

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

IN RE ALLIANCE PHARMACEUTICAL
CORP. SECURITIES LITIGATION

01-CV-1674 (SCR)

THIS DOCUMENT RELATES TO:
ALL ACTIONS

NOTICE OF PENDENCY OF CLASS ACTION AND SETTLEMENT

TO: ALL PERSONS AND ENTITIES WHO EXCHANGED THE COMMON STOCK OF MOLECULAR BIOSYSTEMS, INC. ("MBI") FOR THE COMMON STOCK OF ALLIANCE PHARMACEUTICAL CORP. ("ALLIANCE") PURSUANT TO A MERGER OF MBI AND A SUBSIDIARY OF ALLIANCE ON OR ABOUT DECEMBER 29, 2000.

You are hereby notified, pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Southern District of New York dated November 3, 2005, of a proposed settlement with defendants for \$4,750,000 and how it may affect your rights.

You are further notified that a hearing will be held by the United States District Court for the Southern District of New York to consider the fairness, reasonableness, and adequacy of the proposed settlement, and the application of Lead Counsel (as defined below) for attorneys' fees and reimbursement of expenses. The proposed settlement, the terms of which are only summarized in this Notice, is embodied in a Stipulation of Settlement dated November 2, 2005 (the "Stipulation"), which has been filed with the Court. A hearing (the "Settlement Hearing") will be held before the Honorable Stephen C. Robinson, United States District Judge, United States Courthouse, 300 Quarropas Street, White Plains, New York 10601 at 3:00 p.m., on February 15, 2006 to consider whether: (1) the proposed settlement is fair, reasonable, adequate, and in the best interests of the Class (as defined below) and should be approved; (2) the Action should be dismissed with prejudice; (3) the Plan of Allocation (hereinafter described) should be approved; and (4) the application of Lead Counsel for attorneys' fees and reimbursement of expenses and the payment of compensatory awards to the Class Representatives (as defined below) should be approved. The Settlement Hearing may be adjourned from time to time by the Court without further notice.

A. SUMMARY OF SETTLEMENT

The proposed settlement creates a fund in the amount of \$4,750,000 in cash (the "Settlement Amount"), plus interest. Based on Lead Counsel's (defined below) estimate of the number of shares entitled to participate in the settlement and the anticipated number of claims to be submitted by Class members, the average distribution per share would be approximately \$6.17 before deduction of Court-approved fees and expenses. However, your actual recovery from this settlement fund may be larger or smaller depending on a number of variables including the date, if any, that you disposed of your Alliance shares, the number of claimants, the amount of fees and costs awarded by the Court, and the expense of administering the claims process.

B. DESCRIPTION OF THE LITIGATION

1. This lawsuit is pending in the United States District Court for the Southern District of New York (the "Court"). The Action was brought pursuant to Sections 11, 12(a)(2), and 15 of the Securities Act of 1933 (the "Securities Act") against Alliance and individuals who were officers and/or directors of Alliance, including Duane J. Roth, Theodore D. Roth and Timothy T. Hart.

2. Commencing on or about February 23, 2001, three actions were filed by persons and entities who exchanged the common stock of MBI for the common stock of Alliance pursuant to the merger of MBI and a subsidiary of Alliance on or about December 29, 2000. By Order dated May 22, 2001, the Court consolidated those three actions. At the same time, the Court appointed a lead plaintiff. The Court also appointed Wechsler Harwood LLP as lead counsel for the Class. Plaintiffs filed a Second Consolidated Amended Securities Class Action Complaint on January 14, 2002 (the "Complaint"). Defendants answered the Complaint, have denied all liability, and asserted various affirmative defenses.

3. On or about February 14, 2002, plaintiffs filed a motion with the Court asking it to certify this as a class action on behalf of a class as defined in the Complaint. By Order dated March 13, 2002, with the consent of defendants, the Court entered an Order certifying the following Class:

All persons and entities who exchanged MBI common stock for Alliance common stock pursuant to a merger between Alliance and MBI consummated on or about December 29, 2000 (the "Merger") and who were injured thereby. Excluded from the Class are defendants, members of their families, any entity in which any defendant has a controlling interest or is a subsidiary of or is controlled by Alliance, and the officers, directors, affiliates, legal representatives, heirs, predecessors, successors, and assigns of any defendant (the "Class").

4. At the close of discovery, defendants moved for summary judgment. Such motion was denied in part and granted in part. Among other things, plaintiffs' claims pursuant to Section 11 were dismissed.

C. BACKGROUND

1. The Court has directed that this Notice should be given to all members of the Class to inform them of the lawsuit and their rights. The sending of this Notice is not an expression by the Court or the parties of any opinion as to the merits of any claim or defense or the likelihood of recovery by the plaintiffs or any members of the Class. This Notice is being sent to you because records indicate that you may be a member of the Class.

2. This action involves alleged materially false and misleading statements and omissions contained in a proxy statement-prospectus issued by Alliance in connection with the Merger. The proposed settlement was reached on the eve of trial.

