

UNITED STATES DISTRICT COURT
DISTRICT OF ARIZONA

IN RE MEDICIS PHARMACEUTICAL
CORPORATION SECURITIES
LITIGATION

Master File No.
CV-08-01821-PHX-GMS

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

TO: ALL PERSONS AND ENTITIES THAT PURCHASED OR OTHERWISE ACQUIRED MEDICIS PHARMACEUTICAL CORPORATION ("MEDICIS") COMMON STOCK, OR THAT PURCHASED AND/OR SOLD OPTIONS ON MEDICIS'S COMMON STOCK, FROM OCTOBER 30, 2003 TO SEPTEMBER 23, 2008, BOTH DATES INCLUSIVE (THE "CLASS PERIOD").

EXCLUDED FROM THE CLASS ARE DEFENDANTS, ALL CURRENT AND FORMER DIRECTORS AND OFFICERS OF MEDICIS DURING THE CLASS PERIOD, AND ANY FAMILY MEMBER, TRUST, COMPANY, ENTITY OR AFFILIATE CONTROLLED OR OWNED BY ANY OF THE EXCLUDED PERSONS OR ENTITIES REFERENCED ABOVE.

PLEASE READ THIS NOTICE CAREFULLY. YOUR RIGHTS MAY BE AFFECTED BY LEGAL PROCEEDINGS IN THIS ACTION. IF YOU ARE A MEMBER OF THE CLASS DESCRIBED HEREIN, YOU MAY BE ENTITLED TO RECEIVE A PAYMENT PURSUANT TO THE PROPOSED SETTLEMENT DESCRIBED BELOW.

YOU ARE HEREBY NOTIFIED that Plaintiffs' Lead Counsel, on behalf of the Class Plaintiffs and Class Members, and Defendants' Counsel, on behalf of Defendants, have entered into a Stipulation of Settlement (the "Settlement Stipulation") to settle the claims of the Class Plaintiffs and Class in this Action. All Capitalized terms in this Notice are defined as referenced in the Settlement Stipulation.

YOU ARE FURTHER NOTIFIED that a hearing (the "Settlement Hearing") shall be held before the Honorable G. Murray Snow, on February 23, 2012, at 9:00 AM, in Courtroom 602 of the United States District Court for the District of Arizona, Sandra Day O'Connor U.S. Courthouse, 401 West Washington Street, SPC 80, Phoenix, Arizona 85003, for the purpose of determining, among other things: (1) whether the proposed Settlement of the Class's claims against the Defendants for \$18,000,000 should be approved as fair, reasonable and adequate; (2) whether the Plan of Allocation is fair and reasonable, and should be approved; (3) whether the application by Lead Counsel for an award of attorneys' fees and expenses should be approved; (4) whether the Class Plaintiffs' application for a Compensatory Award should be granted; and (5) whether the Action should be dismissed with prejudice against the Defendants as set forth in the Settlement Stipulation filed with the Court.

SUMMARY DISCLOSURE OF SETTLEMENT TERMS

CLASS RECOVERY: The proposed Settlement is \$18,000,000 (the "Gross Settlement Fund"). Class Plaintiffs estimate that there were approximately 47.8 million allegedly damaged shares of Medicis common stock purchased during the Class Period, and approximately 45.2 thousand stock option contracts (where an option contract represents 100 shares) on Medicis common stock traded during the Class Period. Pursuant to the Plan of Allocation (see Section III herein) allotting the Settlement Fund among the Class Members, and based on assumptions and calculations made by Class Plaintiffs' experts, the average per share recovery will depend upon, among other things, the number of Class Members submitting valid claims. The average per share recovery, before the deduction of any Court awarded attorneys' fees and expenses, is \$0.38 per share. Please be advised that the foregoing average per share recovery is an estimate. An explanation of how a Class Member's claim will be calculated is set forth in Section III.

POTENTIAL OUTCOME OF THE CASE: Class Plaintiffs and Defendants vigorously disagree about both liability and damages, and do not agree as to whether Class Plaintiffs would prevail on the alleged claims if the Action proceeded or the average amount per share that would be recoverable if Class Plaintiffs did prevail on each claim alleged under the Securities Exchange Act of 1934 ("Exchange Act"). With respect to the damages alleged in the Action, Class Plaintiffs and Defendants disagree on, among other things, the amount of damages per share, if any, Class Plaintiffs would be able to prove at trial; the methodology used to determine any such damages; and whether there were any mitigating circumstances which would reduce any or all of the damages alleged by Class Plaintiffs.

REASONS FOR SETTLEMENT: Class Plaintiffs believe that the Settlement is fair, reasonable, and adequate to members of the Class. Class Plaintiffs and their counsel have reached this conclusion after investigating and considering, among other things, the strengths and weaknesses of Class Plaintiffs' claims against Defendants, including the Defendants' contentions that the Class's claims are without merit, the uncertainties in this complex litigation, and the concrete benefits provided by the Settlement to the members of the Class. Defendants expressly deny that they have committed any act or omission giving rise to any liability or violation of law whatsoever and that Class Plaintiffs or Class Members sustained any recoverable damages. Defendants state that they are entering into the Settlement solely to eliminate the uncertainties, burden, risk and expense of further litigation of the Action.

ATTORNEYS' FEES AND COSTS SOUGHT: Lead Counsel intend to apply to the Court for an award of attorneys' fees and reimbursement of expenses ("Fee and Expense Award") from the Gross Settlement Fund. Lead Counsel will seek no more than 30 percent of the Settlement Fund as fees, plus an additional amount not to exceed \$650,000 as reimbursement for the expenses and costs actually incurred in prosecuting the Action (together approximately \$0.12 per share). Lead Counsel believe their intended fee request to be fair and reasonable in light of the amount of time expended on the Action, the risks of proceeding with the Action, and the recovery obtained for the Class.

