

COURT OF COMMON PLEAS  
PHILADELPHIA COUNTY

_____	X	
BERNARD KORMAN	:	
	:	
<i>Plaintiff, for himself and</i>	:	
<i>all others similarly situated,</i>	:	TRIAL DIVISION
	:	MARCH TERM, 2004
<i>v.</i>	:	No. 04341
	:	
INKINE PHARMACEUTICAL COMPANY, INC.	:	
	:	
<i>Defendant.</i>	:	
_____	X	

**NOTICE OF PENDENCY OF CLASS ACTION, HEARING  
ON PROPOSED SETTLEMENT AND APPLICATION FOR  
ATTORNEYS' FEES AND RIGHT TO SHARE IN SETTLEMENT FUND**

TO: ALL PERSONS OR ENTITIES WHO: (1) HELD SHARES OF INKINE PHARMACEUTICAL COMPANY, INC. ("INKINE") COMMON STOCK AT ANY TIME DURING THE PERIOD FROM APRIL 7, 1998 AND JANUARY 23, 2003, INCLUSIVE (THE "CLASS PERIOD") AND (2) ALSO HELD SUCH SHARES AT THE TIME OF INKINE'S SECURITIES ISSUANCES FROM 1999 TO 2003.

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS WILL BE AFFECTED BY PROCEEDINGS IN THIS ACTION. 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, ON THE FORM ACCOMPANYING THIS NOTICE, POSTMARKED ON OR BEFORE AUGUST 31, 2005.

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

**SUMMARY OF SETTLEMENT AND RELATED MATTERS**

**A. Purpose of this Notice**

1. This Notice is given pursuant to Rule 1710 of Pennsylvania Rules of Civil Procedure and an Order of the Court dated April 6, 2005. The purpose of this Notice is to inform you that this Action, 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 action (the "Action"). 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 the Action, or the fairness or adequacy of the proposed Settlement.

2. The Court, by Preliminary Approval Order, dated April 6, 2005, has appointed Bernard Korman as Class Representative ("Plaintiff") and certified a plaintiff Class for purposes of this Settlement consisting of all persons and entities that: (1) held InKine common shares at any time during the period from April 7, 1998 and January 23, 2003, inclusive and (2) also held such shares at the time of InKine's security issuances from 1999 to 2003. Excluded from the Class are InKine, any current and former director, officer or employee of InKine, any entity in which InKine has a controlling interest, and their legal representatives, heirs, successors and assigns. Also excluded from the Class are all persons and entities who submit a request for exclusion in accordance with the requirements set forth in the Notice.

**B. Statement of Plaintiff Recovery**

3. Pursuant to the Settlement described herein, a Settlement Fund consisting of \$9,000,000 plus interest, has been established for Class Members who were denied preemptive rights in various securities offerings by InKine. Plaintiff's Counsel estimate that there were approximately 37,500,000 million shares of InKine common stock held during the Class Period which may have been damaged as a result of the alleged wrongdoing described at paragraphs 12 to 23 below. The recovery per damaged share under the Settlement is \$.24 per damaged share before deduction of Court-awarded attorneys' fees and expenses. Depending on the number of claims submitted and when during the Class Period a Class Member held shares, an individual Class Member may receive more or less than this average amount.

4. For purposes of the Settlement herein, a Class Member's distribution from the Net Settlement Fund will be governed by the proposed Plan of Allocation described below at paragraphs 30 to 35, or such other Plan of Allocation as may be approved by the Court. The approval of the proposed Plan of Allocation is not a condition of the proposed Settlement.

**C. Statement of Potential Outcome of Case**

5. The parties disagreed on both liability and damages and do not agree on the average amount of damages per share that would be recoverable if Plaintiff (identified in paragraph 8 below) was to have prevailed on each claim alleged. The issues on which the parties disagree include: (a) the appropriate economic model for determining the amount of damage during the Class Period; and (b) whether Defendant was liable for the claims.

