

**IN THE CIRCUIT COURT OF THE 17TH JUDICIAL CIRCUIT
IN AND FOR BROWARD COUNTY, FLORIDA**

In re Andrx Corporation Shareholder Litigation

Case No. CACE 06-3661 (03)

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

IF YOU HELD ANDRX CORPORATION (“ANDRX”) COMMON STOCK AS OF MARCH 13, 2006 THROUGH AND INCLUDING JUNE 28, 2006, YOUR RIGHTS MAY BE AFFECTED BY THE SETTLEMENT OF A CLASS ACTION.

The Circuit Court of the Seventeenth Judicial Circuit, in and for Broward County, Florida authorized this Notice. This is not a solicitation from a lawyer.

- **Securities and Time Period:** Andrx Corporation (“Andrx” or the “Company”) common stock held between March 13, 2006 and June 28, 2006, inclusive.
- **The Lawsuit:** The Settlement resolves litigation over whether Defendants breached their fiduciary duties to the holders of Andrx common stock in connection with the acquisition of Andrx by Watson Pharmaceuticals, Inc. (“Watson”) pursuant to a merger agreement (the “Merger Agreement”) dated March 13, 2006 (the “Acquisition”).
- **The Settlement:** The Settlement provides for the disclosure by Andrx of additional information, suggested by Plaintiffs, in the Definitive Proxy Statement that was filed with the Securities and Exchange Commission (“SEC”) on or about May 18, 2006, and disseminated to Andrx shareholders. The Plaintiffs believe disclosure of additional information was necessary in order for Andrx’s shareholders to make an informed vote on the proposed acquisition of Andrx by Watson. See Paragraph 6 below for a list of the additional disclosures.
- **Attorneys’ Fees and Expenses:** The Settlement also provides for payment of Plaintiffs’ attorneys’ fees and expenses.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
DO NOTHING	
OBJECT	You may write to the Court if you don’t like this Settlement.
GO TO A HEARING	You may ask to speak in Court about the fairness of the Settlement.

- These rights and options — **and the deadlines to exercise them** — are explained in this Notice.
- The Court in charge of this case must decide whether to approve the Settlement.

BASIC INFORMATION

1. Why Did I Get This Notice?

You or someone in your family may have held shares of Andrx common stock as of March 13, 2006 through and including June 28, 2006 (the “Settlement Class Period”).

If this description applies to you, you have a right to know about a proposed Settlement of a class action lawsuit before the Court decides whether to approve the Settlement.

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

2. What Is This Lawsuit About?

This case was brought as a class action alleging that Defendants breached their fiduciary duties to the shareholders of Andrx common stock in connection with the acquisition of Andrx by Watson. Plaintiffs sought to stop Defendants from proceeding with the Acquisition and challenged the terms of the Merger Agreement, including the contemplated merger consideration of \$25.00 per share, and the omission of information Plaintiffs believed necessary for Andrx shareholders to make an informed vote on the proposed Acquisition.

Defendants contend that the allegations are meritless and did not justify a delay in the Acquisition and deny that they did anything wrong. However, Defendants agreed to make additional disclosures in the Proxy Statement sent to Andrx shareholders in connection with the vote to approve or disapprove the Acquisition.

3. Why Is This a Class Action?

In a class action, one or more people or entities called class representatives (in this case Greg Umeda and Mary Ann Michael) sue on behalf of people and entities who have similar claims. Here, all these people and entities are called a Settlement Class or Settlement Class Members. One court resolves the issues for all Settlement Class Members. The Court in charge of the case is the Circuit Court for the Seventeenth Judicial Circuit, in and for Broward County, Florida and the case is known as *In re Andrx Corporation Shareholder Litigation*, Case No. CACE-06-3661 (03).

4. Why Is There a Settlement?

The Court did not decide in favor of Plaintiffs or Defendants. Instead, both sides agreed to settle the litigation, thereby avoiding the cost and risks of further litigation and a trial. Before agreeing to finalize the Settlement, Plaintiffs' Counsel undertook substantial discovery efforts, including the taking of two depositions and reviewing thousands of pages of public and confidential documents, that confirmed, in the view of Plaintiffs and their counsel, that the material terms of the Acquisition, including the additional disclosures that Andrx made, were fair. Following completion of that discovery, Plaintiffs' Counsel determined that the additional disclosures that Defendants agreed to provide to shareholders were sufficient to allow Andrx shareholders to make an informed vote on the Acquisition.