IDENTIFICATION OF CLASS PLAINTIFFS' LAWYERS' REPRESENTATIVES: Questions concerning this proposed Settlement may be directed to Class Counsel:

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I. THE CLASS INVOLVED IN THE PROPOSED SETTLEMENT

The proposed Settlement affects the rights of the members of the Class, which will be certified by entry of the Final Order and Judgment affirming the Settlement. The Class is defined as:

All persons or entities that purchased or otherwise acquired Medicis Pharmaceutical Corporation ("Medicis") common stock, or purchased and/or sold options on Medicis's common stock, from October 30, 2003 to September 23, 2008, both dates inclusive. Excluded from the Class are Defendants, all current and former directors and officers of Medicis during the Class Period, and any family member, trust, company, entity or affiliate controlled or owned by any of the excluded persons or entities referenced above.

II. THE ACTION

Summary of the Action

A class action is a lawsuit in which one or more persons sue on behalf of all other persons who have similar claims. The named plaintiffs in this action are Steve Rand and Darlene Oliver ("Class Plaintiffs"). Steve Rand was appointed Lead Plaintiff to represent the Class.

The Defendants in this action are Medicis, Jonah Shacknai ("Shacknai"), Richard D. Peterson ("Peterson"), Mark A. Prygocki ("Prygocki"), and Ernst & Young LLP ("EY").

Class Plaintiffs' Allegations

Class Plaintiffs in this action allege that Defendants made false and/or misleading statements in violation of Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder.

Class Plaintiffs allege that Generally Accepted Accounting Practices ("GAAP") and Statement of Financial Accounting Standards No. 48 ("SFAS 48") require companies accepting returns to book reserves for expected sales returns so that they reduce reported sales revenues by the gross sales price of the expected returned product. Specifically, Class Plaintiffs allege that as an inducement to distributors, Medicis offered generous return policies, whereby customers could return expired or nearly expired pharmaceutical products in exchange for fresh, non-expired products, at either no cost or a discount.

Class Plaintiffs allege that: (i) Medicis failed to book the required reserves, by relying, with E&Y's imprimatur, on an exclusion found in footnote 3 of SFAS 48 exempting "exchanges by ultimate customers of one item for another of the same quality, kind and price"; (ii) by treating wholesalers as "ultimate customers" and unsalable, expired drugs as equivalent to new ones, Medicis utilized the exclusion provided by footnote 3 of SFAS 48 to reserve for returns at the far less substantial replacement cost; and (iii) Medicis failed to inform the market that it was relying on this exclusion to avoid the requirements of SFAS 48, thereby purportedly hiding from investors, with EY's assistance, the fact that its financial statements could not be trusted. Class Plaintiffs assert that Medicis thereby inflated its revenues and working capital for fiscal years 2003-2007 and the first two quarters of 2008, thus artificially inflating Medicis's share price.

Finally, Class Plaintiffs allege that, after a review by the Public Company Accounting Oversight Board ("PCAOB") of EY's 2007 audit of Medicis's financial statements, on September 24, 2008, Medicis revealed that it was required to disclose and correct its GAAP violations. According to Class Plaintiffs, the September 24, 2008 announcement of Medicis's restatement caused Medicis's stock to drop \$2.34 per share, or 13%, on high trading volume.

Defendants' Position

The Medicis Defendants and EY have denied, and continue to deny, Class Plaintiffs' allegations. In particular, Defendants assert that Medicis's restatement of financial statements issued during the Class Period resulted from a good faith, technical, and unintentional misapplication of SFAS 48 and GAAP. Medicis disclosed to EY its sales return reserve methodology and neither the Medicis Defendants nor EY believed that this methodology violated GAAP or SFAS 48. To prevail on their claim under Section 10(b) of the Exchange Act, Class Plaintiffs would have to establish at trial, among other things, that Defendants acted with the state of mind required for a Section 10(b) violation, *i.e.*, at a minimum, with deliberate recklessness. Defendants contend that Class Plaintiffs could make no such showing. To the contrary, EY issued unqualified audit opinions with respect to the annual financial statements that Medicis publicly reported during the Class Period.

The Medicis Defendants also maintain that the Class Plaintiffs' fraud allegations are rebutted by the absence of allegations that any Medicis Defendant had an individual motive to commit fraud. Class Plaintiffs did not allege that any Medicis Defendant sold a single share of Medicis stock during the Class Period or obtained any other personal financial benefit as a result of the misapplication of GAAP. Moreover, the methodology for reserves and product exchanges that Medicis applied actually resulted in the cumulative understatement of revenues and earnings during the Class Period as a whole.

Finally, Defendants assert that, if the Action proceeded, Class Plaintiffs would be unable to establish loss causation, another essential element of Class Plaintiffs' claim under Section 10(b) of the Exchange Act. In addition to announcing on September 24, 2008 that certain financial statements would be restated, Medicis announced other business-related information, including a lack of visibility with respect to future sales of a leading product, SOLODYN, and the suspension of earnings guidance. Thereafter, various securities analysts issued reports to the effect that the restatement was not significant, particularly given that it resulted in a cumulative increase in reported earnings for the periods at issue, and that the announced issues related to SOLODYN were of greater significance. Accordingly, Defendants contend that Class Plaintiffs could not establish that the stock decline that followed Medicis's September 24, 2008 announcement resulted from the announcement of a restatement rather than the other business-related issues that Medicis disclosed on the same date. As such, Defendants assert that Class Plaintiffs could not establish that Medicis's restatement announcement or the misapplication of GAAP that gave rise to the restatement caused the Class Plaintiffs or any Class Member to sustain damages with respect to the purchase of Medicis common stock or the purchase and/or sale of options on Medicis common stock.