6. Plaintiff's Counsel consider that there was a substantial risk that Plaintiff and the Class might not have prevailed on their claims against Defendant and that there were risks that the denial of preemptive rights to InKine shareholders in its securities issuances was an equitably excusable mistake. Therefore, Plaintiff and the Class could have recovered nothing or substantially less than the amount of the Settlement.

7. The Defendant denies that it engaged in any wrongdoing or is liable to the Plaintiff or the Class and denies that Plaintiff or the Class have suffered any damages.

**D. Statement of Attorneys' Fees and Costs Sought**

8. Plaintiff's Counsel intend to apply for fees of up to twenty percent (20%) of the Gross Settlement Fund, for reimbursement of expenses incurred in connection with the prosecution of the Action up to the amount of \$50,000 and for an incentive fee for the plaintiff Bernard Korman of \$20,000. The requested fees, expenses and incentive fee would amount to an average of \$0.05 per damaged share in total for fees and expenses. Plaintiff's 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. Plaintiff has provided time and effort in assisting Plaintiff's Counsel.

**E. Further Information**

9. Further information regarding the Action and this Notice may be obtained by contacting Plaintiff's Counsel: Robin Switzenbaum, Esq., Berger & Montague, P.C., 1622 Locust Street, Philadelphia, Pennsylvania 19103, Telephone (215) 875-3000.

**F. Reasons for the Proposed Settlement**

10. 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 further proceedings, a contested trial and likely appeals, several years into the future.

**NOTICE OF SETTLEMENT FAIRNESS HEARING**

11. NOTICE IS HEREBY GIVEN, pursuant to Rule 1710 of the Pennsylvania Rules of Civil Procedure and an Order of the Court of Common Pleas, Philadelphia County, Pennsylvania (the "Court") dated April 6, 2005, that a hearing will be held before the Honorable Howland W. Abramson, at City Hall, Broad and Market Streets, Philadelphia, PA, at 2:00 p.m. in Courtroom 443, on June 14, 2005 (the "Settlement Fairness Hearing") to determine whether the Settlement of the Action as set forth in the Stipulation and Agreement of Settlement dated October 18, 2004 (the "Stipulation"), is fair, reasonable and adequate and to consider the application of Plaintiff's Counsel for attorneys' fees and reimbursement of expenses and for an incentive fee for Plaintiff.

**BACKGROUND OF THE LITIGATION**

12. On March 19, 2004, a Writ of Summons was filed in the Court of Common Pleas in Philadelphia County against InKine, captioned as *Korman v. InKine Pharmaceutical Co.*, Court of Common Pleas, Philadelphia County Trial Division, March Term 2004, No. 04341.

13. On April 6, 2004, a Civil Class Action Complaint (the "Complaint") was filed by the Plaintiff naming as defendants InKine, and also naming as defendants, Dr. Leonard S. Jacob, Robert F. Apple and Dr. Martin Rose, individuals who are officers and directors of InKine.

14. After the filing of the Complaint by Plaintiff against the individual officer and director defendants, the parties agreed to enter into a Tolling Agreement tolling the claims against Dr. Leonard S. Jacob, Robert F. Apple and Dr. Martin Rose.

15. On May 6, 2004, an Amended Civil Class Action Complaint (the "Amended Complaint") was filed naming only InKine Pharmaceutical as a Defendant. The Amended Complaint generally alleges that InKine violated New York Business Corporate Law and breached its contract to shareholders by issuing securities in violation of existing shareholders' preemptive rights.

16. The Amended Complaint further alleges that a class of shareholders was harmed by the conduct of InKine.

17. This litigation is being voluntarily settled after advice of counsel. The parties recognize that the terms of the settlement are fair, adequate and reasonable.

18. This Stipulation shall not be construed or deemed to be a concession by Plaintiffs of any infirmity in the claims asserted in this Action or an admission or concession on the part of the Defendant with respect to any claim or fault or liability or wrongdoing or damage whatsoever.