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

The Settlement Class includes all holders of Andrx common stock as of March 13, 2006, through and including the date of the closing of the Acquisition on June 28, 2006, including any and all of the legal representatives, heirs, successors, successors in interest, predecessors, predecessors in interest, trustees, executors, administrators, transferees and assigns, and any person or entity acting for or on behalf of, or claiming under, any of all such foregoing holders, immediate and remote, except for the Defendants and their "affiliates" and "associates" (as those terms are defined in Rule 12b-2 promulgated pursuant to the Securities Act of 1934).

THE SETTLEMENT BENEFITS

6. What Does the Settlement Provide?

Plaintiffs have alleged that Defendants failed to disclose to shareholders certain material information relating to the Acquisition, and that the Acquisition was procedurally unfair because, among other things, it was the culmination of a process that was not designed to maximize shareholder value and sought to provide certain Andrx officers and directors with preferential treatment over its public shareholders. Defendants have denied and continue to deny all allegations of wrongdoing, fault, liability, or damage to Plaintiffs and the putative class. However, to settle the lawsuit, Defendants agreed to make additional disclosures in the Definitive Proxy Statement distributed to Andrx stockholders in connection with the Acquisition. Defendants acknowledge that the decision to provide the additional information was a result of the filing, pendency and prosecution of the lawsuit and the efforts of Plaintiffs and Plaintiffs' Counsel and that absent the lawsuit, these changes would not have been made.

- The disclosures in the Definitive Proxy included additional information about:
 - (1) the details regarding the employment of current officers and/or directors with the Company following the close of the Acquisition, including the compensation and other remuneration they will receive following consummation of the Acquisition;
 - (2) the aggregate beneficial equity ownership in the Company of all Defendants prior to the vote on the Acquisition;
 - (3) whether any of the Defendants had any business or other relationships with Watson or any Watson employee prior to engaging in Acquisition negotiations with Watson, and the nature of such relationships;
 - (4) whether Andrx had any business or other relationships with Watson prior to engaging in Acquisition negotiations with Watson, and the nature of such relationships;
 - (5) the fees that Banc of America Securities LLC ("BAS") has been paid by the Company since 2004 in connection with its periodic review and assessment of the Company's competitive position, strengths and weaknesses, industry trends, competitive position within the industry, business strategy, and possible strategic alternatives;
 - (6) whether a special committee of the board of directors was ever established to evaluate a sale of the Company or any of its brands or businesses;
 - (7) the strategic alternatives that BAS was requested to investigate in the fourth quarter of 2004, and the methods by which BAS identified potential purchasers of Andrx;
 - (8) the nature of the management presentations that were delivered to Watson and "potential purchaser #1" on November 9, 2004;
 - (9) whether Andrx's financial forecasts were shared with interested parties other than Watson;
 - (10) the terms of BAS's formal engagement as Andrx's financial advisor in connection with a possible sale of the Company;
 - (11) the nature of the updated management presentations that were delivered to potential purchasers #1 and #2 on November 17 and 18, 2005;
 - (12) the basis upon which defendant Rice determined and informed potential purchasers #1 and #2 that he would not personally recommend the potential purchasers' respective offers to the board;
 - (13) the nature of the valuation of Andrx that was discussed on December 12 and 13, 2005;