Prosecution of the Action

Starting on October 3, 2008, three class action complaints alleging violations of Sections 10(b) and 20(a) of the Exchange Act were filed in the United States District Court, District of Arizona, against the Medicis Defendants and EY. On March 11, 2009, the Court issued an order consolidating all three of the actions and, pursuant to the provisions of the Private Securities Litigation Reform Act of 1995, appointed Steve Rand as Lead Plaintiff. An Amended Federal Securities Class Action Complaint ("Consolidated Amended Complaint") thereafter was filed on May 18, 2009 against the Medicis Defendants and EY. The Defendants moved to dismiss the Consolidated Amended Complaint on July 17, 2009, and the Court granted the dismissal with leave to amend on December 1, 2009.

Class Plaintiffs filed a Second Consolidated Amended Complaint ("Complaint") on January 20, 2010, which Defendants promptly moved to dismiss on February 19, 2010. After fully briefing the motion, the Court entered an order on August 9, 2010, denying Defendants' motion to dismiss the Complaint, but characterizing its ruling as a "close case."

Class Plaintiffs filed a Motion for Class Certification on December 17, 2010 and sought certification of a class of all persons or entities that purchased or otherwise acquired Medicis common stock, or purchased and/or sold options on Medicis's common stock, from October 30, 2003 to September 23, 2008, both dates inclusive. On March 8, 2011, after taking the depositions of Class Plaintiffs and obtaining the production of relevant documents in the possession of Class Plaintiffs, the Medicis Defendants filed an opposition to Class Plaintiffs' Motion for Class Certification in which EY joined on March 10, 2011. Prior to the completion of briefing of Class Plaintiffs' motion for class certification, the Parties reached an agreement in principle to settle the Action. Accordingly, the Court has not yet certified the Class.

Merits Discovery and Research Conducted by Lead Counsel

Throughout this Action, the Parties have engaged in extensive discovery. In response to written requests by Class Plaintiffs, Defendants produced approximately 500,000 pages of documents, including the production of EY's Medicis workpapers. Lead Counsel has reviewed such documents and conducted numerous witness interviews of former Medicis employees. In addition, after the Parties reached an agreement in principle to settle this Action, Lead Counsel conducted additional discovery, which included the deposition of one EY audit partner, two interviews of Medicis senior finance personnel, and the analysis and review of approximately 174,000 pages of additional documents produced by Medicis.

Lead Counsel also has consulted with damages experts to ascertain the amount of losses suffered by the Class, to analyze the efficiency of the market for Medicis common stock and stock options, and to evaluate the basis for loss causation in the Complaint. Lead Counsel also researched the applicable law with respect to the claims asserted in the Action and the potential defenses thereto.

Settlement Negotiations and Mediation

This Settlement is the product of extensive discussions and arm's-length settlement negotiations, which began in the fall of 2010. In October 2010, the Parties engaged in a full day mediation conference conducted by the Honorable Layn R. Phillips (Ret.), a retired United States District Judge with extensive experience in mediating complex litigation and securities class actions. Prior to this conference, Lead Counsel and Defendants' counsel prepared and submitted a total of six comprehensive mediation statements to Judge Phillips presenting the Parties' respective views about the Action. At this first mediation session, Defendants agreed to engage in an "expedited discovery" process pursuant to which certain documents, including EY's Medicis workpapers, were produced to Class Plaintiffs.

After the initial mediation session, the Parties engaged in subsequent mediation sessions on February 23-24 and March 24, 2011 before the Honorable Nicholas H. Politan (Ret.), another retired United States District Judge with extensive experience in mediating securities class actions and other complex litigation. The Parties submitted three mediation briefs to Judge Politan. The joint mediation sessions facilitated by Judge Phillips and Judge Politan focused on the Parties' respective positions and evidence regarding various issues, including Defendants' alleged state of mind, causation and damages. At the March 24, 2011 mediation session before Judge Politan, the Parties reached an oral agreement in principle to settle this Action.

Proposed Settlement and Release

All capitalized terms used herein have the meanings set forth and defined in the Settlement Stipulation, and you should refer to that document for a full list of definitions. In consideration of the full and final settlement of the Released Plaintiffs' Claims, as provided in the Settlement Stipulation, the Medicis Defendants shall direct, and EY shall cause, the payment of the Settlement Amount, Eighteen Million Dollars (\$18,000,000), to be paid into the Settlement Fund Escrow Account (the "Gross Settlement Fund") as follows: (i) Medicis shall direct certain of its insurers to pay by check or wire Eleven Million Dollars (\$11,000,000) in cash to the Settlement Fund Escrow Account, and (ii) EY shall cause Seven Million Dollars (\$7,000,000) in cash to be wire transferred to the Settlement Fund Escrow Account. Any attorneys' Fee and Expense Award, Class Notification and Administration Expenses, and Tax and Tax Expenses, and Compensatory Award, if any, granted by the Court to the Class Plaintiffs, will be deducted from the Gross Settlement Fund. After the Effective Date of the Settlement, the Net Settlement Fund shall be distributed to the Class in accordance with the Plan of Allocation.