19. As part of the Tolling Agreement, Plaintiff's Counsel received documentation from InKine with regard to its securities issuances. Plaintiff's Counsel has been in a position to analyze the damages suffered by the existing InKine shareholders and have researched the applicable law with respect to the claims of Plaintiff and the Class against Defendant and the potential defenses thereto.

20. Beginning on July 13, 2004, Plaintiff and his counsel engaged in arms-length negotiations with counsel for Defendant with respect to a compromise and settlement of the action as against Defendant with a view to settling the issues in dispute, and achieving the best recovery possible consistent with the interests of the Class.

21. Based upon their experience, Plaintiff's Counsel have concluded that the terms and conditions of the Stipulation are fair, reasonable and adequate to Plaintiff and the Class, and in their best interest and have agreed to settle the claims raised in the action pursuant to the terms and provisions of the Stipulation, after considering: (a) the substantial benefits that Plaintiff and the members of the Class will receive from settlement of the Action; (b) the attendant risks of litigation; and (c) the desirability of permitting the Settlement to be consummated as provided by the terms of this Stipulation.

22. In determining to settle the Action, Plaintiff and his counsel have evaluated the investigation and discovery received in the Action and taken into account the substantial expense and length of time necessary to prosecute the Action through trial, post-trial motions, and likely appeals, taking into consideration the significant uncertainties in predicting the outcome of this complex litigation. Based upon the amount of the Settlement and consideration of all of these factors, Plaintiff and his counsel have concluded that it is in the best interest of Plaintiff and the Class to settle the Action on the terms described herein.

23. The Defendant, while continuing to deny all allegations of wrongdoing or liability whatsoever, desired to settle and terminate all existing or potential claims against them, without in any way acknowledging any fault or liability.

#### **TERMS OF THE SETTLEMENT**

24. In full and complete settlement of the Settled Claims (as defined below), and subject to the terms and conditions of the Stipulation, on or before September 14, 2004, Defendant has or caused \$9,000,000 (the "Cash Settlement Amount") to be paid into an interest-bearing escrow account for the benefit of the Class.

25. Pursuant to the Settlement, and on the Effective Date, Plaintiff and all other members of the Class on behalf of themselves, their heirs, executors, administrators, successors and assigns, and for corporate or institutional purchasers, their parents and subsidiaries, will release and discharge the Released Parties (defined below), and will be enjoined from prosecuting each and every Settled Claim (defined below).

26. The "Defendant" is InKine. In addition, the Settlement will release all Class Members' Settled Claims against "Released Parties", which means InKine, its past or present subsidiaries, affiliates, parents, successors and predecessors, officers, directors, agents, attorneys, employees, and any firm, trust, corporation, or other entity in which Defendant has a controlling interest or which is related to or affiliated with Defendant.

27. "Settled Claims" means any and all claims, debts, demands, rights, or causes of actions or liabilities whatsoever (including, but not limited to, any claims for damages, interest, attorneys fees, expert or consulting fees and any other costs, expenses or liability whatsoever), whether based on federal, state, local, statutory or common law, or any other law, rule or regulation, whether class or individual in nature, including both known claims and unknown claims: (i) that has been asserted in this Action by the Plaintiff, Class Members or any of them against any of the Released Parties; or (ii) that could have been asserted in any form by the Class Members or any of them against any of the Released Parties which arise out of or are based upon the allegations, transactions, facts, matters or occurrences, representations or omissions involved set forth, or referred to in the Complaint, and the amendment thereto, and relate to the denial of preemptive rights to shareholders of InKine common stock.

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

29. The Settlement will become effective at such time as an Order entered by the Court approving the Settlement becomes final and not subject to appeal (the "Effective Date").

