

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

IN RE: ANDRX CORPORATION
SECURITIES LITIGATION

X
:
:
:
:
X

CASE NO: 03-20593-CIV-MARTINEZ/Klein

**NOTICE OF PENDENCY OF CLASS ACTION, HEARING ON PROPOSED SETTLEMENT
AND ATTORNEYS' FEE PETITION AND RIGHT TO SHARE IN SETTLEMENT FUND**

TO: ALL PERSONS WHO PURCHASED THE COMMON STOCK OF ANDRX CORPORATION ("ANDRX") BETWEEN MARCH 1, 2002 AND MARCH 4, 2003, INCLUSIVE (THE "CLASS").

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS WILL BE AFFECTED BY PROCEEDINGS IN THIS LITIGATION. IF YOU ARE A CLASS MEMBER, YOU ULTIMATELY MAY BE ENTITLED TO RECEIVE BENEFITS PURSUANT TO THE PROPOSED SETTLEMENT DESCRIBED HEREIN.

CLAIMS DEADLINE: CLAIMANTS MUST SUBMIT PROOFS OF CLAIM AND RELEASE, ON THE FORM ACCOMPANYING THIS NOTICE, POSTMARKED ON OR BEFORE **DECEMBER 7, 2005**.

EXCLUSION DEADLINE: REQUESTS FOR EXCLUSION MUST BE SUBMITTED POSTMARKED ON OR BEFORE **SEPTEMBER 23, 2005**.

SECURITIES BROKERS AND OTHER NOMINEES: PLEASE SEE INSTRUCTIONS ON PAGE 7 HEREIN.

SUMMARY OF SETTLEMENT AND RELATED MATTERS

I. Purpose of this Notice

1. This Notice is given pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the Court dated May 16, 2005. The purpose of this Notice is to inform you that this Litigation, and the proposed Settlement, will affect all Class Members' rights. This Notice describes rights you may have under the proposed Settlement and what steps you may take in relation to this Litigation. This Notice is not an expression of any opinion by the Court as to the merits of any claims or any defenses asserted by any party in this Litigation, or the fairness or adequacy of the proposed Settlement.

II. Statement of Plaintiff Recovery

2. Pursuant to the Settlement described herein, a Settlement Fund consisting of \$2,500,000 in cash, plus interest, has been established. The \$2,500,000 Settlement Fund, plus interest thereon, represents an average recovery of approximately \$0.04 per share (before deduction of Court-awarded attorneys' fees and expenses) for the approximately 60 million shares available for purchase by the investing public during the Class Period. To the extent that a given share may have been traded more than once during the Class Period, this average may vary depending on the number of times each share was traded. This is only an estimate. Your actual recovery per share may be more or less than this estimate depending on the number of claims submitted, when during the Class Period you purchased your Andrx shares, the price paid for the shares, and whether those shares were held to the end of the Class Period, and, if sold during the Class Period, when and at what price the shares were sold.

3. Under the relevant securities laws, a claimant's recoverable damages are limited to the losses attributable to the alleged fraud. Losses which resulted from factors other than the alleged fraud are not compensable from the Settlement Fund. For purposes of this Settlement, a Class Member's distribution from the Net Settlement Fund will be governed by the proposed Plan of Allocation described below at ¶¶36-44, or such other Plan of Allocation as may be approved by the Court.

III. Statement of Potential Outcome of Case

4. The parties disagree on both liability and damages and do not agree on the average amount of damages per share that would be recoverable if Class Plaintiffs were to have prevailed on each claim alleged. The issues on which the parties disagree include: (a) the amount by which Andrx common stock was allegedly artificially inflated (if at all) during the Class Period; (b) the appropriate economic model for determining the amount by which Andrx common stock was allegedly artificially inflated (if at all) during the Class Period; (c) the effect of

various market forces influencing the trading price of Andrx common stock at various times during the Class Period; (d) the extent to which external factors, such as general market conditions, influenced the trading price of Andrx common stock at various times during the Class Period; (e) the extent to which the various matters that Lead Plaintiffs alleged were materially false or misleading influenced (if at all) the trading price of Andrx common stock at various times during the Class Period; (f) the extent to which the various allegedly adverse material facts that Lead Plaintiffs alleged were omitted influenced (if at all) the trading price of Andrx common stock at various times during the Class Period; (g) whether the statements made or facts allegedly omitted were false, material or otherwise actionable under the federal securities laws; and (h) whether Defendants acted with the requisite state of mind during the Class Period.

5. The Lead Plaintiffs believe that the proposed Settlement is a good recovery and is in the best interests of the Class. Because of the risks associated with continuing to litigate and proceeding to trial, there was a danger that Lead Plaintiffs would not have prevailed on any of their claims, in which case the Class would receive nothing. For example, because the claims at issue are governed by the rigorous pleading standards of the Private Securities Litigation Reform Act of 1995 (“PSLRA”) and Defendants may have asserted any or all of a variety of defenses available to such claims, Lead Plaintiffs faced the possibility that all or many of the claims in this case could have been dismissed on a threshold pleading motion at the outset of contested proceedings. In addition, the amount of damages recoverable by the Class was and is challenged by Defendants. Recoverable damages in this case are limited to losses caused by conduct actionable under applicable law and, had the Litigation gone forward, Defendants intended to assert that all or most of the losses of Class Members were caused by non-actionable market, industry or general economic factors. Defendants would also assert that throughout the Class Period the uncertainties and risks associated with Andrx’s business and financial condition were fully and adequately disclosed.

