

IN THE UNITED STATES DISTRICT COURT
DISTRICT OF UTAH, CENTRAL DIVISION

IN RE NPS PHARMACEUTICALS, INC
SECURITIES LITIGATION,

Case No. 2:06cv00570 PGC

This Document relates to: All Actions

**[PROPOSED] NOTICE OF PENDENCY AND
PROPOSED SETTLEMENT OF CLASS ACTION**

TO: ALL PERSONS WHO PURCHASED THE COMMON STOCK OF NPS PHARMACEUTICALS, INC. ("NPS") BETWEEN AUGUST 7, 2001, AND MAY 2, 2006, INCLUSIVE, AND WHO WERE DAMAGED THEREBY (THE "SETTLEMENT CLASS").

A FEDERAL COURT AUTHORIZED THIS NOTICE.

THIS IS NOT A SOLICITATION.

YOUR LEGAL RIGHTS MAY BE AFFECTED WHETHER YOU ACT OR NOT. PLEASE READ THIS NOTICE CAREFULLY.

Purpose of Notice

The purpose of this Notice is to inform you of a proposed settlement of the Litigation described below. This Notice describes rights that you, as a potential class member, may have under the proposed settlement and the steps you must take to exercise and preserve those rights. This Notice is not an opinion by the Court as to the merits of any claims or defenses asserted by any party in this Litigation, or the fairness or adequacy of the proposed settlement.

Notice of Settlement Hearing

- The settlement resolves a securities fraud lawsuit concerning PREOS (the "Litigation"), an injectible drug designed by NPS to treat osteoporosis. Lead Plaintiff alleges that during the Settlement Class Period, NPS made false and misleading statements to investors about PREOS's (1) safety and effectiveness; (2) prospects for Food and Drug Administration ("FDA") approval and (3) potential profitability. Lead Plaintiff further alleges that these statements artificially inflated the price of NPS's publicly-traded securities, and that when the truth became known it caused the price of NPS's securities to drop, damaging investors.
- The Stipulation of Settlement (the "Stipulation") provides a \$15 million (Fifteen Million U.S. Dollars) cash fund for the benefit of investors who were damaged as a result of their purchase of NPS common stock between August 7, 2001, and May 2, 2006 ("Settlement Class Members").
- The Honorable Dale A. Kimball, United States District Judge, District of Utah, will hold a hearing on June 18, 2009 at 3:00 p.m. in Courtroom #220 (the "Settlement Hearing"). At the Settlement Hearing, the Court will determine (1) whether the settlement of the Litigation for \$15 million (Fifteen Million U.S. Dollars) and the proposed "Plan of Allocation" are fair, adequate and reasonable and (2) whether Lead Counsel's application for an award of attorneys' fees, costs and expenses and reimbursement of Lead Plaintiff's costs and expenses, should be approved and paid from the Settlement Fund.
- To share in the settlement proceeds, you must submit a valid Proof of Claim and Release (attached herewith) establishing that you are a Settlement Class Member within 90 days after the mailing of the Notice, or such other time as may be set by the Court.
- If you desire to exclude yourself from the Settlement Class or object to the settlement or the fee and expense awards, your written request for exclusion in writing or your objection must be filed with the Court and postmarked no later than 21 calendar days prior to the Settlement Hearing.
- The Court in charge of this case has not yet approved the settlement. Payments will only be made if and when the Court approves the settlement and the Court's Judgment becomes Final (as defined in ¶¶ 1.8 and 1.10 of the Stipulation). Please be patient.
- Capitalized terms herein are fully defined the Stipulation.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
SUBMIT A CLAIM FORM BY JUNE 25, 2009	The only way to get a payment.
EXCLUDE YOURSELF BY MAY 28, 2009	Get no payment. This is the only option that allows you to ever be part of any other lawsuit against Defendants and their Related Parties about the Released Claims.
OBJECT BY JUNE 4, 2009	Write the Court and explain why you believe the settlement is objectionable.
GO TO A HEARING ON JUNE 18, 2009	Appear in Court and ask to voice your objections to the settlement.
DO NOTHING	Get no payment. Give up your rights.