- (14) the members of Company management who participated in a telephone call with Watson on December 15, 2005;
- (15) the nature of the management presentation that was delivered to Watson on January 5 and 6, 2006, the members of management who delivered the presentation, the content of the presentation, and whether the presentation was ever delivered to other potential purchasers of the Company;
- (16) how the merger agreement might address the Company's OAI status, and the reasons why such OAI status needed to be specifically addressed by the merger agreement;
- (17) the nature of the management presentation that was delivered to potential purchaser #3 on January 30, 2006, the members of management who delivered the presentation, the content of the presentation, and whether the presentation was ever delivered to other potential purchasers of the Company;
- (18) the Company's prior business relationships with Sullivan & Cromwell, LLP, the Company's legal advisor;
- (19) whether the draft merger agreement that was sent to potential purchaser #3 and Watson on February 13, 2006 was ever sent to other potential purchasers of the Company;
- (20) the key issues with respect to the offers by Watson and potential purchaser #3 that were discussed among the Board on February 27, 2006;
- (21) if and when the Company informed potential purchaser #3 of the March 10, 2006 deadline to submit final offers to acquire the Company;
- (22) the open issues on the merger agreements that the Board discussed on March 3, 2006;
- (23) the members of management who were present at the Board's specially scheduled meeting on March 7, 2006;
- (24) the nature of the discussion concerning whether a sale of the Company should be postponed in light of the FDA inspection and the results of such discussion;
- (25) the results of BAS's preliminary financial analysis regarding the proposed transactions that was delivered to the Board on March 10, 2006;
- (26) why a termination fee representing approximately 3.7% of the equity value to be paid to Andrx shareholders in the Acquisition was appropriate;
- (27) the basis upon which BAS selected the publicly traded companies used in its financial analysis;
- (28) the basis upon which BAS selected the precedent transactions used in its financial analysis;
- (29) the financial metrics that were used in BAS's discounted cash flow analysis;
- (30) the basis upon which the range of perpetuity growth rate of 0.0% to 2.0% was chosen for BAS's discounted cash flow analysis; and
- (31) the basis upon which the range of discount rates of 12.0% to 16.0% was chosen for BAS's discounted cash flow analysis.

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

If you are in the Settlement Class, that means you cannot sue, continue to sue, or be part of any other lawsuit against Defendants or the Released Parties (defined below) regarding the claims being released in this Settlement. It also means that all of the Court's orders will apply to you and legally bind you.

Pursuant to the proposed Settlement, and upon entry of the Order and Final Judgment, Plaintiff and the other Settlement Class members shall release and forever discharge, and shall forever be enjoined from prosecuting, the Releasees (defined below) with respect to the Settled Claims (defined below).

The "Defendants" include the following, each of whom will be released from all Released Claims: Andrx, Tamara A. Baum, Joseph E. Breslin, Lawrence J. Dubow, Carter H. Eckert, Irwin C. Gerson, Elliot F. Hahn, Thomas P. Rice, and Melvin Sharoky. The proposed Settlement will release all Settlement Class members' Settled Claims against any and all of the Defendants and/or their past and present affiliates, parents, subsidiaries, general partners, limited partnership partners and partnerships; their respective present and former officers, directors, employees, agents, attorneys, legal counsel, advisors, insurers, accountants, trustees, members, managers, financial advisors, commercial bank lenders, persons who provided opinions relating to the Acquisition, investment bankers, associates, and representatives; and their respective heirs, executors, personal representatives, estates, administrators, successors and assigns (collectively, the "Releasees").

"Settled Claims" means the entry of a final judgment and the grant of a release dismissing with prejudice, discharging and releasing any and all claims, rights and causes of action (including any claims for costs, attorneys' fees or expenses and including any claims arising under federal, state, local, statutory or common law or any other law, rule or regulation, including the law of any jurisdiction outside of the United States), whether legal or equitable or any other type, known or unknown, which any Plaintiffs or any member of the Class ever had, now has or hereafter can, shall or may have arising from the acts, omissions or failures to act occurring prior to

the execution of the Stipulation, against any of the Defendants or the Defendants' Affiliates, as each is defined below, by reason of or arising out of or relating to or in connection with: (i) the facts, matters, transactions, actions or conduct alleged in the complaints or the Action, (ii) the Acquisition, (iii) the Merger Agreement, (iv) any other agreements, contracts, actions or approvals relating to the foregoing, and (v) any disclosures made or not made in connection with any of the foregoing including the Preliminary Proxy Statement and the Final Proxy Statement. Settled Claims does not include: (1) claims under the federal or state securities laws that have been or could be asserted against Andrx, Watson, and/or the newly combined entity relating to the financial condition or forward looking statements regarding future results of operations, (2) derivative claims on behalf of the Company, or (3) claims for appraisal rights.

With respect to any and all Settled Claims, the Parties stipulate and agree that the Plaintiffs shall expressly, and each of the Settlement Class members shall be deemed to have, and by operation of the Judgment shall have, waived and relinquished, to the fullest extent permitted by law, any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law or foreign law, that is similar, comparable, or equivalent in effect to California Civil Code Section 1542 or that would otherwise act to limit the effectiveness or scope of the releases. California Civil Code Section 1542 provides: "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

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

THE LAWYERS REPRESENTING YOU

8. Do I Have a Lawyer in This Case?

The law firms of Coughlin Stoia Geller Rudman & Robbins LLP, Schiffrin Barroway Topaz & Kessler, LLP, Robbins Umeda & Fink LLP, and Federman & Sherwood represent you and other Settlement Class members. These lawyers are called Plaintiffs' Counsel. You will not be charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

9. How Will the Lawyers Be Paid?

Defendants have agreed that if the other conditions of the Settlement are satisfied, Andrx or its successor shall pay attorneys' fees, expenses and costs of Plaintiffs' Counsel of \$475,000. The attorneys' fees and expenses 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.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the Settlement or some part of it.