6. Plaintiffs’ Lead Counsel believe that if they had proceeded to trial, they may have prevailed on liability, however, the potential for a recovery at trial was tempered by their analysis of several risk factors which favored the settlement of this litigation. Those included some uncertainty as to Lead Plaintiffs’ ability to establish that Defendants acted with scienter — actual knowledge or severe recklessness under *Bryant v. Avado Brands, Inc.*, 187 F.3d 1271, 1286 (11th Cir. 1999), and the risk of appeal.

7. The Defendants deny that they are liable to the Class Plaintiffs or the Class and deny that Class Plaintiffs or the Class have suffered any damages.

IV. Statement of Attorneys’ Fees and Costs Sought

8. Plaintiffs’ Lead Counsel intend to apply for fees of up to thirty percent (30%) of the Gross Settlement Fund. In addition, Plaintiffs’ Lead Counsel intend to request reimbursement of expenses incurred in connection with the prosecution of this Litigation in the approximate amount of up to \$100,000. The requested fees and expenses would amount to an average of 1.4 cents per share for the approximately 60 million shares available for purchase by the investing public. To the extent that a given share may have been traded more than once during the Class Period, this average could vary depending on the number of times each share was traded. Plaintiffs’ Lead Counsel have expended considerable time and effort in the prosecution of this litigation on a contingent fee basis, and have advanced the expenses of the litigation, in the expectation that if they were successful in obtaining a recovery for the Class, they would be paid from such recovery.

9. 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 the fairness or adequacy of the proposed Settlement.

V. Further Information

10. For further information regarding this Settlement you may contact Plaintiffs’ Lead and Liaison Counsel: Berger & Montague, P.C., 1622 Locust Street, Philadelphia, PA 19103, Telephone (215) 875-3000; Law Offices Bernard M. Gross, P.C., Suite 450, John Wanamaker Building, Juniper and Market Streets, Philadelphia, PA 19107, Telephone (215) 561-3600; Vianale & Vianale LLP, 2499 Glades Road, Suite 112, Boca Raton, FL 33431, Telephone (561) 392-4750. Please do not call any representative of Andrx or the Court.

VI. Reasons for the Settlement

11. The principal reason for the Settlement is the benefit to be provided to the Class now. This benefit must be compared to the risk that no recovery might be achieved after a contested trial and likely appeals, possibly years into the future.

NOTICE OF SETTLEMENT FAIRNESS HEARING

12. NOTICE IS HEREBY GIVEN, pursuant to Rules 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Southern District of Florida (the "Court") dated May 16, 2005, that a hearing will be held before the Honorable Jose E. Martinez, at the United States District Courthouse, 301 N. Miami Ave., Miami, FL 33128 at 9:30 a.m., on **October 7, 2005** (the "Settlement Fairness Hearing"). The purpose of the Settlement Fairness Hearing will be to determine: (1) whether the Settlement consisting of \$2,500,000.00 in cash plus accrued interest should be approved as fair, just, reasonable, and adequate to Class Members; (2) whether the proposed plan to distribute the settlement proceeds (the "Plan of Allocation") is fair, just, reasonable, and adequate; (3) whether to enter a Bar Order; (4) whether the application by Plaintiffs' Lead Counsel for an award of attorneys' fees and reimbursement of expenses should be approved; and (5) whether the Litigation should be dismissed with prejudice in accordance with the terms of the proposed Final Judgment. The Court may adjourn or continue the Settlement Fairness Hearing without further notice to the Class.

13. The Court, by Preliminary Order In Connection With Settlement Proceedings, dated May 16, 2005, has certified a plaintiff class for purposes of this Settlement consisting of all persons who purchased the common stock of Andrx Corporation between March 1, 2002 and March 4, 2003, inclusive (the "Class"). Excluded from the Class are the Defendants and members of their immediate families, any entity in which a Defendant has a controlling interest, and their legal representatives, heirs, successors, or assigns of any such excluded party. Also excluded from the Class are any putative Class Members who exclude themselves by filing a request for exclusion in accordance with the requirements set forth in this Notice.

BACKGROUND OF THE LITIGATION

A. The Commencement and Progress of the Litigation

14. On March 13, 2003 and on various dates thereafter, seven putative federal securities class action complaints (the "Complaints") were filed¹ in the United States District Court for the Southern District of Florida on behalf of a class of persons who purchased the common stock of Andrx and were injured thereby. These cases identified a putative class period of March 1, 2002 to and including March 4, 2003. The first-filed case, styled *Joseph Stocke v. Andrx Corp., et al.*, 03-CIV-20593, was assigned to United States District Judge Jose E. Martinez.

15. Following publication in accordance with the Private Securities Litigation Reform Act of 1995 ("PSLRA"), Judge Martinez heard motions for consolidation of the actions and for the appointment of Lead Plaintiffs and Plaintiffs' Lead Counsel. The Court consolidated the seven cases by Order dated June 25, 2003. By Order dated September 4, 2003, Judge Martinez appointed Michael J. LoMedico, James Truong, Octavio Suarez and Joseph Stocke to serve as "Lead Plaintiffs," and appointed the law firms of Berger & Montague, P.C. and the Law Offices Bernard M. Gross to serve as co-lead counsel, and the law firm of Vianale & Vianale LLP to serve as liaison counsel.

16. Lead Plaintiffs filed their consolidated amended class action complaint on October 20, 2003. The parties briefed and argued Defendants' motion to dismiss, and that motion was granted without prejudice by Order dated March 8, 2004.