**PLAN OF ALLOCATION OF SETTLEMENT PROCEEDS AMONG CLASS MEMBERS**

30. The \$9,000,000 Cash Settlement Amount and the interest earned thereon constitutes the Gross Settlement Fund. The Gross Settlement Fund, less all taxes, approved costs, fees and expenses (the "Net Settlement Fund") will be distributed to members of the Class who submit valid and timely Proofs of Claim ("Authorized Claimants"). The Net Settlement Fund will be allocated among the Authorized Claimants in accordance with this "Plan of Allocation." The Plan of Allocation is based upon Plaintiff's Counsel's assessment of the merits and the relative strengths and weaknesses, including recoverable damages, of the claims of the members of the Class. No determination has been made by the Court as to the amount, if any, of damages suffered by the Class, nor on the proper measure of determining such damages sustained by Class Members.

31. This Plan of Allocation reflects the proposition that holders of InKine common stock were damaged by their denial of preemptive rights in securities offerings made by InKine on September 21, 1999, May 5, 2000, June 15, 2001, December 17, 2002 and January 23, 2003.

32. Each Authorized Claimant will receive, on a proportionate basis, that share of the Net Settlement Fund that the Authorized Claimant's Recognized Claim (as defined below) bears to the total Recognized Claim of all Authorized Claimants, subject to the further provisions set forth below.

33. An Authorized Claimant's Recognized Claim will be determined by the date(s) the Authorized Claimant held any shares of InKine common stock during the Class Period, as set forth below.

a. For Shares Held between April 7, 1998 and September 20, 1999 and:

<b>Status</b>	<b>Recognized Claim (per share)</b>
Sold on or before June 21, 1999	\$0.00
Sold between June 22, 1999 and September 20, 1999	\$ .01
Held on September 20, 1999	\$ .06

b. For Shares Held between September 21, 1999 and May 4, 2000 and:

<b>Status</b>	<b>Recognized Claim (per share)</b>
Sold on or before February 3, 2000	\$0.00
Sold between February 4, 2000 and May 4, 2000	\$ .05
Held on May 4, 2000	\$ .19

c. For Shares Held between May 5, 2000 and June 15, 2001:

<b>Status</b>	<b>Recognized Claim (per share)</b>
Sold on or before March 16, 2001	\$0.00
Sold between March 17, 2001 and June 15, 2001	\$ .02
Held on June 15, 2001	\$ .08

d. For Shares Held between June 16, 2001 and January 23, 2003:

<b>Status</b>	<b>Recognized Claim (per share)</b>
Sold on or before September 17, 2002	\$0.00
Sold between September 18, 2002 and December 17, 2002	\$ .06
Sold after December 17, 2002 but before January 23, 2003	\$ .01
Held on December 17, 2002	\$ .20
Held on January 23, 2003	\$ .02

e. For purposes of determining which shares of InKine stock purchased during the Class Period were either sold at any time during the Class Period or were held, purchases and sales of InKine common stock will be matched on a “first-in, first-out” (“FIFO”) basis, by matching the first shares sold against any opening position of shares held as of April 6, 1998 (prior to the start of the Class Period) and then on a FIFO basis against any additional shares of InKine common stock purchased during the Class Period on the basis of the assumption that the first share purchased was the first share sold. This matching under FIFO will be done irrespective of the different accounts in which the shares of InKine common stock were purchased and sold unless the title or ownership of the accounts differed.

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

g. “Short” sales will not be recognized.

h. No Recognized Claim will be computed for any transactions in InKine shares engaged in by market makers in InKine shares.

34. 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 Authorized Claimants.

35. Payments will be distributed to Authorized Claimants after all claims have been processed and the Court has finally approved the Settlement. If any funds remain in the Net Settlement Fund by reason of uncashed distribution drafts 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 distributions, any balance remaining in the Net Settlement Fund one (1) year after the initial distribution of such funds will, if administratively feasible, be redistributed to Class Members who have cashed their distributions and who would receive at least \$10.00 from such redistribution, after payment of any unpaid costs or fees incurred in administering the Net Settlement Fund for such redistribution. If, six months after such redistribution, any funds remain in the Net Settlement Fund, then such one-half of such balance will be contributed to nonsectarian, not-for-profit 501(c)(3) organization(s) designated by Plaintiff’s Counsel and the other half will be contributed to nonsectarian, not-for-profit 501(c)(3) organization(s) designated by Defendant’s Counsel.