Potential Settlement Class Member Recovery

Pursuant to the Stipulation, the parties have established a fund consisting of \$15,000,000 (Fifteen Million U.S. Dollars) in cash (the "Settlement Fund"), plus any interest earned on that amount after it is deposited. Lead Plaintiff estimates that there were approximately 49,720,421 shares of NPS common stock traded during the Settlement Class Period which may have been damaged. Lead Plaintiff estimates that the average recovery per damaged share of NPS common stock under the settlement will be approximately 30¢, before

deduction of Court-awarded attorneys' fees and expenses. A Settlement Class Member's actual recovery will be a proportion of the Net Settlement Fund determined by that claimant's Recognized Claim as compared to the total Recognized Claims of all Settlement Class Members who submit valid Proofs of Claim. Some Settlement Class Members may receive more or less than this amount depending on a number of factors, including (1) the number of claims submitted; (2) when the Settlement Class Member purchased NPS common stock; (3) whether the Settlement Class Member continued to hold the stock at the end of the Settlement Class Period; and (4) if the Settlement Class Member sold the stock, when they sold it and the price they received. For more complete information on your Recognized Claim, see the "Plan of Allocation" on page 7.

Potential Outcome of Case

The parties disagree over liability and damages, as well as (at the very least) the following specific issues: (a) whether Defendants made any misstatements or omissions; (b) the appropriate economic model for determining how much, if at all, NPS common stock was artificially inflated; (c) the amount by which NPS common stock was artificially inflated, if at all; (d) the effect of various market forces, including general market and industry conditions, on the trading prices of NPS common stock during the Settlement Class Period; (e) the extent to which the Company's allegedly false and/or misleading statements influenced, if at all, the trading prices of NPS common stock; and (f) whether the statements made or facts allegedly omitted were material or otherwise actionable under the federal securities laws. Defendants deny any fault, liability, or wrongdoing whatsoever, and deny that the Settlement Class Members have suffered any damages. The Court has not, and if the Stipulation is approved, will not resolve these disputed issues.

Attorneys' Fees and Costs

At the inception of the Litigation, the Court appointed Motley Rice LLC ("Motley Rice" or "Lead Counsel") as Lead Counsel and has now preliminarily approved Motley Rice as counsel for the Settlement Class. Lead Counsel is moving the Court to award attorneys' fees in an amount not greater than one-fourth (25%) of the Settlement Fund, and for reimbursement of approximately \$ 208,000.00 for expenses incurred prosecuting the Litigation. The requested fees and expenses amount to an average of 8¢ per damaged share. Lead Counsel may also apply to the Court for reimbursement of the Settlement Class Representative's (i.e., Lead Plaintiff) reasonable costs and expenses (including lost wages) incurred representing the Settlement Class. Lead Counsel has expended considerable time and effort prosecuting this case on a completely contingent fee basis. Lead Counsel has advanced the expenses of the litigation, in the expectation that if it was successful in obtaining a recovery for the Settlement Class it would be paid from such recovery. In this type of litigation it is customary for counsel to be awarded a percentage of the common fund recovery as its attorneys' fees.

Further Information

To obtain further information concerning the Litigation and this Notice you may contact the representative for Lead Counsel: Lance V. Oliver, Esq. Motley Rice LLC, 28 Bridgeside Boulevard, Mount Pleasant, South Carolina, 29464 (843) 216-9618.

Reasons for Settlement

The principal reason Lead Plaintiff is settling is that it provides the Settlement Class with a guaranteed and immediate recovery. This benefit must be compared to the risk of no recovery after a contested trial and likely appeals, all of which could take years to resolve.

The principal reason Defendants are settling is to eliminate the expense, risks, and uncertain outcome of the litigation. Defendants nonetheless deny all allegations of fault, liability, or wrongdoing whatsoever.

WHAT THIS NOTICE CONTAINS

Table of Contents	Page
SUMMARY NOTICE	1
Potential Settlement Class Member Recovery	1
Potential Outcome of the Case	2
Attorneys' Fees and Costs	2
Further Information.....	2
Reasons for Settlement.....	2
BASIC INFORMATION.....	3
1. Why did I get this notice package?	3
2. What is this Litigation about?	3
3. Why is there a settlement?.....	3
WHO IS IN THE SETTLEMENT Class.....	4
4. How do I know if I am part of the Settlement Class?.....	4
5. Are there exceptions to being included?	4
6. What if I am still not sure if I am included?.....	4
THE SETTLEMENT BENEFITS — WHAT YOU GET	4
7. What does the settlement provide?.....	4
8. How much will my payment be?.....	4
HOW YOU GET A PAYMENT — SUBMITTING A PROOF OF CLAIM FORM.....	4
9. How can I get a payment?	4
10. When would I get my payment?.....	4
11. What am I giving up to get a payment or stay in the Settlement Class?	5
EXCLUDING YOURSELF FROM THE SETTLEMENT Class	5
12. How do I get out of the proposed Settlement Class?	5
13. If I do not exclude myself, can I sue Defendants and their Related Parties for the same thing later?.....	5