17. Lead Plaintiffs filed their Second Amended Complaint on March 29, 2004. After the parties had fully briefed Defendants' motion to dismiss that complaint, an agreement was reached to engage in mediation in an effort to reach a settlement of the litigation. The parties attended a mediation before Honorable Nicholas Politan (Ret.) on March 8, 2005. As a result of a series of full and frank discussions, the parties reached an agreement in principle to settle the Litigation for the sum of \$2,500,000, and subsequently executed a Stipulation of Settlement dated April 22, 2005 reflecting the terms of the settlement (the "Stipulation of Settlement").

B. The Claims Asserted by Lead Plaintiffs

18. In the Complaints, Lead Plaintiffs, on behalf of those persons who purchased the common stock of Andrx during the period between March 1, 2002 and March 4, 2003, inclusive (the "Class Period"), alleged that Defendants violated the Securities Exchange Act of 1934 (the "Exchange Act").

1. The seven actions were individually styled: *Joseph Stocke v. Andrx Corp.*, Case No. 03-CV-20593; *Tara Baldieri v. Andrx Corporation*, Case No.: 03-CV-20623; *Wendell C. Williams v. Andrx Corp.*, Case No.: 03-CV-20686; *Erich Heymann v. Andrx Corp.*, Case No. 03-CV-20700; *Louis Freedman v. Andrx Corp.*, Case No. 03-CV-20777; *TZ Micro Computing, Inc. v. Andrx Corp.*, Case No. 03-CV-60608; and *Ronald Kruger v. Andrx Corp.*, Case No. 03-CV-80256. Hereinafter, the seven actions shall be referred to as the "Litigation."

19. The Complaints alleged that Defendants artificially inflated the price of Andrx common stock by failing to disclose to the investing public that the generic version of Wellbutrin® SR for which Andrx was seeking FDA approval had significant hurdles to FDA approval, including a short expiration period, and that the stockpile of this drug the Company had manufactured in anticipation of FDA approval would likely expire before FDA approval was obtained. Andrx had told investors that it expected FDA approval to market its generic version of Wellbutrin® SR, an antidepressant, by year-end 2002. CEO Lane told investors on October 31, 2002 that Andrx was continuing “to build inventories of [Wellbutrin®] and other generic products prior to their launches.” No disclosure was made, however, of the drug’s alleged short commercial life and the likelihood that if the Company’s stockpile of the drug was not soon sold, the Company would need to write off the inventory’s value or record a charge. On March 5, 2003, Andrx announced that it would take a \$26.3 million charge against earnings for its generic versions of Wellbutrin® SR/Zyban® that were produced but not marketed because of FDA concerns over the drugs’ expiration dating. Andrx further announced that it would have to amend its FDA applications to produce generics of these drugs. Lead Plaintiffs allege that the Company’s stock price sank 31% on the news.

C. Defendants’ Statements and Denials of Wrongdoing and Liability

20. Defendants deny each and all of the claims and contentions alleged by the Lead Plaintiffs in the Litigation. Defendants expressly have denied and continue to deny all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Litigation. Defendants also have denied and continue to deny, inter alia, the allegations that the Lead Plaintiffs or the Class have suffered damage, that the price of Andrx common stock was artificially inflated by reasons of alleged misrepresentations, non-disclosures or otherwise, or that the Lead Plaintiffs or the Class were harmed by the conduct alleged in the Litigation. In addition, Defendants maintain that they have meritorious defenses to all claims alleged in the Litigation.

21. Nonetheless, the Defendants have concluded that further conduct of the Litigation would be protracted and expensive, and that it is desirable that the Litigation be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation of Settlement. Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like this Litigation. Defendants have, therefore, determined that it is desirable and beneficial to them that the Litigation be settled in the manner and upon the terms and conditions set forth in the Stipulation of Settlement.

BACKGROUND TO THE SETTLEMENT

22. The Defendants (as defined below) have denied all allegations of wrongdoing or liability in the Litigation and all other accusations of wrongdoing or violations of law. The Stipulation is not and shall not be construed or be deemed to be evidence of an admission or a concession on the part of any of the Defendants of any fault or liability or damages whatsoever, and Defendants do not concede any infirmity in the defenses which they would have asserted or intended to assert in the Litigation.

23. Prior to entering into the Stipulation of Settlement, Plaintiffs’ Lead Counsel conducted a thorough investigation relating to the events and transactions underlying Plaintiffs’ claims. Plaintiffs’ Lead Counsel’s decision to enter into this Settlement was made with knowledge of the facts and circumstances underlying Lead Plaintiffs’ claims and the strengths and weaknesses of those claims. In determining to settle the Litigation, they have evaluated the extensive pre-trial investigation undertaken in the Litigation and taken into account the substantial expense and length of time necessary to prosecute the Litigation through trial, post-trial motions, and likely appeals, taking into consideration the significant uncertainties in predicting the outcome of this complex litigation. Plaintiffs’ Lead Counsel believe that the Settlement described herein confers benefits upon the Class. Based upon their consideration of all of these factors, Lead Plaintiffs and their counsel have concluded that it is in the best interest of the Class to settle the Litigation on the terms described herein.