#### **THE RIGHTS OF CLASS MEMBERS**

36. The Court has certified this Action to proceed as a class action. You are a Class Member if you held shares of InKine common stock from April 7, 1998 through January 23, 2003, and also held such shares at the time of InKine’s securities issuances from 1999 to 2003, are not excluded by the definition of the Class, and do not elect to exclude yourself. Class Members have the following options:

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 Plaintiff and his 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 May 31, 2005, and must serve copies of such appearance on the attorneys listed in paragraph 44 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 paragraph 42 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 Plaintiff’s Counsel’s application for fees and expenses, or to the incentive fee to Plaintiff, and if you do not exclude yourself from the Class, you may present your objections by following the instructions in paragraph 44 below.

#### **SUBMISSION AND PROCESSING OF PROOFS OF CLAIM**

37. In order to be eligible to receive any distribution from the Settlement Fund, you must complete and sign the accompanying Proof of Claim and Release form and send it by first-class mail postmarked on or before August 31, 2005, addressed as follows:

InKine Securities Litigation  
c/o Heffler, Radetich & Saitta L.L.P.  
Claims Administrator  
P.O. Box 120  
Philadelphia, PA 19105-0120

38. If you do not submit a proper Proof of Claim form, you will not be entitled to any share of the Settlement Fund.

39. If you are a Class Member and you do not properly exclude yourself from the Class, you will be bound by

the Settlement and the Final Judgment Order of the Court dismissing this Action, 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.

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

41. Each Claimant shall be deemed to have submitted to the jurisdiction of the Court of Common Pleas of Philadelphia County, Pennsylvania, with respect to his, her or its Proof of Claim. The Court has reserved jurisdiction to allow, disallow, or adjust any claim on equitable grounds.

#### **EXCLUSION FROM THE CLASS**

42. Each member of the Class will be bound by all determinations and judgments in this Action concerning the Settlement, whether favorable or unfavorable, unless such person sends, by first-class mail, a written request for exclusion from the Class, postmarked no later than May 31, 2005, addressed to InKine Litigation Exclusions, c/o Heffler, Radetich & Saitta L.L.P., Claims Administrator, P.O. Box 120, Philadelphia, PA 19105-0120. No person may exclude himself from the Class after that date. 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 the InKine Litigation, March Term, 2004, No. 04341", and must be signed by such person or entity. Persons and entities requesting exclusion are requested to also provide the following information: their telephone number and the date(s), number(s) of all purchases and sales of InKine common stock and their address at the time of transaction(s) during the Class Period. The request for exclusion will 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**

43. At the Settlement Fairness Hearing, the Court will determine whether to finally approve this Settlement and dismiss the Action and the claims of the Class Members. The Court will also determine whether the Plan of Allocation for the Settlement proceeds 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 Plaintiff's Counsel. If the Settlement is approved, the Court will also consider the application of Plaintiff's Counsel for attorneys' fees.

44. 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 Plaintiff's 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 May 31, 2005, such person: (a) files with the Prothonotary of the Court of Common Pleas, City Hall, Room 443, Philadelphia, PA 19107 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 in person or by mail upon Plaintiff's Counsel:

Robin Switzenbaum, Esq.  
BERGER & MONTAGUE, P.C.  
1622 Locust Street  
Philadelphia, PA 19103  
215-875-3000

and upon Defendant's Counsel:

Joseph A. Tate, Esq.  
DECHERT LLP  
4000 Bell Atlantic Tower  
1717 Arch Street  
Philadelphia, PA 19103  
215-994-4000

Attendance at the hearing is not necessary, and Class Members do not need to take any other action to indicate their approval.