In return for the payment of the Settlement Amount, Class Plaintiffs and Class Members who do not file a request for exclusion from the Class will, upon the Effective Date, on behalf of themselves and any of their personal representatives spouses, domestic partners, trustees, heirs, executors, administrators, successors or assigns, and Class Plaintiffs' Released Parties shall be deemed to have, and by operation of the Judgment have, fully, finally, and forever released, relinquished and discharged all Released Plaintiffs' Claims against Defendants, and each of them, and any and all of the Defendants' Released Parties, and shall be forever barred and enjoined from instituting, prosecuting, participating, continuing, maintaining or asserting any Released Plaintiffs' Claim, or assisting any Person in instituting, prosecuting, participating, continuing, maintaining or asserting any Released Plaintiffs' Claim, against any of the Defendants' Released Parties, whether directly or indirectly, whether in the United States or elsewhere, whether on their own behalf or on behalf of any other Person, and regardless of whether or not such Class Member executes and delivers the Proof of Claim.

As defined in the Settlement Stipulation, "Released Plaintiffs' Claims" means any and all claims (including "Unknown Claims" as defined in the Proof of Claim and Release and also in the Settlement Stipulation), debts, rights, demands, disputes, suits, matters, damages, issues, liabilities, or causes of action of any kind, nature, and character whatsoever (including but not limited to any claims for damages, interest, attorneys' fees, expert or consulting fees, and any and all other costs, expenses or liabilities whatsoever), whether based on federal, state, local, statutory, common or foreign law, or any other law, rule, or regulation, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or unmatured, whether class or individual in nature (collectively, "Claims"), including both known Claims and Unknown Claims, (i) that were asserted or could have been asserted against any of the Defendants' Released Parties or in the Action, (ii) that would have been barred by *res judicata* had the Action been fully litigated to a final judgment, or (iii) that could have been, or could in the future be, asserted in any forum or proceeding or otherwise by any Class Member against any of the Defendants' Released Parties (a) that concern, arise out of, refer to, are based upon, or are in related in any way to the allegations, transactions, facts, matters, occurrences, representations, statements, or omissions alleged, involved, set forth, or referred to in the Complaint; and (b) that relate to the purchase, sale, acquisition or holding of Medicis common stock or options; provided, however, that the term "Released Plaintiffs' Claims" shall not include the following: (1) claims to enforce the Settlement; and (2) claims alleged in two shareholder Derivative Actions pending in the Superior Court of Arizona, Maricopa Co.

"Defendants' Released Parties" means (i) each and every past and current Defendant, whether or not identified in any complaint filed in the Action, and any Person, partnership, firm, corporation, limited liability company, trust or other entity or organization in which any Defendant has a controlling interest or which is or was related to or affiliated with any of the Defendants; and (ii) with respect to each of the Persons in subsection (i), their past or present directors, officers, employees, partners, members, affiliates, predecessors, successors, parents, subsidiaries, divisions, joint ventures, partners, principals, agents, attorneys, auditors, accountants, trustees, advisors, consultants, underwriters, investment bankers, insurers, reinsurers, assigns, spouses, heirs, executors, personal representatives, associates, related or affiliated entities, any members of their

Immediate Families, marital communities, or any trusts for which any of them are trustees, settlers or beneficiaries, and anyone acting or purporting to act for or on behalf of any of them or their successors.

In addition, upon the Effective Date, Defendants, and each of them, on behalf of themselves and Defendants' Released Parties shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished and discharged all Released Defendants' Claims against Class Plaintiffs and any and all of the Class Plaintiffs' Released Parties including, but not limited to, Plaintiffs' Counsel. By entering into this Settlement Agreement, the Defendants represent and warrant that they have not assigned, hypothecated, conveyed, transferred or otherwise granted or given any interest in the Released Defendants' Claims, or any of them, to any other Person.

III. PROPOSED PLAN OF ALLOCATION

The \$18,000,000 Settlement Amount and any interest earned thereon shall be the "Gross Settlement Fund." The Gross Settlement Fund less taxes, approved costs, fees and expenses (the "Net Settlement Fund") shall be distributed to members of the Class who submit valid Proofs of Claim ("Authorized Claimants").

The Claims Administrator shall determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's "Recognized Loss." The Recognized Loss formula set forth below is not intended to be an estimate of the amount that a Class Member lost or might have been able to recover after a trial; nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the Settlement. The Net Recognized Loss formula is simply the basis upon which the Net Settlement Fund will be proportionately distributed to Authorized Claimants.

The Plan of Allocation has taken into consideration the Limitation of Damages provision of the Private Securities Litigation Reform Act of 1995 (15 U.S.C. § 78u-4(e)), as well as principles articulated by the Supreme Court in *Dura Pharmaceuticals, Inc. v. Broudo*, 544 U.S. 366 (2005). Recognized Losses are based on the price declines following the disclosures on September 24, 2008. No loss is recognized when both the purchase and sale of Medicis securities occurred prior to September 24, 2008.

In determining the Recognized Loss per share, the Plan of Allocation considered the net declines in the price of Medicis common stock and Medicis stock options, respectively, on September 24, 2008, the ability to prove loss causation, and the likelihood of success on the merits. Based on that analysis, as well as that of Class Plaintiffs' damages expert, the following amounts shall be used for calculation of Recognized Loss for the decline on September 24, 2008: (a) \$2.34 per share for Medicis common stock; and (b) with respect to the Medicis options contracts, the amounts set forth in Tables A and B attached hereto.

Formula for Calculating Recognized Losses

For shares of Medicis common stock purchased or otherwise acquired on or after October 30, 2003 through and including September 23, 2008, and:

- a. sold on or before September 23, 2008, the Recognized Loss per share is \$0;
- b. held as of the close of trading on September 23, 2008, the Recognized Loss per share is \$2.34.