24. Lead Plaintiffs recognized the uncertainty and the risk of the outcome of any litigation, especially complex litigation such as this, and the difficulties and risks inherent in the trial of such a litigation. Indeed, applying the demanding pleading standards applicable to the PSLRA, the Court had dismissed the first consolidated amended complaint, giving Lead Plaintiffs leave to replead. A motion to dismiss the Second Amended Complaint on substantially the same grounds was pending when the Settlement was reached. Lead Plaintiffs desired to settle the claims against Defendants on the terms and conditions described herein which provide substantial benefits to the Class. Plaintiffs’ Lead Counsel deem such Settlement to be fair, reasonable and adequate, and in the best interests of the members of the Class.

25. The Defendants, while continuing to deny all allegations of wrongdoing or liability whatsoever, recognize that continued litigation would be protracted and expensive and, therefore, desired to settle and terminate all existing or potential claims against them, without in any way acknowledging any fault or liability.

26. The amount of damages, if any, that Lead Plaintiffs could prove was also a matter of serious dispute, and the Settlement's use of a Recognized Claim formula for distributing the Settlement proceeds does not constitute a finding, admission or concession that, if the case had proceeded to a trial, provable damages could be measured by the Recognized Claim formula. No determination has been made by the Court as to liability or the amount of damages, if any, suffered by the Class, nor on the proper measure of any such damages. The determination of damages, like the determination of liability, is a complicated and uncertain process, typically involving conflicting expert opinions. During the course of the Litigation, Defendants, in addition to denying any liability, disputed that Lead Plaintiffs and the Class were damaged by any wrongful conduct on the part of Defendants. The Settlement herein provides an immediate and substantial cash benefit and avoids the risks that liability or damages might not have been proven at trial.

27. The Court has not determined the merits of the Lead Plaintiffs' claims or the defenses thereto. This Notice does not imply that there has been or would be any finding of violation of the law or that recovery could be had in any amount if the Litigation were not settled.

TERMS OF THE SETTLEMENT

28. In full and complete settlement of the claims which have or could have been asserted in this Litigation, and subject to the terms and conditions of the Stipulation of Settlement, Defendants will pay into escrow on behalf of Plaintiffs and the Class, \$2,500,000, of which \$100,000 has already been deposited into the Class Notice and Administration Fund.

29. Pursuant to the Stipulation of Settlement, and on the Effective Date, Lead Plaintiffs and other members of the Class, on behalf of themselves, their heirs, executors, administrators, successors and assigns, and any persons they represent shall release and forever discharge, and shall forever be enjoined from prosecuting, the Released Parties (defined below) with respect to each and every Settled Claim (defined below).

30. "Defendants" include the following, each of whom will be released from all Settled Claims: Andrx Corporation and Richard Lane. In addition, the Settlement will release all Class Members' Settled Claims against the Defendants' successors, affiliates, heirs, administrators, executors and assigns, insurers and reinsurers, legal representatives and other professional advisors. (collectively, the "Released Parties").

31. "Settled Claims" means any and all claims, rights or causes of action, damages, losses or liabilities whatsoever, whether based on federal, state, local, statutory or common law or equity or any other law, rule or regulation, including both known claims and unknown claims, that have been or could have been asserted in any forum by the Class Members or any of them against any of the Released Parties which arise out of or relate in any way to the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, referred to or that could have been asserted in the Complaints otherwise relating to the purchase of shares of Andrx common stock during the Class Period or the defense of the Litigation.

32. In addition, Section 1542 of the Civil Code of the State of California provides that a general release does not extend to claims which a creditor does not know or suspect to exist in his, her, or its favor at the time of executing the release, which if known by him, her, or it must have materially affected his settlement with the debtor. To the extent that, notwithstanding the choice of law provisions in the Stipulation of Settlement, California or other law may be applicable, "Settled Claims" includes the acknowledgment that the provisions of Section 1542 and all similar federal or state laws, rights, rules, or legal principles of any other jurisdiction which may be applicable herein, are hereby knowingly and voluntarily waived and relinquished. This is an essential term of this Settlement. Despite the fact that Class Members may discover claims presently unknown or suspected or facts in addition to or different from those which they now know or believe to be true with respect to the matters released herein; nevertheless, it is the intention of the Settlement to finally and forever settle and release all such matters, and all claims relating thereto, which exist, hereafter may exist, or might have existed (whether or not previously or currently asserted in any action).

33. If the Settlement is approved by the Court, the Litigation will be dismissed on the merits and with prejudice as to all Class Members and all Class Members shall be forever barred from prosecuting a class action or any other action raising any Settled Claims against any Released Party.

34. The Stipulation provides that the Defendants may withdraw from and terminate the Settlement in the event that in excess of a certain amount of claimants exclude themselves from the Class.

35. The Settlement will become effective at such time as an Order entered by the Court approving the Settlement shall become final and not subject to appeal (the “Effective Date”).

PLAN OF ALLOCATION OF SETTLEMENT PROCEEDS AMONG CLASS MEMBERS

36. The Net Settlement Fund will be allocated among the Authorized Claimants in accordance with this “Plan of Allocation.” The amount so allocated to each Authorized Claimant constitutes and is referred to herein as the Authorized Claimant’s “Payable Claim.” The Plan of Allocation is based upon Lead Counsel’s assessment of the merits and the relative strengths and weaknesses, including recoverable damages, of the claims of the members of the Class. In developing this Plan of Allocation, Lead Counsel have considered, among other things, the following:

a. Although the price of Andrx common stock was volatile during the Class Period, and trended downward from over \$40 to \$11 per share, Lead Plaintiffs allege that the market was surprised on March 5, 2003, when Defendants issued a press release that admitted **for the first time** that the FDA would not approve generic Wellbutrin® in a form in which its shelf life would be commercially viable, and that product changes to increase the shelf life would be difficult to accomplish without violating GSK’s patent.

b. Following the issuance of this press release, the price of Andrx common stock fell sharply from \$11.51 (its closing price on March 4, 2003) to \$7.89 (its closing price March 5, 2003). This represented a one-day decline of \$3.62 per share on unusually heavy volume of nearly 26.9 million shares.