14. If I exclude myself, can I get money from the proposed settlement?	5
THE LAWYERS REPRESENTING YOU.....	5
15. Do I have a lawyer in this case?	5
16. How will the lawyers be paid?	5
OBJECTING TO THE SETTLEMENT	6
17. How do I tell the Court that I do not like the proposed settlement?	6
18. What is the difference between objecting and excluding?	6
THE COURT'S SETTLEMENT HEARING	6
19. When and where will the Court decide whether to approve the proposed settlement?	6
20. Do I have to come to the Settlement Hearing?	6
21. May I speak at the Settlement Hearing?	6
IF YOU DO NOTHING.....	7
22. What happens if I do nothing at all?	7
GETTING MORE INFORMATION.....	7
23. Are there more details about the proposed settlement?	7
24. How do I get more information?	7
PLAN OF ALLOCATION OF NET SETTLEMENT FUND AMONG SETTLEMENT CLASS MEMBERS	7
SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES.....	8

BASIC INFORMATION

1. Why did I get this notice package?

You or someone in your family may have purchased NPS common stock between August 7, 2001, and May 2, 2006, inclusive, and may have been damaged thereby.

The Court directed that this Notice be sent to Settlement Class Members because they have a right to know about a proposed settlement of the Litigation, and their options, before the Court decides whether to approve the settlement. If the Court approves the settlement, if and when the Court approves the settlement and the Court's Judgment becomes Final (as defined in ¶¶ 1.8 and 1.10 of the Stipulation), a Court-appointed administrator will make the payments to Settlement Class Members.

This package explains the Litigation, the settlement, Settlement Class Members' relevant legal rights, what benefits are available, who is eligible, and how to get them.

2. What is this Litigation about?

The Court in charge of the case is the United States District Court for the District of Utah, Central Division, and the case is styled *In re NPS Pharmaceuticals, Inc. Securities Litigation*, Case No. 2:06cv00570 PGC.

The case was filed on July 12, 2006, against Defendants, on behalf of all injured investors who purchased NPS's common stock between August 7, 2001, and May 2, 2006. The complaint alleges violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act"), 15 U.S.C. §§ 78j(b) and 78t(a), and Rule 10b-5 promulgated there under, 17 C.F.R. § 240.10b-5. On November 17, 2006, the Court designated PHARMA/wHEALTH Management Company, S.A. ("PHARMA"), a Luxemburg corporation that invests funds in the healthcare, biotech and pharmaceutical sectors, as Lead Plaintiff ("Lead Plaintiff") pursuant to the Private Securities Litigation Reform Act of 1995 ("PSLRA"). In the same Order, the Court appointed Motley Rice LLC ("Motley Rice" or "Lead Counsel") Lead Counsel and Burbidge & Mitchell as Liaison Counsel.

Defendants are NPS and certain of its executive officers and directors (collectively "Defendants") during the Settlement Class Period: Hunter Jackson, Chief Executive Officer and Chairman of the Board; N. Anthony Coles, President, Chief Operating Officer and Board Member; Edward F. Nemeth, Vice President and Chief Scientific Officer; Thomas Marriott, Vice President of Development and Research; James U. Jensen, Vice President for Corporate Development and Legal Affairs; Alan Rauch, Senior Vice President of Clinical Research and Medical Affairs and Chief Medical Officer; Morgan R. Brown, Senior Vice President of Finance; Robert K. Merrell, Chief Financial Officer and Treasurer; David L. Clark, Vice President of Corporate Affairs; Gerard J. Michel, Chief Financial Officer; G. Thomas Heath, Senior Vice President of Marketing and Sales and Alan L. Mueller Vice President of Drug Discovery (the "Individual Defendants").

The Consolidated Amended Complaint (the "Complaint") alleges that during the Settlement Class Period Defendants publicly misrepresented PREOS's safety, efficacy, potential market size, and prospects for FDA approval. The Complaint alleges that these misstatements and omissions induced Settlement Class Members to buy NPS common stock at artificially inflated prices during the Settlement Class Period, and when the true facts came to light, Settlement Class Members were damaged because the value of NPS's stock plummeted.

Plaintiff alleges that the foregoing conduct violated the federal securities laws, and seeks money damages against Defendants. Defendants deny all allegations of misconduct in the Complaint, and deny having engaged in any wrongdoing whatsoever.

3. Why is there a settlement?

On March 19, 2007, Defendants moved to dismiss the Complaint pursuant to Rule 12(b)(6) of the Federal Rules of Civil Procedure and on July 3, 2007, the Court denied Defendants' Motion to Dismiss. Defendants have answered the Complaint; denied Plaintiff's claims; asserted numerous affirmative defenses and contend that they are not liable to Plaintiff and have done nothing wrong.