For publicly traded call options on Medicis common stock purchased or otherwise acquired on or after October 30, 2003 through and including September 23, 2008, and:

- a. *not open* at the close of business on September 23, 2008, the Recognized Loss per call option contract is \$0;
- b. *open* as of the close of business on September 23, 2008, the Recognized Loss per option contract is the lesser of: (i) the price paid for the call option contract less the Holding Price in Table A multiplied by 100; or (ii) the Maximum Artificial Inflation as shown on Table A multiplied by 100.

For publicly traded put options on Medicis common stock written on or after October 30, 2003 through and including September 23, 2008, and:

- a. *not open* at the close of business on September 23, 2008, the Recognized Loss per put option contract is \$0;
- b. *open* as of the close of business on September 23, 2008, the Recognized Loss per option is the lesser of: (i) the Holding Price in Table B multiplied by 100 less the price for which the put option contract was sold; or (ii) the Maximum Artificial Deflation as shown in Table B multiplied by 100.

The Recognized Loss with respect to a purchase or acquisition of a Medicis security (stock or option), is calculated by multiplying the number of units of each such security by the appropriate recognized loss for a single unit of that security, as described above.

Recognized profits will be subtracted from Recognized Losses, both computed in the manner described above, in order to determine the Net Recognized Loss.

To the extent that the Net Settlement Fund is sufficient, each Authorized Claimant will receive an amount equal to the Authorized Claimant's Net Recognized Loss, as defined above. If, however, the Net Settlement Fund is not sufficient to permit such payment, then each Authorized Claimant shall be paid their *pro rata* share of the Net Settlement Fund based on the percentage of the Net Settlement Fund that each Authorized Claimant's Net Recognized Loss bears to the entire Net Settlement Fund. Payment in this manner shall be deemed conclusive against all Authorized Claimants.

General Provisions

1. The date of purchase or sale is the "contract" or "trade" date, and not the "settlement" date.
2. Class Members will receive monies only if they file a timely and valid Proof of Claim.
3. In processing claims, the first-in, first-out basis ("FIFO") will be applied to purchases and sales.
4. No distribution will be made on a claim where the Authorized Claimant's pro rata share of the Net Settlement Fund is less than \$15.00.
5. Brokerage commissions, fees and taxes should be excluded from the purchase or sale price of Medicis common stock.
6. Members of the Class who do not file valid Proofs of Claim will not share in the Net Settlement Fund, yet will nevertheless be bound by the Court's Final Order and Judgment and the Settlement.
7. Shares of Medicis common stock acquired during the Class Period by means of a gift, inheritance or operation of law, do not qualify as the purchase of such shares on the date of such acquisition. If, however, such stock was purchased by the donor, decedent or transferor, then, unless the donor, decedent or transferor submits a Proof of Claim with respect to the shares, the recipient's Recognized Losses will be computed by using the original date of purchase and price of such stock and not the date and price of transfer.
8. Payments pursuant to the Plan of Allocation, as approved by the Court, will be conclusive against all Authorized Claimants. No person shall have any claim against Class Plaintiffs, Lead Counsel, the Claims Administrator, or any other agent designated by Lead Counsel, based on a distribution made substantially in accordance with the Stipulation and the Plan of Allocation or further Orders of the Court. Defendants, and their counsel, shall have no responsibility for, interest in, or liability whatsoever with respect to any allocation, management, disposition, computation, or distribution of the Settlement Amount.

Alteration of Plan of Allocation

Subject to the Court's approval, the Plan of Allocation may be altered by Class Plaintiffs without any further notice to Class Members, unless such Class Members expressly request notice of any alteration of the Plan of Allocation. Therefore, in order to receive such notice, you must send a request no later than twenty-one (21) days prior to the Settlement Hearing to the Claims Administrator by mail at In re: Medicis Pharmaceutical Corporation Securities Litigation, c/o GCG, P.O. Box 9803, Dublin, Ohio 43017-5703; by calling toll free at 1-888-624-6710 (or if outside the U.S. 1-614-553-1248); or by visiting the website at www.gcginc.com.

The Court also may modify the Plan of Allocation without further notice to the Settlement Class.

IV. REQUESTING EXCLUSION FROM THE CLASS

IF YOU ARE A MEMBER OF THE CLASS, YOU MAY BE ELIGIBLE TO SHARE IN THE BENEFITS OF THIS SETTLEMENT AND WILL BE BOUND BY ITS TERMS UNLESS YOU EXCLUDE YOURSELF FROM THE CLASS.

Each member of the Class shall be bound by all determinations and judgments of the Court in connection with the Settlement, whether favorable or unfavorable, unless such Class member shall mail, by first class mail, sufficient postage prepaid, a written request for exclusion from the Class, postmarked no later than twenty-one (21) days prior to the Settlement Hearing, addressed to the Claims Administrator at In re: Medicis Pharmaceutical Corporation Securities Litigation, c/o GCG, P.O. Box 9803, Dublin, Ohio 43017-5703. The request for exclusion shall be in a form that sufficiently identifies: (1) the name, address, and telephone number of the person or entity seeking exclusion; (2) a list of all transactions involving Medicis common stock and/or options on Medicis common stock during the period of October 30, 2003 through September 23, 2008, including the number of shares, principal amount and trade date of each purchase and sale. A request for exclusion shall not be effective unless submitted within the time and in the form and manner provided for herein. **You cannot exclude yourself by telephone, email, or fax.**

If a person or entity who is a member of the Class duly requests to be excluded from the Class, such person or entity will not be bound by any orders or judgments entered with respect to the Settlement and shall not be entitled to receive any benefits provided by the Settlement in the event it is finally approved by the Court.