10. How Do I Tell the Court that I Don't Like the Settlement?

If you are a Settlement Class member, you can object to the Settlement if you don't like any part of it. You can give reasons why you think the Court should not approve it. The Court will consider your views. To object, you must send a letter saying that you object to the Settlement in *In re Andrx Corporation Shareholder Litigation*, Case No. CACE-06-3661 (03). Be sure to include your name, address, telephone number, your signature, the number of shares of Andrx common stock that you held as of March 13, 2006, through and including June 28, 2006, and the reasons you object to the Settlement. Mail the objection to the following three different places such that it is received no later than February 28, 2008 by each of the following:

Court

Clerk of the Circuit Court
CIRCUIT COURT OF THE SEVENTEENTH JUDICIAL CIRCUIT IN AND
FOR BROWARD COUNTY, FLORIDA
Broward County Courthouse
201 S.E. 6th Street
Fort Lauderdale, FL 33301

Counsel for Plaintiffs

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

Counsel for Defendants

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

THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the Settlement. You may attend and you may ask to speak, but you don't have to.

11. When and Where Will the Court Decide Whether to Approve the Settlement?

The Court will hold a fairness hearing at 10:00 a.m., on March 19, 2008, at the Circuit Court of the Seventeenth Judicial Circuit, in and for Broward County, Florida, Broward County Courthouse, 201 S.E. 6th Street, Courtroom 996, Fort Lauderdale, FL 33301. 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 Court will listen to people who have requested to speak at the hearing. The Court may also consider an award of attorneys' fees and reimbursement of expenses to be paid to Plaintiffs' Counsel by Andrx or its successor. The Court may decide these issues at the hearing or take them under consideration. We do not know how long the Court's decision will take.

12. Do I Have to Come to the Hearing?

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

13. 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 Andrx Corporation Shareholder Litigation*, Case No. CACE-06-3661 (03). Be sure to include your name, address, telephone number, your signature, and the number of shares of Andrx common stock you held between March 13, 2006 and June 28, 2006, inclusive. Your notice of intention to appear must be received no later than February 28, 2008, by the Clerk of the Court, Plaintiffs' Counsel, and Defendants' counsel, at the addresses listed in question 10.

GETTING MORE INFORMATION

14. Are There More Details About the Settlement?

This Notice summarizes the proposed Settlement. More details are in the Stipulation of Settlement entered into as of December 17, 2007. You can get a copy of the Stipulation of Settlement during business hours at the Clerk of the Circuit Court, Broward County Courthouse 201 S.E. 6th Street, Fort Lauderdale, FL 33301, or by writing to Rick Nelson, c/o Coughlin Stoia Geller Rudman & Robbins LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101.

15. How Do I Get More Information?

You can write to Rick Nelson, Coughlin Stoia Geller Rudman & Robbins LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101.

PLEASE DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE

SPECIAL NOTICE TO NOMINEES

If you held any Andrx common stock as of March 13, 2006, through and including the date of the closing of the Acquisition on June 28, 2006, as nominee for a beneficial owner, then, within ten (10) calendar days after you receive this Notice, you must either: (1) send a copy of this Notice by first class mail to all such persons or entities; or (2) provide a list of the names and addresses of such persons or entities to the Notice Administrator:

Andrx Shareholder Litigation
Notice Administrator
c/o Gilardi & Co. LLC
P.O. Box 990
Corte Madera, CA 94976-0990

If you choose to mail the Notice yourself, you may obtain from the Notice Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing. Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for or advancement of reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice and which would not have been incurred but for the obligation to forward the Notice, upon submission of appropriate documentation to the Notice Administrator.

DATED: January 8, 2008

BY ORDER OF THE CIRCUIT COURT OF THE SEVENTEENTH JUDICIAL CIRCUIT, IN AND FOR BROWARD COUNTY, FLORIDA