion.** If you ask to be excluded, you are not eligible to receive any distribution from the Net Settlement Fund, you cannot object to the Settlement, and you will not be legally bound by the releases entered in the Litigation.

14. WHAT IS THE DIFFERENCE BETWEEN OBJECTING AND EXCLUDING?
---

Objecting is simply telling the Court that you do not like something about the Settlement. If you object, you can still file a Proof of Claim and Release form. If you exclude yourself from the Class by December 26, 2006, you cannot object and you cannot file a Proof of Claim and Release form or receive any portion of the Net Settlement Fund.

**THE COURT'S FAIRNESS HEARING**

The Court will hold a hearing to decide whether to approve the Settlement, the fee and expense application(s), and the Plan of Allocation. You may attend and you may ask to speak, but you do not have to do so.

15. WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT?
---

The Court will hold a fairness hearing at 9:00 a.m. on January 9, 2007, at the United States Courthouse, 800 Market Street, Knoxville, TN 37902. At this hearing the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. The judge will listen to people who have asked to speak at the hearing. The Court will also consider how much to pay Plaintiffs' Counsel and whether to approve the Plan of Allocation. The Court may decide these issues at the hearing or take them under consideration. The Court may approve the Settlement without approving the fee and expense requests, and/or without approving the proposed Plan of Allocation. It is not known how long these decisions will take.

16. DO I HAVE TO COME TO THE HEARING?
---------------------------------------

No. Lead Counsel and Jones Subclass Lead Counsel will answer questions the judge may have. 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. But, you are welcome to come at your own expense. You may also pay your own lawyer to attend, but it is not necessary.

17. MAY I SPEAK AT THE HEARING?

You may ask the Court for permission to speak at the fairness hearing. To do so, you must send a letter saying that it is your intention to appear in *In re: King Pharmaceuticals, Inc. Securities Litigation*, No. 2:03-CV-77. Be sure to include your name, address, telephone number, your signature, and the number of shares of King Common Stock you purchased or acquired and sold during the period from February 16, 1999, to March 10, 2003, inclusive. Your notice of intention to appear must be postmarked no later than **December 26, 2006**, and be sent to the Clerk of the Court, Lead Counsel, Jones Subclass Lead Counsel, Counsel for the King Defendants, and Counsel for the Underwriter Defendants, at the addresses listed in Question 13. You cannot speak at the hearing if you exclude yourself from the Class.

**IF YOU DO NOTHING**

18. WHAT HAPPENS IF I DO NOTHING AT ALL?

If you do nothing, you will get no money from this Settlement. But, unless you timely and validly excluded 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 same issues in this case.

**GETTING MORE INFORMATION**

19. ARE THERE MORE DETAILS ABOUT THE SETTLEMENT?

This Notice summarizes the proposed Settlement. More details are in the Stipulation of Settlement and attachments thereto, dated as of September 27, 2006. You can examine a copy of this Stipulation of Settlement at the Clerk's office of the United States Courthouse, 800 Market Street, Knoxville, TN 37902, during regular business hours.

20. HOW DO I GET MORE INFORMATION?

You can contact the Claims Administrator, Lead Counsel, or Jones Subclass Lead Counsel at the addresses and telephone numbers set forth on Page 3 above. You can also look up information on the Claims Administrator's website at [www.abdatalawserve.com](http://www.abdatalawserve.com). **Do not telephone the Court regarding this Notice.**

**SPECIAL NOTICE TO NOMINEES**

If you purchased or acquired King Common Stock during the period from February 16, 1999, to March 10, 2003, inclusive, as nominee for a beneficial owner, then **WITHIN SEVEN (7) DAYS OF YOUR RECEIPT OF THIS NOTICE** you must either: (a) provide to the Claims Administrator, at the address set forth on Page 3, the name and last known address of each person or organization for whom or which you purchased such stock during such time period; or (b) request additional copies of this Notice, which will be provided to you free of charge, and, within seven (7) days of receipt, mail the Notice directly to the beneficial owners of the King Common Stock.

You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expense and the cost of ascertaining the names and addresses of beneficial owners. Those expenses will be paid upon request and submission of appropriate supporting documentation reflecting compliance with these instructions, including timely mailing of the Notice, if you elect to do so. All communications concerning the foregoing should be addressed to the Claims Administrator.

DATED: SEPTEMBER 27, 2006.

**BY ORDER OF THE COURT:**

s/Thomas W. Phillips  
UNITED STATES DISTRICT JUDGE