If a judgment approving the Settlement provided for in the Stipulation is finally entered, all members of the Class who have not requested exclusion shall conclusively be deemed to have released and shall thereafter be barred from asserting any of the Released Plaintiffs' Claims against the Released Parties.

V. STATEMENT OF ATTORNEYS' FEES AND COSTS SOUGHT

If the proposed Settlement is approved, Lead Counsel intend to apply to the Court for an award of attorneys' fees and reimbursement of expenses from the Settlement Fund. Lead Counsel will seek no more than 30 percent of the Settlement Fund as fees, plus an additional amount not to exceed \$650,000 as reimbursement for the expenses and costs actually incurred in prosecuting the action. Lead Counsel believe their intended fee to be fair and reasonable given the benefit achieved for the Class. Lead Counsel have litigated this case on a wholly contingent basis and have not received any compensation during the time this case has been pending. Lead Counsel expended considerable time and expenses during the litigation of this Action, and had the case not been successful, they would have sustained considerable financial loss.

In addition, Lead Counsel intend to apply to the Court on behalf of the Class Plaintiffs for reimbursement of their reasonable time, costs and expenses directly relating to their representation of the Class ("Compensatory Award"), which includes their depositions taken by Defendants in connection with the Class Plaintiffs' Motion for Class Certification. Lead Counsel will seek no more than \$25,000 for each of the named Plaintiffs.

VI. THE SETTLEMENT HEARING

The Settlement Hearing shall be held before Honorable G. Murray Snow on February 23, 2012, at 9:00 AM, in Courtroom 602 of the United States District Court for the District of Arizona, Sandra Day O'Connor U.S. Courthouse, 401 West Washington Street, SPC 80, Phoenix, Arizona 85003, for the purposes of determining, among other things: (1) whether the Settlement of the Class's claims against the Defendants for \$18,000,000 should be approved as fair, reasonable and adequate; (2) whether the Plan of Allocation is fair and reasonable and should be approved; (3) whether the application by Lead Counsel for a Fee and Expense Award should be approved; (4) whether Class Plaintiffs should be granted a Compensatory Award; and (5) whether the Action should be dismissed with prejudice against the Defendants as set forth in the Settlement Stipulation filed with the Court.

The Settlement Hearing may be adjourned or continued from time to time by the Court without further notice to the Class other than an announcement at such Settlement Hearing or at any adjournment or continuance thereof.

Any member of the Class who does not timely and validly request exclusion from the Class and who objects to the Settlement, the adequacy of the representation provided by the Lead Plaintiff and Lead Counsel, the proposed Plan of Allocation, the Final Order and Judgment contemplated by the Settlement Stipulation, the application for attorneys' fees and reimbursement of expenses, and/or the application for a Compensatory Award for the named Plaintiffs, or who otherwise wishes to be heard with respect to any of the foregoing, may appear in person or by attorney at the Settlement Hearing, at their own expense, and present any evidence or argument that may be proper and relevant. However, no person shall be heard, and no papers, briefs, pleadings or other documents submitted by any such person shall be considered by the Court unless, no later than twenty-one (21) days prior to the Settlement Hearing (1) a notice of the person's intention to appear, (2) a statement of such person's objections to any matter before the Court, and (3) the grounds for such objections or the reason for such person's request to appear and to be heard, as well as the information requested in Section IV herein and all other documents and writing which such person desires the Court to consider, shall be filed by such person with the Clerk of the Court, United States District Court, Sandra Day O'Connor U.S. Courthouse, Suite 622, 401 West Washington Street, SPC 80, Phoenix, Arizona 85003, and, on or before such filing, shall be delivered by hand, overnight mail or by certified mail, return-receipt requested, sufficient postage prepaid, upon the following counsel of record: Jeremy A. Lieberman, Pomerantz Haudek Grossman & Gross LLP, 100 Park Avenue, New York, NY 10017 (Lead Counsel); Lloyd Winawer, Goodwin Procter LLP, 135 Commonwealth Drive, Menlo Park, CA 94025 (Counsel for Defendants Medicis, Shacknai, Peterson, and Prygocki); Robert B. Hubbell, Morrison Foerster LLP, 555 West Fifth Street, Suite 3500, Los Angeles, CA 90013-1024 (Counsel for Defendant EY).

Any person or entity that fails to object in the manner prescribed in the paragraph immediately above shall be deemed to have waived any objections that person or entity may have and shall be barred from raising such objections in this or any other action or proceeding. Objections directed solely to the proposed Plan of Allocation, attorneys' fees and expenses, or awards to Class Plaintiffs will not affect the finality of either the Settlement or the Final Order and Judgment to be entered thereto, if the Settlement is approved by the Court.

All members of the Class who do not request exclusion therefrom, in the manner provided herein, will be represented by Lead Counsel in connection with the Settlement, but may, if they so desire, also enter an appearance through counsel of their own choice and at their own expense.

VII. PROOF OF CLAIM AND RELEASE FORM

To be eligible to receive a cash distribution from the Settlement Fund, you must timely complete, execute and file a Proof of Claim and Release Form ("Proof of Claim"). A Proof of Claim is enclosed with this Notice. You may receive more than one copy of this Notice and the Proof of Claim, but you should **submit only one Proof of Claim.**

The Proof of Claim (1) **must** be completed in accordance with the Instructions on the Proof of Claim, (2) **must** enclose all documentation required by the Instructions, and (3) **must** be filed with the Claims Administrator at the following address on or before February 18, 2012.

In re: Medicis Pharmaceutical Corporation Securities Litigation
c/o GCG
P.O. Box 9803
Dublin, Ohio 43017-5703

A Proof of Claim will be deemed filed when mailed, via first-class mail, sufficient postage prepaid.