After the Court denied Defendants' Motion to Dismiss, the parties commenced discovery. On March 19, 2008, the Court stayed all proceedings so the parties could engage in mediation.

Mediation is the process whereby the parties to a lawsuit engage a neutral third-party to evaluate the claims and facilitate settlement discussions. With the help of a mediator, Lead Counsel, Defense Counsel and Defendants' insurers engaged in ongoing phone negotiations through the end of August 2008. Ultimately the parties agreed – subject to court approval – to settle the case for \$15 million.

The Court has preliminarily approved the settlement and class certification. The Court has not finally approved this settlement, and any recovery herein is subject to such approval. The Court did not finally decide the claims in favor of Plaintiff or Defendants. Assuming the Court finally approves the settlement (see page 6), the Settlement Class Members will receive compensation without running the risks and cost of continued litigation, a contested trial and appeals. Lead Plaintiff and its counsel believe the settlement is best for all Settlement Class Members.

WHO IS IN THE SETTLEMENT CLASS

To see if you will get money from this settlement, you must first determine whether you are a Settlement Class Member.

4. How do I know if I am part of the Settlement Class?

The Settlement Class is defined as: *all persons who purchased the common stock of NPS Pharmaceuticals, Inc. between August 7, 2001, and May 2, 2006, inclusive, and who were damaged thereby.*

5. Are there exceptions to being included?

Defendants, members of the immediate families of the Individual Defendants, current directors and officers of NPS and the legal representatives, heirs, successors, or assigns of any such excluded Person are excluded from the Settlement Class.

If one of your mutual funds purchased NPS common stock during the Settlement Class Period, that alone does not make you a Settlement Class Member. You are a Settlement Class Member only if you directly purchased NPS common stock during the Settlement Class Period. Check your investment records or contact your broker to see if you purchased NPS common stock during the Settlement Class Period.

If you **sold** NPS common stock during the Settlement Class Period, that alone does not make you a Settlement Class Member. You are a Settlement Class Member only if you **purchased** NPS common stock during the Settlement Class Period.

6. What if I am still not sure if I am included?

If you are still not sure whether you are a Settlement Class Member, you can call The Claims Administrator at **1-866-396-6613** or visit **www.npssettlement.com** for more information. Or you can fill out and return the Proof of Claim form described in question 9 to see if you qualify.

THE SETTLEMENT BENEFITS — WHAT YOU GET

7. What does the settlement provide?

In exchange for the settlement and dismissal of the Litigation, Defendants agreed to create a \$15 million (Fifteen Million U.S. Dollars) fund to be divided, after fees, expenses, taxes and administration costs, among all Settlement Class Members who send in valid Proof of Claim forms.

8. How much will my payment be?

Your share of the fund will depend on the total Recognized Claims represented by the valid Proof of Claim forms that Settlement Class Members send in, the type and amounts of NPS securities you purchased, how much you paid for them, when you purchased them and whether or when you sold them, and if so for how much.

You can calculate your Recognized Claim in accordance with the formula shown below in the Plan of Allocation. It is unlikely that you will get a payment for the entire value of your Recognized Claim. After all Settlement Class Members have sent in their Proof of Claim forms, the payment you get will be a part of the Net Settlement Fund equal to your Recognized Claim divided by the total of everyone's Recognized Claims. See the Plan of Allocation beginning on page 7 for more information on your Recognized Claim.

HOW YOU GET A PAYMENT — SUBMITTING A PROOF OF CLAIM FORM

9. How can I get a payment?

To qualify for a payment, you must send in a Proof of Claim form. A Proof of Claim form is being circulated with this Notice. You may also get a Proof of Claim form on the Internet at www.npssettlement.com. Read the instructions carefully, fill out the Proof of Claim form, include all the documents the form asks for, sign it, and mail it postmarked no later than June 25, 2009.

10. When would I get my payment?

The Court will hold a hearing on **June 18, 2009**, to decide whether to finally approve the settlement. Even if the Court finally approves the settlement, there may be appeals. It is always uncertain whether these appeals can be resolved, and resolving them can take time, perhaps more than a year. It also takes time for all the Proofs of Claim to be processed. Please be patient.