**ATTORNEYS' FEES AND DISBURSEMENTS**

45. At the Settlement Fairness Hearing or at such other time as the Court may direct, Plaintiff's Counsel intend to apply to the Court for an award of attorneys' fees from the Settlement Fund in an amount not greater than twenty (20%) of the Gross Settlement Fund and for reimbursement of their expenses up to a maximum amount of \$50,000, plus interest at the same rate as earned by the Settlement Fund. Plaintiff's Counsel also intend to apply for an incentive award for Plaintiff of \$20,000. Plaintiff's Co-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 and any proceedings subsequent to the Settlement Fairness Hearing.

**FURTHER INFORMATION**

46. For a more detailed statement of the matters involved in this Action, reference is made to the pleadings, to the Stipulation, to the Orders entered by the Court and to the other papers filed in the Action, which may be inspected at the Office of the Prothonotary, City Hall, Room 443, Philadelphia, PA 19107 during regular business hours.

47. 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**

48. If you purchased or held InKine common stock for the beneficial interest of a person or entity other than yourself at any time during the Class Period of April 7, 1998 through January 23, 2003, 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 entity for whom or which you made the purchase; 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 seven (7) days mail the Notice and Proof of Claim form directly to the beneficial owners of the InKine shares. If you choose to follow alternative procedure (b), the Court has directed that, upon such mailing, you are to 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. All communications concerning the foregoing should be addressed to the Claims Administrator:

InKine Securities Litigation  
c/o Heffler, Radetich & Saitta L.L.P.  
Claims Administrator  
P.O. Box 120  
Philadelphia, PA 19105-0120

Dated: Philadelphia, PA

April 22, 2005

By Order of the Court

Honorable Howland W. Abramson



COURT OF COMMON PLEAS  
PHILADELPHIA COUNTY

BERNARD KORMAN :  
: *Plaintiff, for himself and* :  
: *all others similarly situated,* : TRIAL DIVISION  
: *v.* : MARCH TERM, 2004  
: INKINE PHARMACEUTICAL COMPANY, INC. : No. 04341  
: *Defendant.* :  
X

**PROOF OF CLAIM, RELEASE AND SUBSTITUTE FORM W-9**

Must Be Postmarked No Later Than: August 31, 2005

Please Type or Print

**PART I: CLAIMANT IDENTIFICATION**

Beneficial Owner's Name (First, Middle, Last):

[Grid for Beneficial Owner's Name]

Joint Beneficial Owner's Name (First, Middle, Last):

[Grid for Joint Beneficial Owner's Name]

If you are a bank or other institution filing a claim on behalf of a third-party, and an account number is needed to identify the claimant for your records, indicate account number:

[Grid for Account Number]

Street Address:

[Grid for Street Address]

City:

[Grid for City]

State:

[Grid for State]

Zip Code:

[Grid for Zip Code]

Foreign Province:

[Grid for Foreign Province]

Foreign Country:

[Grid for Foreign Country]

E-mail Address:

[Grid for E-mail Address]

Social Security Number:  
(for individuals)

[Grid for Social Security Number]

OR

Employer Identification Number:  
(for Corporations, Trusts, etc.)

[Grid for Employer Identification Number]

[Grid for Area Code]

Area Code

[Grid for Telephone No. (Day)]

Telephone No. (Day)

[Grid for Area Code]

Area Code

[Grid for Telephone No. (Evening)]

Telephone No. (Evening)

Claimant is:

Individual  Joint Claimant  IRA  Trust

Corporation  Partnership  Keogh  Other (please identify) \_\_\_\_\_

Record Owner's Name (if different from beneficial owner listed above):

[Grid for Record Owner's Name]

**PART II. SCHEDULE OF TRANSACTIONS IN INKINE COMMON STOCK**

A. NUMBER OF SHARES OF INKINE COMMON STOCK OWNED AS OF CLOSE OF TRADING ON APRIL 6, 1998 (if none, write zero): \_\_\_\_\_ (must be documented).