37. An Authorized Claimant’s recognized loss (“Recognized Loss”) is determined by the date(s) the Authorized Claimant purchased or sold any shares of Andrx common stock during the Class Period, as set forth below.

a. For shares sold at a profit during the March 1, 2002 through March 4, 2003 Class Period, the Recognized Loss is zero;

b. For shares sold at a loss during the March 1, 2002 through March 4, 2003 Class Period, the Recognized Loss is 10% of the difference between: (a) the purchase price paid (including commissions, taxes and fees) and (b) the sales price received (net of commissions, taxes and fees) — up to a maximum recognized Loss of \$0.362 per share, which represents 10% of \$3.62 price drop on March 5, 2003; and

c. For shares retained after the close of business on March 4, 2003, the Recognized Loss shall be \$3.62 per share.

d. For purposes of determining which shares of Andrx’s common stock purchased during the Class Period either were sold at any time during the Class Period or were retained past March 4, 2003, purchases and sales of Andrx’s stock will be matched, on a “first-in, first-out” (“FIFO”) basis, by matching the first shares sold against any closing position of shares held as of February 28, 2002 (prior to the start of the Class Period) and then on a FIFO basis against any additional shares of Andrx common stock purchased during the Class Period on the basis of the assumption that the first share purchased was the first share sold. The matching under FIFO will be applied irrespective of the different accounts in which the shares of Andrx stock were purchased and sold unless the title or ownership of the accounts differed.

e. The date of purchase or sale is the “contract” or “trade” date as distinguished from the “settlement date.”

f. The restrictions on computing Recognized Losses set out in the 3 bullet points below apply to all claims. As a practical matter, however, they apply primarily to certain transactions engaged in by sophisticated traders or certain corporate or institutional Claimants:

- “Short” sales will not be recognized for any amount of loss on the cover or purchase transaction, and no Recognized Loss will be computed for any such covering purchase transaction.
- No Recognized Loss will be computed for any transactions in shares of Andrx common stock engaged in by market makers.
- No Recognized Loss will be computed for any option premium paid or received portion where the shares of Andrx stock were purchased or sold by reason of having exercised or been assigned an option.

38. An Authorized Claimant's "Payable Claim" represents a percentage of the Authorized Claimant's total Recognized Loss. This percentage is determined by dividing the Net Settlement Fund by the total Recognized Loss sustained by all Authorized Claimants. The resulting fraction, or payout percentage, is then multiplied by each Authorized Claimant's Recognized Loss to determine the amount of each authorized Claimant's Payable Claim, subject to the further limitations below.

39. In the interest of economy, no payment will be made to any Authorized Claimant whose Payable Claim would be less than \$10 based on the initial allocation of the Net Settlement Fund to the Authorized Claimants.

40. If you inherited or received a gift of Andrx common stock during the Class Period, that inheritance or gift is not considered a purchase of Andrx common stock unless your ancestor or donor was the actual purchaser of Andrx common stock during the Class Period. You, as a recipient of a gift or inheritance, and the original purchaser may not both file a claim with regard to the same shares of Andrx common stock. If both you and the donor (or you and your ancestor's estate) make such a claim, only the claim filed by the recipient (or heir) will be honored.

41. Shares "transferred into", "delivered into" or "received into" the Claimant's account, will not be considered as a purchase of shares unless the Claimant submits documentation demonstrating that the original purchase of these shares occurred during the Class Period. Also, shares purchased and subsequently "transferred out" or "delivered out" of Claimant's account will not be considered part of Claimant's claim, as the right to file for those shares belongs to the person or party receiving the shares.

42. Nothing in this Plan of Allocation represents an admission by any of the Defendants that there is liability or damage of any kind as a result of the allegations in the Complaints or that the dollar amounts set forth in this Plan of Allocation reflect actual or potential damages to the Class.

43. Payment in the manner set forth above will be deemed conclusive compliance with the Stipulation of Settlement as to all Authorized Claimants. All Class Members who fail to submit valid and timely Proofs of Claim will be barred from participating in the distribution of the Net Settlement Fund but otherwise will be bound by all of the terms of the Stipulation of Settlement, including the terms of any final orders or judgments entered and the releases given to Defendants and others.

44. No Authorized Claimant will have any claim against Lead Plaintiffs, Plaintiffs' Lead Counsel or the Claims Administrator, or any other agent designated by Plaintiffs' Lead Counsel based on the distributions made substantially in accordance with the Stipulation of Settlement, the Plan of Allocation, and further orders of Court. In addition, in the interest of achieving substantial justice, Plaintiffs' Lead Counsel will have the right, but not the obligation, to waive what they deem to be formal or technical defects in any Proofs of Claim filed.