11. What am I giving up to get a payment or stay in the Settlement Class?

Unless you exclude yourself, you are staying in the Settlement Class, and that means that, upon the “Effective Date,” you will release all “Released Claims” (as fully defined in ¶¶ 1.21 and 1.28 of the Stipulation) against the Defendants and their “Related Parties.” Generally, if you remain a member of the Settlement Class you will release all claims you have against Defendants arising out of, relating to, or in connection with the purchase and/or sale of the publicly-traded securities of NPS during the Settlement Class Period.

If you remain a member of the Settlement Class, all of the Court’s orders will apply to you and legally bind you.

EXCLUDING YOURSELF FROM THE SETTLEMENT CLASS

If you do not want a payment from the settlement, but you want to keep any right you may have to sue or continue to sue Defendants and their Related Parties, on your own, about the Released Claims, then you must take steps to preserve those rights and exclude yourself from the Settlement Class. This is called excluding yourself – or is sometimes referred to as “opting out” of the Settlement Class. NPS may withdraw from and terminate the settlement if putative Settlement Class Members who purchased in excess of a certain number of NPS common stock exclude themselves from the Settlement Class.

12. How do I get out of the proposed Settlement Class?

To exclude yourself from the Settlement Class, you must send a signed letter by mail stating that you “request exclusion from the Settlement Class in *In re NPS Pharmaceuticals, Inc. Securities Litigation*, Case No. 2:06cv00570 PGC.” Your letter should also state the date(s), price(s), and the type(s) and amount(s) of all your purchases and sales of NPS common stock during the Settlement Class Period. In addition, be sure to include your name, address, telephone number, and your signature. You must mail your exclusion request postmarked no later than **May 28, 2009 or 21 calendar days prior to the Settlement Hearing** to:

**NPS Pharmaceuticals, Inc. Securities Litigation
c/o The Garden City Group, Inc.
P.O. Box 9329
Dublin, OH 43017-4229
1-866-396-6613**

You cannot exclude yourself by telephone or by e-mail. If you ask to be excluded, you will not get any settlement payment, and you cannot object to the settlement. You will not be legally bound by anything that happens in this lawsuit, and you may be able to sue (or continue to sue) Defendants and their Related Parties in the future.

13. If I do not exclude myself, can I sue Defendants and their Related Parties for the same thing later?

No. Unless you exclude yourself, you give up any rights to sue Defendants and their Related Parties for any and all Released Claims. If you have a pending lawsuit speak to your lawyer in that case immediately. You must exclude yourself from *this* Settlement Class to continue your own lawsuit. Remember, the exclusion deadline is **May 28, 2009**.

14. If I exclude myself, can I get money from the proposed settlement?

No. If you exclude yourself, do not send in a Proof of Claim form to ask for any money. But you may exercise any right you may have to sue, continue to sue, or be part of a different lawsuit against Defendants and their Related Parties concerning the Released Claims.

THE LAWYERS REPRESENTING YOU

15. Do I have a lawyer in this case?

The Court appointed the law firm of Motley Rice in Hartford, CT and Mt. Pleasant, SC to represent all Settlement Class Members. These lawyers are called Plaintiff’s Lead Counsel. You will not be separately charged for these lawyers. The Court will determine the amount of Lead Counsel’s fees and expenses, which will be paid from the Gross Settlement Fund. If you want to be represented by your own lawyer, you may hire one at your own expense.

16. How will the lawyers be paid?

Lead Counsel are moving the Court to award attorneys’ fees from the Gross Settlement Fund in an amount not greater than one-fourth (25%) of the Gross Settlement Fund and for reimbursement of approximately \$208,000 for their costs and expenses, plus interest at the same rate as earned by the Gross Settlement Fund.

Lead Counsel may also move the Court to award a payment to the Settlement Class Representative for its reasonable costs and expenses (including lost wages) directly relating to its representation of the Settlement Class.

Lead Counsel, without further notice to the Settlement Class, will subsequently apply to the Court for payment of the Claims Administrator’s fees and expenses incurred in connection with giving notice, administering the settlement and distributing the settlement proceeds to the members of the Settlement Class.

OBJECTING TO THE SETTLEMENT

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

17. How do I tell the Court that I do not like the proposed settlement?

If you are a Settlement Class Member you can object to the settlement or any of its terms, the proposed Plan of Allocation and/or the application by Lead Counsel for an award of fees and expenses. You may write to the Court setting out your objection. You may give reasons why you think the Court should not approve any or all of the settlement terms or arrangements. The Court will consider your views if you file a proper objection within the deadline identified, according to the following procedures. The Court may approve the settlement even if you object.