B. PURCHASES AND/OR ACQUISITIONS OF INKINE COMMON STOCK (From APRIL 7, 1998 AND JANUARY 23, 2003, inclusive) (must be documented):

Check if Documentation is Enclosed	Trade Date(s) Month / Day / Year	Number of Shares Purchased	Purchase Price Per Share	Total Purchase Price (Exclusive of Commissions and Fees)
<input type="checkbox"/>	1. <input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/>
<input type="checkbox"/>	2. <input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/>
<input type="checkbox"/>	3. <input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/>

TOTAL SHARES PURCHASED/ACQUIRED \_\_\_\_\_

C. SALES OF INKINE COMMON STOCK (From APRIL 7, 1998 AND JANUARY 23, 2003, inclusive) (must be documented):

Check if Documentation is Enclosed	Trade Date (s) Month / Day / Year	Number of Shares Sold	Sale Price Per Share	Total Sale Price (Exclusive of Commissions and Fees)
<input type="checkbox"/>	1. <input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/>
<input type="checkbox"/>	2. <input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/>
<input type="checkbox"/>	3. <input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/>

TOTAL SHARES SOLD \_\_\_\_\_

D. NUMBER OF SHARES HELD AT THE CLOSE OF TRADING ON JANUARY 23, 2003 (if none, write zero): \_\_\_\_\_ (must be documented). This number should be A + B - C.

If you require additional space, attach extra schedules in the same format as above. Sign and print your name and taxpayer identification number on each additional page and check this line: \_\_\_\_\_

**YOU MUST READ AND SIGN RELEASE ON PAGE 11.**

**SUBMISSION TO JURISDICTION OF COURT AND ACKNOWLEDGMENTS**

I submit this Proof of Claim and Release under the terms of the Stipulation of Settlement (“Stipulation”) described in the Notice. I also submit to the jurisdiction of the Court of Common Pleas of Philadelphia County, Pennsylvania with respect to my claim as a Class Member and for purposes of enforcing the release set forth herein and any judgment that may be entered in the Action. I agree to furnish additional information to Plaintiff’s Counsel and the Claims Administrator to support this claim if required to do so. I have not submitted any other claim covering the same purchases, acquisition or sale of InKine common stock during the Class Period and know of no other person having done so on my behalf.

**DEFINITIONS**

1. “Defendant” means InKine Pharmaceutical Company, Inc.
2. “Released Persons” means Defendant, its past or present subsidiaries, affiliates, parents, successors and predecessors, officers, directors, agents, attorneys, employees, and any firm, trust, corporation, or other entity in which Defendant has a controlling interest or which is related to or affiliated with Defendant.
3. “Released Claims” means any and all claims, debts, demands, rights or causes of action or liabilities whatsoever (including, but not limited to, any claims for damages, interest, attorneys’ fees, expert or consulting fees, and any other costs, expenses or liability whatsoever), whether based on federal, state, local, statutory or common law or any other law, rule or regulation, at law or in equity, matured or un-matured, whether class or individual in nature, including both known claims and unknown claims: (A)(i) that have been asserted in this Action by the Plaintiff, Class Members or any of them against any of the Released Parties; or (ii) that 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, are based upon or related to the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, or referred to in the Complaint, and the amendment thereto, and relate to the denial of preemptive rights to shareholders of



InKine Securities Litigation  
Claims Administrator  
c/o Heffler, Radetich & Saitta L.L.P.  
P. O. Box 120  
Philadelphia, PA 19105-0120

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**PLEASE FORWARD—IMPORTANT LEGAL NOTICE**

**ACCURATE CLAIMS PROCESSING  
TAKES A SIGNIFICANT AMOUNT OF TIME.  
THANK YOU FOR YOUR PATIENCE.**

**Reminder Checklist:**

1. Please sign the Proof of Claim and Release on page 11.
2. Remember to attach copies of supporting documentation.
3. If you move, please send your new address to the address above.
4. Please keep a copy of your claim form for your records.
5. If you have any questions concerning this Proof of Claim, contact the Claims Administrator at:

InKine Litigation  
Claims Administrator  
c/o Heffler, Radetich & Saitta L.L.P.  
P. O. Box 120  
Philadelphia, PA 19105-0120  
215-665-1124