THE RIGHTS OF CLASS MEMBERS

45. The Court has certified this Litigation to proceed as a class action. If you purchased the common stock of Andrx Corporation between March 1, 2002 and March 4, 2003, inclusive, and you are not excluded by the definition of the Class and do not elect to exclude yourself, then you are a Class Member. Class Members have the following options pursuant to Rule 23(c)(2) of the Federal Rules of Civil Procedure:

a. If you wish to remain a member of the Class, you may share in the proceeds of the Settlement, provided that you submit an acceptable Proof of Claim. Class Members will be represented by the Lead Plaintiffs and their counsel, unless you enter an appearance through counsel of your own choice at your own expense. You are not required to retain your own counsel, but if you choose to do so, such counsel must file an appearance on your behalf on or before **September 7, 2005**, and must serve copies of such appearance on the attorneys listed in ¶53 below.

b. If you do not wish to remain a member of the Class, you may exclude yourself from the Class by following the instructions in ¶51 below. Persons who exclude themselves from the Class will **NOT** receive any share of the Settlement proceeds and will not be bound by the Settlement.

c. If you object to the Settlement or any of its terms, or to Plaintiffs' Lead Counsels' application for fees and expenses, and if you do not exclude yourself from the Class, you may present your objections by following the instructions in ¶53 below.

SUBMISSION AND PROCESSING OF PROOFS OF CLAIM

46. In order to be eligible to receive any distribution from the Settlement Fund, you must complete and sign the attached Proof of Claim and Release form and send it by first class mail postmarked on or before **December 7, 2005**, addressed as follows:

In re Andrx Securities Litigation
c/o Heffler, Radetich & Saitta L.L.P.
Claims Administrator
Post Office Box 350
Philadelphia, PA 19105-0350

47. If you do not submit a proper Proof of Claim form, you will not be entitled to any share of the Settlement Fund, but you will be bound by the Settlement and the Order and Final Judgment of the Court dismissing the litigation.

48. If you are a member of the Class and you do not properly exclude yourself, you will be bound by the Settlement and the Order and Final Judgment of the Court dismissing this Litigation, even if you do not submit a Proof of Claim. If you exclude yourself from the Class, you will not be bound by the judgment but you will not be entitled to any share of the Settlement Fund.

49. All Proofs of Claim must be submitted by the date specified in this Notice unless such period is extended by Order of the Court.

50. Each Claimant shall be deemed to have submitted to the jurisdiction of the United States District Court for the Southern District of Florida with respect to his, her or its Proof of Claim.

EXCLUSION FROM THE CLASS

51. Each Member of the Class shall be bound by all determinations and judgments in this Litigation concerning the Settlement, whether favorable or unfavorable, unless such person shall mail, by first class mail, a written request for exclusion from the Class, postmarked no later than **September 23, 2005**, addressed to Andrx Securities Litigation Exclusions, c/o Heffler, Radetich & Saitta L.L.P., Claims Administrator, Post Office Box 350, Philadelphia, PA 19105-0350. No person may exclude himself from the Class after that date unless such date is extended by order of the Court. In order to be valid, each such request for exclusion must set forth the name and address of the person or entity requesting exclusion, must state that such person or entity "requests exclusion from the Class in Andrx Securities Litigation, Case No. 03-20593-MARTINEZ" and must be signed by such person or entity. Persons and entities requesting exclusion are required to also provide the following information: their telephone number, the date(s), price(s), and number(s) of shares of all purchases and sales of Andrx publicly-traded common stock during the Class Period. The request for exclusion shall not be effective unless the request for exclusion provides the required information and is made within the time stated above, or the exclusion is otherwise accepted by the Court.

SETTLEMENT FAIRNESS HEARING

52. At the Settlement Fairness Hearing, the Court will determine whether to finally approve this Settlement and dismiss the Litigation and the claims of the members of the Class. The Court will also determine whether the Plan of Allocation is fair and reasonable. The Settlement Fairness Hearing may be adjourned from time to time by the Court without further written notice to the Class. If you intend to attend the Settlement Fairness Hearing, you should confirm the date and time with Plaintiffs' Lead Counsel. If the Settlement is approved, the Court will also consider the application of Plaintiffs' Lead Counsel for attorneys' fees.

53. At the Settlement Fairness Hearing, any Class Member who has not properly submitted a request for exclusion from the Class may appear in person or by counsel and be heard to the extent allowed by the Court in opposition to the fairness, reasonableness and adequacy of the Settlement, the Plan of Allocation, or the application for an award of attorneys' fees and reimbursement of expenses, provided, however, that in no event shall any person be heard in opposition to the Settlement, the Plan of Allocation, or Plaintiffs' Lead Counsel's application for attorneys' fees and expenses and in no event shall any paper or brief submitted by any such person be accepted or considered by the Court, unless, on or before **September 7, 2005**, such person (a) files with the Clerk of the

Court notice of such person's intention to appear, showing proof of such person's membership in the Class, and providing a statement that indicates the basis for such opposition, along with any documentation in support of such objection, and (b) simultaneously serves copies of such notice, proof, statement and documentation, together with copies of any other papers or briefs such person files with the Court, in person or by mail upon Plaintiffs' Lead Counsel:

Sherrie Savett, Esq.
Berger & Montague, P.C.
1622 Locust Street
Philadelphia, PA 19103
Telephone (215) 875-3000

Deborah Gross, Esq.
Law Offices Bernard M. Gross, P.C.
Suite 450, John Wanamaker Building
Juniper and Market Streets
Philadelphia, PA 19107
Telephone (215) 561-3600

and upon Defendants' Counsel:

Tracy Nichols, Esq.
HOLLAND & KNIGHT LLP
701 Brickell Avenue, Suite 3000
Miami, FL 33131

ATTORNEYS' FEES AND DISBURSEMENTS

54. At the Settlement Fairness Hearing or at such other time as the Court may direct, Plaintiffs' Lead Counsel intend to apply to the Court for an award of attorneys' fees from the Settlement Fund in the amount of thirty-percent (30%) of the Gross Settlement Fund. Plaintiffs' Lead Counsel also intend to request reimbursement of their expenses up to a maximum amount of \$ 100,000, plus interest at the same rate as earned by the Settlement Fund. Plaintiffs' Lead Counsel, without further notice to the Class, may subsequently apply to the Court for fees and expenses incurred in connection with administering and distributing the Settlement proceeds to the members of the Class.