To object, you must send a signed letter stating that you object to the proposed settlement in *In re NPS Pharmaceuticals, Inc. Securities Litigation*, Case No. 2:06cv00570 PGC. Be sure to include your name, address, telephone number, and your signature, identify the date(s), price(s), and the type(s) and amount(s) of all purchases and sales of NPS securities you made during the Settlement Class Period, and state the reasons why you object to the settlement. Your objection must be filed with the Court and served on all the following counsel on or before **June 4, 2009 or 14 calendar days prior to the Settlement Hearing**:

COURT	PLAINTIFF'S LEAD COUNSEL		DEFENDANTS' COUNSEL
Clerk of the Court United States District Court for the District of Utah 350 South Main Street Salt Lake City, Utah 84101-2180	William H. Narwold Motley Rice LLC One Corporate Center 20 Church Street, 17th Floor Hartford, CT 06103	Lance V. Oliver Motley Rice LLC 28 Bridgeside Blvd. Mount Pleasant, SC 29464	Michele F. Kyrouz Latham & Watkins LLP 505 Montgomery Street Suite 2000 San Francisco, California 94111

You do not need to go to the Settlement Hearing to have your written objection considered by the Court. At the Settlement Hearing, any Settlement Class Member who has not previously submitted a request for exclusion from the Settlement Class and who has complied with the procedures set out in this question and question 21 below for filing with the Court and providing to the counsel for Plaintiff and Defendants a statement of an intention to appear at the Settlement Hearing may also appear and be heard, to the extent allowed by the Court, to state any objection to the settlement, the Plan of Allocation or Plaintiff's Lead Counsel's motion for an award of attorneys' fees and reimbursement of expenses. Any such objector may appear in person or arrange, at that objector's expense, for a lawyer to represent the objector at the Settlement Hearing.

18. What is the difference between objecting and excluding?

Objecting is simply telling the Court that you do not like something about the proposed settlement. You can object only if you stay in the Settlement Class. Excluding yourself is telling the Court that you do not want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT'S SETTLEMENT HEARING

The Court will hold a hearing to decide whether to approve the proposed settlement. You may attend and you may ask to speak, but you do not have to.

19. When and where will the Court decide whether to approve the proposed settlement?

The Court will hold a Settlement Hearing at **3:00 p.m. on the 18th day of June 2009**, at the United States District Court for the District of Utah, 350 South Main Street Salt Lake City, Utah 84101-2180. At this hearing the Court will consider whether the settlement is fair, reasonable and adequate. At the Settlement Hearing, the Court also will consider the proposed Plan of Allocation for the proceeds of the settlement and the application of Plaintiff's Lead Counsel for attorneys' fees and reimbursement of expenses. The Court will take into consideration any written objections filed in accordance with the instructions at question 17. The Court also may listen to people who have properly indicated, within the deadline identified above, an intention to speak at the hearing; but decisions regarding the conduct of the hearing will be made by the Court. See question 21 for more information about speaking at the hearing. The Court may also decide how much to pay to Plaintiff's Lead Counsel. After the hearing, the Court will decide whether to approve the settlement. Plaintiff's Lead Counsel does not know how long these decisions will take.

You should be aware that the Court may change the date and time of the Settlement Hearing. Thus, if you want to come to the hearing, you should check with Plaintiff's Lead Counsel before coming to be sure that the date and/or time has not changed.

20. Do I have to come to the hearing?

No. Plaintiff's Lead Counsel will answer any 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 filed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary for your lawyer to attend. Settlement Class Members do not need to appear at the hearing or take any other action to indicate their approval.

21. May I speak at the Settlement Hearing?

If you object to the settlement, you may ask the Court for permission to speak at the Settlement Hearing. To do so, you must include with your objection (see question 17 above) a statement stating that it is your "Notice of Intention to Appear in *In re NPS Pharmaceuticals, Inc. Securities Litigation*, Case No. 2:06cv00570 PGC." Persons who intend to object to the settlement, the Plan of Allocation, and/or Lead Counsel's application for an award of attorneys' fees and expenses and who desire to present evidence at the Settlement Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the Settlement Hearing. You cannot speak at the hearing if you excluded yourself from the Settlement Class or if you have not provided written notice of your intention to speak at the Settlement Hearing by the deadline identified, and in accordance with the procedures described herein.

IF YOU DO NOTHING

22. What happens if I do nothing at all?

If you do nothing, you will get no money from the settlement and you will be precluded from starting a lawsuit, continuing with a lawsuit, or being part of any other lawsuit against Defendants and their Related Parties about the Released Claims in this case, ever again. To share in the Net Settlement Fund you must submit a Proof of Claim form (see question 9). To start, continue or be a part of any other lawsuit against Defendants and their Related Parties about the Released Claims in this case you must exclude yourself from this Settlement Class (see question 12).