Members of the Class who do not exclude themselves from the Class and who fail to submit a valid and timely Proof of Claim will nevertheless be bound by the Settlement if finally approved, and all orders and judgments entered by the Court in connection therewith.

By Order of the Court, the Proof of Claim provides for and requires a Release of all Released Plaintiffs' Claims by all members of the Class who file Proofs of Claim. The Release will become effective on the Effective Date of the Settlement.

VIII. SPECIAL NOTICE TO BROKERS AND OTHER NOMINEES

Brokerage firms, banks, financial institutions and other nominees ("Nominees") who, during the Class Period, purchased or sold Medicis common stock, CUSIP 584690309, in the name of the Nominees on behalf of beneficial owners of such securities who may be members of the Class, are requested to (1) provide a list of the names and addresses of such beneficial owners to the Claims Administrator, preferably in an MS Excel data table setting forth: (a) title/registration, (b) street address, (c) city/state/zip; on electronic mailing labels in MS Word or WordPerfect files (label size Avery #5162; or printed out on physical mailing labels); or (2) send copies of this Notice and Proof of Claim by first class mail to all such beneficial owners, providing written confirmation to the Claims Administrator of having done so. If you choose to mail the Notice yourself, you may obtain (without cost to you) as many additional copies of these documents as you will need to complete the mailing by either downloading a copy from the Claims Administrator's website at www.gcginc.com (click on "Cases" and then click on "Medicis Pharmaceutical Corp. Securities Litigation"), by contacting the Claims Administrator by mail at: In re: Medicis Pharmaceutical Corporation Securities Litigation c/o GCG, P.O. Box 9803, Dublin, Ohio 43017-5703 or by toll-free phone at 1-888-624-6710 (or if outside the U.S. 1-614-553-1248).

IX. FURTHER INFORMATION

This Notice merely provides a brief summary of the litigation and does not describe all of the details of the action or the proposed Settlement. For full details of the matters discussed in this Notice, you may desire to review all of the documents that have been filed with the Court, the Complaint, the Stipulation, the Notice, the Proof of Claim, and Preliminary Order of Approval, the papers filed in support of the Settlement, the applications for an award of attorney fees and expenses for Lead Counsel, and the application for a Compensatory Award for Class Plaintiffs. These documents may be inspected during business hours, at the office of the Clerk of the Court, Sandra Day O'Connor U.S. Courthouse, Courtroom 602, 401 West Washington Street, SPC 80, Phoenix, Arizona 85003.

You may review and obtain copies of the Stipulation of Settlement and other relevant documents by contacting Class Counsel at www.pomlaw.com or the Claims Administrator at www.gcginc.com (click on "Cases" and then click on "Medicis Pharmaceutical Corp. Securities Litigation"). In addition, you may request additional copies of this Notice and Proof of Claim by contacting the Claims administrator at:

In re: Medicis Pharmaceutical Corporation Securities Litigation
c/o GCG
P.O. Box 9803
Dublin, Ohio 43017-5703

INQUIRIES SHOULD NOT BE DIRECTED TO THE COURT, THE CLERK'S OFFICE, DEFENDANTS, OR DEFENDANTS' COUNSEL

Dated: December 12, 2011

**UNITED STATES DISTRICT COURT
DISTRICT OF ARIZONA**

Table A
Medicis Call Options

Identifier	Expiration Date	Strike Price	Artificial	
			Inflation Per Call Option	Holding Price
MRX.JV	10/18/08	\$12.50	\$2.05	\$3.45
MRX.JC	10/18/08	\$15.00	\$1.63	\$1.68
MRX.JW	10/18/08	\$17.50	\$0.95	\$0.58
MRX.JD	10/18/08	\$20.00	\$0.38	\$0.18
MRX.JX	10/18/08	\$22.50	\$0.05	\$0.10
MRX.JE	10/18/08	\$25.00	\$0.00	\$0.00
MRX.JF	10/18/08	\$30.00	\$0.00	\$0.00
MRX.KV	11/22/08	\$12.50	\$1.90	\$3.95
MRX.KC	11/22/08	\$15.00	\$1.65	\$2.30
MRX.KW	11/22/08	\$17.50	\$1.15	\$1.25
MRX.KD	11/22/08	\$20.00	\$0.58	\$0.65
MRX.KX	11/22/08	\$22.50	\$0.30	\$0.33
MRX.KE	11/22/08	\$25.00	\$0.25	\$0.00
MRX.AB	1/17/09	\$10.00	\$2.25	\$6.20
MRX.AV	1/17/09	\$12.50	\$1.85	\$4.35
MRX.AC	1/17/09	\$15.00	\$1.63	\$2.93
MRX.AW	1/17/09	\$17.50	\$1.18	\$1.95
MRX.AD	1/17/09	\$20.00	\$0.88	\$1.15
MRX.AX	1/17/09	\$22.50	\$0.55	\$0.73
MRX.AE	1/17/09	\$25.00	\$0.30	\$0.43
MRX.AF	1/17/09	\$30.00	\$0.35	\$0.00
MRX.AG	1/17/09	\$35.00	\$0.00	\$0.00
MRX.AH	1/17/09	\$40.00	\$0.00	\$0.00
MRX.AI	1/17/09	\$45.00	\$0.00	\$0.00
MRX.AJ	1/17/09	\$50.00	\$0.00	\$0.00
MRX.DV	4/18/09	\$12.50	\$1.90	\$4.85
MRX.DC	4/18/09	\$15.00	\$1.60	\$3.50
MRX.DW	4/18/09	\$17.50	\$1.13	\$2.53
MRX.DD	4/18/09	\$20.00	\$0.88	\$1.70
MRX.DX	4/18/09	\$22.50	\$0.58	\$1.15
MRX.DE	4/18/09	\$25.00	\$0.40	\$0.75
MRX.DF	4/18/09	\$30.00	\$0.15	\$0.30
WEO.AB	1/16/10	\$10.00	\$1.90	\$7.45
WEO.AV	1/16/10	\$12.50	\$1.90	\$5.80
WEO.AW	1/16/10	\$17.50	\$1.40	\$3.45
WEO.AD	1/16/10	\$20.00	\$1.20	\$2.60
WEO.AE	1/16/10	\$25.00	\$0.70	\$1.65
WEO.AF	1/16/10	\$30.00	\$0.45	\$0.98
WEO.AG	1/16/10	\$35.00	\$0.85	\$0.00
WEO.AH	1/16/10	\$40.00	\$0.55	\$0.00
WEO.AI	1/16/10	\$45.00	\$0.40	\$0.00
ORX.AB	1/22/11	\$10.00	\$2.10	\$8.15
ORX.AC	1/22/11	\$15.00	\$1.75	\$5.75
ORX.AD	1/22/11	\$20.00	\$1.35	\$4.00
ORX.AE	1/22/11	\$25.00	\$1.05	\$2.75
ORX.AF	1/22/11	\$30.00	\$0.73	\$2.00