FURTHER INFORMATION

55. For a more detailed statement of the matters involved in this Litigation, reference is made to the pleadings, to the Stipulation of Settlement, which is on file with the Court, to the Orders entered by the Court and to the other papers filed in the Litigation, which may be inspected at the Office of the Clerk of the United States District Court for the Southern District of Florida, Miami Division, United States Courthouse, 301 N. Miami Avenue, Miami, Florida, during regular business hours.

56. ALL INQUIRIES CONCERNING THIS NOTICE OR THE PROOF OF CLAIM FORM BY CLASS MEMBERS SHOULD BE MADE TO THE CLAIMS ADMINISTRATOR IN WRITING AT THE ADDRESS INDICATED BELOW.

SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES

57. If you purchased the common stock of Andrx between March 1, 2002 and March 4, 2003 for the beneficial interest of a person or organization other than yourself, the Court has directed that, within ten (10) days of your receipt of this Notice, you either: (a) provide to the Claims Administrator 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 and the Proof of Claim form, which will be provided to you free of charge, and within ten (10) days mail the Notice and Proof of Claim form directly to the beneficial owners of the common stock referred to herein. If you choose to follow alternative procedure (b), the Court has directed that, upon such mailing, you send a statement to the Claims Administrator confirming that the mailing was made as directed. 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.

58. All communications concerning the foregoing should be addressed to the Claims Administrator:

In re Andrx Securities Litigation
c/o Heffler, Radetich & Saitta L.L.P.
Claims Administrator
Post Office Box 350
Philadelphia, PA 19105-0350

Dated: June 10, 2005
Miami, Florida

By Order of the Court
CLERK OF THE COURT

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

IN RE: ANDRX CORPORATION
SECURITIES LITIGATION

X
:
:
:
:
X

CASE NO: 03-20593-CIV-MARTINEZ/Klein

PROOF OF CLAIM AND RELEASE

DEADLINE FOR SUBMISSION: **DECEMBER 7, 2005.**

IF YOU PURCHASED COMMON STOCK OF ANDRX CORPORATION (“ANDRX”) BETWEEN MARCH 1, 2002 AND MARCH 4, 2003, INCLUSIVE (THE “CLASS PERIOD”), AND WERE DAMAGED THEREBY, YOU ARE A “CLASS MEMBER” AND YOU MAY BE ENTITLED TO SHARE IN THE SETTLEMENT PROCEEDS. (EXCLUDED FROM THE CLASS ARE THE DEFENDANTS IN THIS LITIGATION, MEMBERS OF THE IMMEDIATE FAMILIES (PARENTS, SPOUSES, SIBLINGS, AND CHILDREN) OF EACH OF THE INDIVIDUAL DEFENDANTS, OR ANY ENTITY IN WHICH ANY EXCLUDED PERSON HAS A CONTROLLING INTEREST, AND THE LEGAL REPRESENTATIVES, HEIRS, SUCCESSORS AND ASSIGNS OF ANY EXCLUDED PERSON.)

IF YOU ARE A CLASS MEMBER, YOU MUST COMPLETE AND SUBMIT THIS FORM IN ORDER TO BE ELIGIBLE FOR ANY SETTLEMENT BENEFITS.

YOU MUST COMPLETE AND SIGN THIS PROOF OF CLAIM AND RELEASE AND MAIL IT BY FIRST CLASS MAIL, POSTMARKED NO LATER THAN **DECEMBER 7, 2005** TO THE FOLLOWING ADDRESS:

In re Andrx Securities Litigation
c/o Heffler, Radetich & Saitta L.L.P.
Claims Administrator
Post Office Box 350
Philadelphia, PA 19105-0350

YOUR FAILURE TO SUBMIT YOUR CLAIM BY **DECEMBER 7, 2005** WILL SUBJECT YOUR CLAIM TO REJECTION AND PRECLUDE YOUR RECEIVING ANY MONEY IN CONNECTION WITH THE SETTLEMENT OF THIS LITIGATION. IF YOU ARE A CLASS MEMBER AND DO NOT SUBMIT A PROPER PROOF OF CLAIM AND RELEASE, YOU WILL NOT SHARE IN THE SETTLEMENT, BUT YOU NEVERTHELESS WILL BE BOUND BY THE ORDER AND FINAL JUDGMENT OF THE COURT. DO NOT MAIL OR DELIVER YOUR CLAIM TO THE COURT OR TO ANY OF THE PARTIES OR THEIR COUNSEL AS ANY SUCH CLAIM WILL BE DEEMED NOT TO HAVE BEEN SUBMITTED. SUBMIT YOUR CLAIM ONLY TO THE CLAIMS ADMINISTRATOR.

1. I purchased the common stock of Andrx Corporation (“Andrx”) during the period from March 1, 2002 and March 4, 2003. (Do not submit this Proof of Claim and Release if you did not purchase Andrx common stock during this period.)

