

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

IN RE: KING PHARMACEUTICALS,
INC. SECURITIES LITIGATION

No. 2:03-CV-77

THIS DOCUMENT RELATES TO:
All Actions

District Judge Thomas W. Phillips

Magistrate Judge Dennis H. Inman

JWP
~~PROPOSED~~ FINAL JUDGMENT AND
ORDER OF DISMISSAL WITH PREJUDICE

This matter came before the Court for hearing on January 9, 2007, on the application of the parties for approval of the Settlement set forth in the Stipulation of Settlement dated as of July 31, 2006 (the "Stipulation"). The Court having considered all matters submitted to it at the hearing and otherwise; and it appearing that a Notice of Pendency of Class Action and Proposed Class Action Settlement substantially in the form approved by the Court was mailed to all Persons or entities reasonably identifiable who purchased King common stock between February 16, 1999, and March 10, 2003, inclusive (the "Class Period"), including all persons and entities who acquired King common stock pursuant to any offering completed during the Class Period, and were damaged thereby, except those Persons or entities excluded from the definition of the Class, as shown by the records of King's transfer agent, at the respective addresses set forth in such records, and that a Summary Notice of Pendency of Class Action and Proposed Class Action Settlement substantially in the form approved by the Court was published in the national edition of *The Wall Street Journal* pursuant to the specifications of the Court; and the Court having considered all papers filed and proceedings had herein and otherwise being fully

informed in the premises and good cause appearing therefore, IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

1. This Judgment and Order incorporates by reference the definitions in the Stipulation, and all terms used herein shall have the same meanings as set forth in the Stipulation.

2. This Court has jurisdiction over the subject matter of the Litigation and over all parties to the Litigation, including all Members of the Class.

3. Pursuant to Federal Rule of Civil Procedure 23, this Court hereby approves the Settlement set forth in the Stipulation and finds that said Settlement is, in all respects, fair, reasonable and adequate to the Class.

4. Except as to any individual claim of those Persons (identified in Exhibit 1 hereto) who have validly and timely requested exclusion from the Class, the Litigation and all claims contained therein, as well as all of the Released Claims, are dismissed with prejudice as to the Plaintiffs and the other Members of the Class, and as against the Released Defendant Parties. The Settling Parties are to bear their own costs, except as otherwise provided in the Stipulation.

5. The Court finds that the Stipulation and Settlement are fair, reasonable, just and adequate as to each of the Settling Parties, and that the Stipulation and Settlement are hereby finally approved in all respects, and the Settling Parties are hereby directed to perform its terms.

6. Upon the Effective Date hereof, the Plaintiffs and each of the Class Members shall be deemed to have, and by operation of this Judgment shall have, fully, finally, and forever released, relinquished and discharged all Released Claims against the Released Defendant Parties, whether or not such Class Member executes and delivers the Proof of Claim and Release.

7. All Class Members are hereby forever barred and enjoined from prosecuting all claims (including “Unknown Claims” as defined in ¶ 1.23 of the Stipulation), demands, rights, liabilities and causes of action under federal or state law, (including without limitation the Securities Act of 1933 and the Securities Exchange Act of 1934), whether based upon statutory or common law, whether class or individual in nature, known or unknown, concealed or hidden, and that (i) were asserted in the Litigation, or (ii) that could have been asserted in the Litigation by any Lead Plaintiff, Jones Lead Plaintiff or Class Member against any Released Defendant Party arising from any losses sustained on the purchase of King Common Stock during the Class Period, including without limitation any claims related to King’s return reserves.

8. Upon the Effective Date hereof, each of the Released Defendant Parties shall be deemed to have, and by operation of this Judgment shall have, fully, finally, and forever released, relinquished and discharged each and all claims (including, but not limited to, “Unknown Claims” as defined in ¶ 1.23 of the Stipulation), demands, losses, rights, and causes of action of any nature whatsoever, whether known or unknown, whether suspected or unsuspected, whether concealed or hidden, that have been or could have been asserted in the Litigation or any forum by the Defendants or any of them or the successors and assigns of any of them against any of the Plaintiffs, Class Members or Plaintiffs’ Counsel, which arise out of or relate in any way to the institution, prosecution, assertion, settlement, or resolution of the Litigation (except for claims to enforce this Stipulation).

9. The Notice of Pendency of Class Action and Proposed Class Action Settlement given to the Class was the best notice practicable under the circumstances, including the individual notice to all Members of the Class who could be identified through reasonable effort. Said notice provided the best notice practicable under the circumstances of those proceedings

and of the matters set forth therein, including the proposed Settlement set forth in the Stipulation, to all Persons entitled to such notice, and said notice fully satisfied the requirements of Federal Rule of Civil Procedure 23, §21D(a)(7) of the Securities Exchange Act of 1934, 15 U.S.C. §78u-4(a)(7) as amended by the Private Securities Litigation Reform Act of 1995, due process, and any other applicable law.

10. Any Plan of Allocation submitted by Plaintiffs' counsel or any order entered regarding the attorneys' fee and expense application shall in no way disturb or affect this Final Judgment and shall be considered separate from this Final Judgment.

11. Neither the Stipulation nor the Settlement contained therein, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the Settlement: (a) is or may be deemed to be or may be used as an admission of, or evidence of, the validity of any Released Claim, or of any wrongdoing or liability of the Defendants or the Dismissed Defendants, or (b) is or may be deemed to be or may be used as an admission of, or evidence of, any fault or omission of any of the Defendants or the Dismissed Defendants in any civil, criminal or administrative proceeding in any court, administrative agency or other tribunal. Defendants or the Dismissed Defendants may file the Stipulation and/or the Judgment from this action in any other action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction or any theory of claim preclusion or issue preclusion or similar defense or counterclaim.

12. Without affecting the finality of this Judgment in any way, this Court hereby retains continuing jurisdiction over: (a) implementation of this Settlement and any award or distribution of the Settlement Fund, including interest earned thereon; (b) disposition of the

Settlement Fund; (c) hearing and determining applications for attorneys' fees, interest and expenses in the Litigation; and (d) all parties hereto for the purpose of construing, enforcing and administering the Stipulation.

13. The Court finds that during the course of the Litigation, the Settling Parties and their respective counsel at all times complied with the requirements of Federal Rule of Civil Procedure 11.

14. In the event that the Settlement does not become effective in accordance with the terms of the Stipulation or in the event that the Settlement Fund, or any portion thereof, is returned to King and/or its insurers, then this Judgment shall be rendered null and void to the extent provided by and in accordance with the Stipulation and shall be vacated and, in such event, all orders entered and releases delivered in connection herewith shall be null and void to the extent provided by and in accordance with the Stipulation.

15. There is no just reason for delay in the entry of this Order and Final Judgment and immediate entry by the Clerk of the Court is expressly directed pursuant to Rule 54(b) of the Federal Rules of Civil Procedure.

IT IS SO ORDERED.

Dated this 9th day of JAN 2007.

Thomas W. Phillips

THE HONORABLE THOMAS W. PHILLIPS
UNITED STATES DISTRICT JUDGE

EXHIBIT 1

In re King Pharmaceuticals, Inc. Securities Litigation Exclusions

1. Island Holdings, Inc.
2. Island Insurance Co., LTD.
3. Susan Thurber
4. Werner A. Gubelin SUCC TTEE
Jane A. Gubelin Rev. TR
U/A/D 12/21/98
5. James Wilfred Smith
6. Doris G. Sylvest by Jerry S. Del Rio, her Attorney-in-Fact