Notes: The Holding Price Per Share is the maximum of the intrinsic value as of September 24, 2008 and the mid-point of the closing bid and ask price as of September 24, 2008, or zero if the bid equals zero. Prices are per underlying share. One contract is for 100 underlying shares.

Table B
Medicis Put Options

Identifier	Expiration Date	Strike Price	Max	Holding Price
			Artificial Deflation Per Put	
MRX.VV	10/18/08	\$12.50	\$0.18	\$0.35
MRX.VC	10/18/08	\$15.00	\$0.55	\$1.03
MRX.VW	10/18/08	\$17.50	\$1.28	\$2.48
MRX.VD	10/18/08	\$20.00	\$1.85	\$4.55
MRX.VX	10/18/08	\$22.50	\$2.15	\$6.95
MRX.VE	10/18/08	\$25.00	\$2.22	\$9.42
MRX.VF	10/18/08	\$30.00	\$2.22	\$14.42
MRX.WV	11/22/08	\$12.50	\$0.30	\$0.80
MRX.WC	11/22/08	\$15.00	\$0.60	\$1.68
MRX.WW	11/22/08	\$17.50	\$1.08	\$3.08
MRX.WD	11/22/08	\$20.00	\$1.60	\$4.95
MRX.WX	11/22/08	\$22.50	\$1.90	\$7.15
MRX.WE	11/22/08	\$25.00	\$2.02	\$9.42
MRX.MB	1/17/09	\$10.00	\$0.08	\$0.53
MRX.MV	1/17/09	\$12.50	\$0.38	\$1.20
MRX.MC	1/17/09	\$15.00	\$0.60	\$2.23
MRX.MW	1/17/09	\$17.50	\$1.05	\$3.70
MRX.MD	1/17/09	\$20.00	\$1.40	\$5.50
MRX.MX	1/17/09	\$22.50	\$1.70	\$7.50
MRX.ME	1/17/09	\$25.00	\$1.90	\$9.70
MRX.MF	1/17/09	\$30.00	\$2.22	\$14.42
MRX.MG	1/17/09	\$35.00	\$2.34	\$19.42
MRX.MH	1/17/09	\$40.00	\$2.34	\$24.42
MRX.MI	1/17/09	\$45.00	\$2.34	\$29.42
MRX.MJ	1/17/09	\$50.00	\$2.34	\$34.42
MRX.PV	4/18/09	\$12.50	\$0.35	\$1.58
MRX.PC	4/18/09	\$15.00	\$0.75	\$2.75
MRX.PW	4/18/09	\$17.50	\$1.03	\$4.15
MRX.PD	4/18/09	\$20.00	\$1.35	\$5.80
MRX.PX	4/18/09	\$22.50	\$1.60	\$7.75
MRX.PE	4/18/09	\$25.00	\$1.75	\$9.85
MRX.PF	4/18/09	\$30.00	\$1.97	\$14.42
WEO.MB	1/16/10	\$10.00	\$0.28	\$1.50
WEO.MV	1/16/10	\$12.50	\$0.50	\$2.43
WEO.MW	1/16/10	\$17.50	\$1.00	\$4.90
WEO.MD	1/16/10	\$20.00	\$1.20	\$6.45
WEO.ME	1/16/10	\$25.00	\$1.60	\$10.40
WEO.MF	1/16/10	\$30.00	\$1.60	\$14.50
WEO.MG	1/16/10	\$35.00	\$2.12	\$19.42
WEO.MH	1/16/10	\$40.00	\$2.32	\$24.42
WEO.MI	1/16/10	\$45.00	\$2.34	\$29.42
ORX.MB	1/22/11	\$10.00	\$0.20	\$2.05
ORX.MC	1/22/11	\$15.00	\$0.65	\$4.45
ORX.MD	1/22/11	\$20.00	\$1.00	\$7.45
ORX.ME	1/22/11	\$25.00	\$1.35	\$11.10
ORX.MF	1/22/11	\$30.00	\$1.65	\$15.20

Notes: The Holding Price Per Share is the maximum of the intrinsic value as of September 24, 2008 and the mid-point of the closing bid and ask price as of September 24, 2008, or zero if the bid equals zero. Prices are per underlying share. One contract is for 100 underlying shares.