GETTING MORE INFORMATION

23. Are there more details about the proposed settlement?

This notice summarizes the settlement. More details are in the Stipulation dated February 24, 2009. You can get a copy of the Stipulation by writing to William H. Narwold, Esq., Motley Rice LLC, One Corporate Center, 20 Church Street, 17th Floor, Hartford, CT 06103, or by visiting www.npssettlement.com.

You also can call the Claims Administrator at **1-866-396-6613** toll free; write to the Claims Administrator at:

**NPS Pharmaceuticals, Inc. Securities Litigation
c/o The Garden City Group, Inc.
P.O. Box 9329
Dublin, OH 43017-4229;**

or visit the website at www.npssettlement.com, where you will find answers to common questions about the settlement, a Proof of Claim form, plus other information to help you determine whether you are a Settlement Class Member and whether you are eligible for a payment.

24. How do I get more information?

For even more detailed information concerning the matters involved in this Litigation, please reference the pleadings, the Stipulation, the Orders entered by the Court and other papers filed in the case. These documents may be inspected at the Office of the Clerk of the United States District Court for the District of Utah, 350 South Main Street Salt Lake City, Utah 84101-2180, during regular business hours.

PLAN OF ALLOCATION OF NET SETTLEMENT FUND AMONG SETTLEMENT CLASS MEMBERS

General Overview of the Plan: The \$15,000,000 (Fifteen Million U.S. Dollars) Settlement Fund and the interest earned thereon shall be the Gross Settlement Fund. The Gross Settlement Fund, less all taxes, approved costs, fees and expenses (the "Net Settlement Fund") shall be distributed to members of the Settlement Class who submit acceptable 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 Claim." The Recognized Claim formula is not intended to be an estimate of the amount of what a Settlement Class Member 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.

Basis of the Plan: The proposed Plan of Allocation (the "Plan") reflects the proposition alleged in the Complaint: that the prices of NPS securities were artificially inflated during the Settlement Class Period because Defendants made false and misleading statements concerning PREOS.

Plaintiff's damages expert opined that NPS's common stock (1) traded in a developed and efficient market during the Settlement Class Period and (2) that the market price of NPS common stock was artificially inflated by approximately \$8.04 during the Settlement Class Period because of Defendants' allegedly false and misleading statements and omissions concerning PREOS. The Plan is based on these opinions. Each Settlement Class Member's Damages and recovery, however, will vary depending on any number of factors, including when the Settlement Class Member purchased and/or sold NPS common stock, the purchase price paid and the sales price received, and various financial assumptions. If you desire further explanation or have questions about the Plan, please consult the sources identified in question number 23.

The Plan: For shares of NPS common stock (NASDAQ ticker: NPSP) purchased during the Settlement Class Period, "Recognized Claims" will be calculated as follows:

To the extent there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant's entire Recognized Loss. However, if the amount in the Net Settlement Fund is not sufficient to permit payment of the total Recognized Loss of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage that each Authorized Claimant's Claim bears to the total of the claims of all Authorized Claimants. Payment in this manner shall constitute payment in full and complete compensation for all Authorized Claimant's Recognized Losses.

However, if the Authorized Claimant made a profit on a sale of NPS common stock purchased between August 7, 2001 and May 2, 2006 (the "Settlement Class Period") (*i.e.*, the sales price per share of NPS common stock was higher than the purchase price per share of NPS common stock), then the Recognized Loss for those shares of common stock shall be zero, and any such profits will be offset against the Recognized Loss, if any, from any other Settlement Class Period purchases of NPS common stock.

For Settlement Class Members who held NPS common stock before the Settlement Class Period or made multiple purchases or sales during the Settlement Class Period, the first-in, first-out ("FIFO") method will be applied to such holdings, purchases and sales for purposes of calculating a Recognized Claim. Under the FIFO method, each sale of NPS common stock will be matched, in chronological order, first against NPS common stock held at the beginning of the Settlement Class Period. The remaining sales of NPS

common stock during the Settlement Class Period will then be matched, in chronological order, against purchases of NPS common stock executed during the Settlement Class Period. A purchase or sale of NPS common stock shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date.