2. By submitting this Proof of Claim and Release, I state that I believe in good faith that I am a Class Member as defined above and in the Notice of Pendency of Class Action, Hearing on Proposed Settlement and Attorneys’ Fee Petition and Right to Share in Settlement Fund (the “Notice”), or am acting for such person; that I am not a Defendant in the Litigation or anyone excluded from the Class; that I have read and understand the Notice; that I believe that I am entitled to receive a share of the Net Settlement Fund; that I elect to participate in the proposed Settlement described in the Notice; and that I have not filed a request for exclusion. (If you are acting in a representative capacity on behalf of a Class Member (e.g., as an executor, administrator, trustee, or other representative), you must submit evidence of your current authority to act on behalf of that Class Member. Such evidence would include, for example, letters testamentary, letters of administration, or a copy of the trust documents.)

3. I have set forth where requested below all relevant information with respect to each purchase of Andrx common stock during the Class Period, and each sale, if any, of such securities.

4. I have enclosed photocopies of the stockbroker's confirmation slips, stockbroker's statements, relevant portions of my tax returns or other documents evidencing each sale and purchase, or retention of Andrx common stock listed below in support of my claim (IF ANY SUCH DOCUMENTS ARE NOT IN YOUR POSSESSION, PLEASE OBTAIN A COPY OR EQUIVALENT DOCUMENTS FROM YOUR BROKER OR TAX ADVISOR BECAUSE THESE DOCUMENTS ARE NECESSARY TO PROVE AND PROCESS YOUR CLAIM.).

5. I understand that the information contained in this Proof of Claim and Release is subject to such verification as the Claims Administrator may request or as the Court may direct, and I agree to cooperate in any such verification (The information requested herein is designed to provide the minimum amount of information necessary to process most simple claims. The Claims Administrator may request additional information as required to efficiently and reliably calculate your Recognized Claim. In some cases the Claims Administrator may condition acceptance of the claim based upon the production of additional information, including, where applicable, information concerning transactions in any derivatives of the subject securities such as options).

6. Upon the occurrence of the Effective Date (as defined in the Notice) my signature hereto will constitute a full and complete release, remise and discharge by me or, if I am submitting this Proof of Claim and Release on behalf of a corporation, a partnership, estate or one or more other persons, by it, him, her or them, and by my, its, his, her or their heirs, executors, administrators, successors, and assigns of each of the "Released Parties" of all "Settled Claims," as defined in the Notice.

7. Upon the occurrence of the Effective Date (as defined in the Notice) my signature hereto will constitute a covenant to refrain from instituting, commencing or prosecuting either directly, indirectly, representatively, or in any other capacity, by me or, if I am submitting this Proof of Claim and Release on behalf of a corporation, partnership, trust, estate or one or more other persons, by it, him, her or them, and by my, its, his, her or their heirs, executors, administrators, successors, and assigns of any and all claims, demands, rights, causes of action or liabilities, of every nature and description whatsoever, whether based in law or equity, on federal, state, local, statutory or common law, or any other law, rule or regulation, including both known claims and unknown claims, that have been or could have been asserted in any forum by me, or the successors or assigns of me, whether directly, indirectly, representatively or in any other capacity, against any of the Released Parties, which arise out of, or relate in any way, directly or indirectly, to, or could have been asserted based upon, the allegations, transactions, facts, events, matters, occurrences, acts, representations or omissions involved in, set forth in, referred to, or which relate directly or indirectly to this Litigation, including, without limitation, claims for negligence, gross negligence, breach of duty of care, breach of duty of loyalty, breach of duty of candor, fraud, negligent misrepresentation, and breach of fiduciary duty.

8. NOTICE REGARDING ELECTRONIC FILES: Certain claimants with large numbers of transactions may request, or may be requested, to submit information regarding their transactions in electronic files. All Claimants **MUST** submit a manually signed paper Proof of Claim and Release form listing all their transactions whether or not they also submit electronic copies. No electronic files will be considered to have been properly submitted unless the Claims Administrator issues to the Claimant a written paper acknowledgment of receipt and acceptance of electronically submitted data.

THIS PROOF OF CLAIM AND RELEASE MUST BE SUBMITTED NO LATER THAN **DECEMBER 7, 2005**, AND MUST BE MAILED TO:

In re Andrx Securities Litigation
c/o Heffler, Radetich & Saitta L.L.P.
Claims Administrator
Post Office Box 350
Philadelphia, PA 19105-0350

A Proof of Claim and Release received by the Claims Administrator shall be deemed to have been submitted when posted, if mailed by **December 7, 2005**, and if a postmark dated no later than **December 7, 2005** is indicated on the envelope and it is mailed first class, and addressed in accordance with the above instructions. In all other cases, a Proof of Claim and Release shall be deemed to have been submitted when actually received by the Claims Administrator.

If you wish to be assured that your Proof of Claim and Release is actually received by the Claims Administrator, then you should send it by Certified Mail, Return Receipt Requested. No acknowledgment will be made as to the receipt of claim forms. You should be aware that it will take a significant amount of time to process fully all of the Proofs of Claim and Release and to administer the Settlement. This work will be completed as promptly as time permits, given the need to investigate and tabulate each Proof of Claim and Release. Please notify the Claims Administrator of any change of address.

In re Andrx Securities Litigation
c/o Heffler, Radetich & Saitta L.L.P.
Claims Administrator
Post Office Box 350
Philadelphia, PA 19105-0350

PLEASE FORWARD

FIRST CLASS MAIL

PLEASE FORWARD—IMPORTANT LEGAL NOTICE