The amount of an Authorized Claimant's Recognized Loss shall be determined as follows:

- (1) For each share of NPS common stock purchased or otherwise acquired between August 7, 2001 and March 9, 2006, inclusively:
 - (a) that an Authorized Claimant sold prior to March 10, 2006, the Authorized Claimant shall have no "Recognized Loss."
 - (b) that an Authorized Claimant sold between March 10, 2006 and the market close on May 2, 2006, inclusively, the Recognized Loss per share shall be equal to **the lesser of** (a) the difference between (x) purchase price paid per share (excluding commissions) and (y) the proceeds received on sale per share (excluding commissions) **or** (b) \$4.84 per share (*i.e.*, the market adjusted price decline on March 10, 2006).
 - (c) that an Authorized Claimant sold during the period between May 3, 2006 and July 31, 2006, the Recognized Loss per share shall be equal to **the lesser of** (a) the difference between (x) purchase price paid per share (excluding commissions) and (y) \$4.99 per share **or** (b) the difference between (x) purchase price paid per share (excluding commissions) and (y) the proceeds received on sale per share (excluding commissions) **or** (c) \$8.04 per share (*i.e.*, the total market adjusted price decline for the entire Settlement Class Period).
 - (d) that an Authorized Claimant sold or retained after July 31, 2006, **the lesser of** (a) the difference between (x) purchase price paid per share (excluding commissions) and (y) \$4.99 per share **or** (b) \$8.04 per share (*i.e.*, the total market adjusted price decline for the entire Settlement Class Period).
- (2) For each share of NPS common stock purchased or otherwise acquired between March 10, 2006 and the market close on May 2, 2006, inclusively:
 - (a) that an Authorized Claimant sold prior to the market close on May 2, 2006, the Authorized Claimant shall have no "Recognized Loss."
 - (b) that an Authorized Claimant sold during the period between May 3, 2006 and July 31, 2006, the Recognized Loss per share shall be equal to **the lesser of** (a) the difference between (x) purchase price paid per share (excluding commissions) and (y) \$4.99 per share **or** (b) the difference between (x) purchase price paid per share (excluding commissions) and (y) the proceeds received on sale per share (excluding commissions) **or** (b) \$3.20 per share (*i.e.*, the market adjusted decline on May 3, 2006).
 - (c) that an Authorized Claimant sold or retained after July 31, 2006, **the lesser of** (a) the difference between (x) purchase price paid per share (excluding commissions) and (y) \$4.99 per share **or** (b) \$3.20 per share (*i.e.*, the total market adjusted price decline on May 3, 2006).

Settlement Class Members who do not submit valid Proofs of Claim will not share in the settlement proceeds. Settlement Class Members who do not submit acceptable Proofs of Claim will nevertheless be bound by the Stipulation and the Order and Final Judgment of the Court dismissing this Litigation.

Distributions will be made to Authorized Claimants after (1) the Effective Date (as fully defined in ¶ 1.6 of the Stipulation) and (2) all claims have been processed. If any funds remain in the Net Settlement Fund by reason of un-cashed distributions or otherwise, then, after the Claims Administrator has made reasonable and diligent efforts to have Settlement 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 six (6) months after the initial distribution of such funds shall be re-distributed to Settlement Class Members who have cashed their initial distributions and who would receive at least \$ 10.00 from such re-distribution, after payment of any unpaid costs or fees incurred in administering the Net Settlement Fund for such re-distribution. If after six months after such re-distribution any funds shall remain in the Net Settlement Fund, then such balance shall be contributed to non-sectarian, not-for-profit, 501(c)(3) organization(s) agreed upon by Plaintiff's Lead Counsel and Counsel for Defendants.

SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES

If you purchased NPS common stock (NASDAQ ticker: NPSP) between August 7, 2001 and May 2, 2006, inclusive, for the beneficial interest of any person or organization other than yourself, the Court has directed that, WITHIN SEVEN (7) DAYS OF YOUR RECEIPT OF THIS NOTICE, you either (a) provide to the Claims Administrator the name and last known address of each person or organization for whom or which you purchased those NPS shares during such time period or (b) request additional copies of this Notice and the Proof of Claim form, which will be provided to you free of charge, and within seven (7) days mail the Notice and Proof of Claim form directly to the beneficial owners of those NPS shares. If you choose to follow alternative procedure (b), the Court has directed that, upon such mailing, you send a statement to the Claims Administrator confirming that the mailing was made as directed. You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expense and the cost of ascertaining the names and addresses of beneficial owners. Those expenses will be paid upon request and submission of appropriate supporting documentation. All communications concerning the foregoing should be addressed to the Claims Administrator:

**NPS Pharmaceuticals, Inc. Securities Litigation
c/o The Garden City Group, Inc.
P.O. Box 9329
Dublin, OH 43017-4229
1-866-396-6613**

Dated: Salt Lake City, Utah
March 20, 2009

By Order of the Court
CLERK OF THE COURT