3. Defendants have denied and continue to deny all of the substantive allegations made against them in the Complaint, deny any wrongdoing or violation of law, and deny that they have any liability whatsoever to the plaintiffs or the members of the Class. The Court has not expressed and is not expressing any opinion about the accuracy of the plaintiffs' allegations or the likelihood that plaintiffs would prevail if the case were to proceed to trial.

D. DEFINITIONS USED IN THIS NOTICE

As used in this Notice, the following terms have the meanings specified below:

1. "Action" means In re Alliance Pharmaceutical Corp. Securities Litigation, Civil Action No. 01-CV-1674 (SCR), pending in the United States District Court for the Southern District of New York, and includes all cases consolidated under that caption.

2. "Attorneys' Fees and Expenses" means the portion of the Settlement Amount approved by the Court for payment to Lead Counsel, for attorneys' fees, costs, and expenses.

3. "Authorized Claimant" means a member of the Class who submits a timely and valid proof of claim form to the Claims Administrator. Only those members of the Class filing timely and valid proofs of claim shall be entitled to receive any distributions from the Net Settlement Fund.

4. "Claims Administrator" means Berdon Claims Administration LLC ("Berdon"), an independent firm retained by Lead Counsel to give notice of the class action, to process proofs of claim and to distribute payments.

5. "Class" means:

All persons and entities who exchanged MBI common stock for Alliance common stock pursuant to a merger between Alliance and MBI consummated on or about December 29, 2000 (the "Merger") and who were injured thereby. Excluded from the Class are defendants, members of their families, any entity in which any defendant has a controlling interest or is a subsidiary of or is controlled by Alliance, and the officers, directors, affiliates, legal representatives, heirs, predecessors, successors, and assigns of any defendant (the "Class").

6. "Class Distribution Order" means the order entered by the Court upon application of Lead Counsel, which authorizes the Claims Administrator to distribute the Net Settlement Fund to Authorized Claimants.

7. "Class Member" means a member of the Class who has not submitted a timely and valid request for exclusion from the Class and his, her, or its respective assigns, heirs, executors, administrators, custodians, beneficiaries, and predecessors or successors in interest and each of them.

8. "Class Representatives" means Jeffrey Benison, Samuel Rebotky, Theodore Boecker, Gregory DuChaine, and Dr. Rami Reddy Mutyala.

9. "Complaint" means the Second Consolidated Amended Securities Class Action Complaint filed in this Action on January 14, 2002.

10. "Court" means the United States District Court for the Southern District of New York.

11. "Effective Date" means the date on which the Court's Final Judgment of Dismissal With Prejudice (the "Judgment"), becomes final, which shall be deemed to be when either of the following has occurred: (a) if there is no appeal, the day following the expiration of the time to appeal from the Judgment; or (b) if an appeal is sought from the Judgment, the day after the Judgment is affirmed and is no longer subject to further judicial review.

12. "Escrow Account" means the interest-bearing account to be established by the Escrow Agent for the purpose of holding all monies paid in this settlement. At all times the Escrow Account shall be held under the wardship of the Court.

13. "Escrow Agent" means Berdon. The Escrow Agent shall perform the duties set forth in this Stipulation.

14. "Gross Settlement Fund" means the Settlement Amount plus all interest earned thereon.

15. "Individual Defendants" means Duane J. Roth and Theodore D. Roth.

16. "Lead Plaintiff" means the Benison Group which includes Jeffrey Benison, Samuel Rebotky, Theodore Boecker, Gregory DuChaine, Dr. Rami Reddy Mutyala, Hemalatha Challa, Venkata Reddy Mutyala, and Ravichandra Mutyala.

17. "Lead Counsel" means the law firm of Wechsler Harwood LLP and any predecessor or successor firm.

18. "Net Settlement Fund" means the Gross Settlement Fund, less: (a) Attorneys' Fees and Expenses; (b) Class Representatives' compensatory awards; (c) Notice and Administration Expenses; (d) taxes; and (e) other fees and expenses authorized by the Court.

19. "Notice and Administration Account" means the interest-bearing account to be established and maintained by the Claims Administrator. The Notice and Administration Account may be drawn upon by the Claims Administrator for Notice and Administration Expenses upon approval of Wechsler Harwood LLP.

20. "Notice and Administration Expenses" means all expenses reasonably incurred in connection with the preparation, printing, mailing, and publication of the notice to the Class of the proposed settlement, and all reasonable expenses of settlement administration; provided, however, that none of these expenses shall be deemed to include attorneys' fees.

21. "Person" means any individual, corporation, company, partnership, association, affiliate, trust, estate, unincorporated association, joint venture, government and any political subdivision thereof, and any other type of legal or political entity.

22. "Plaintiffs' Counsel" means each law firm that represents a named plaintiff in any action that was consolidated into the Action.

23. "Released Parties" means defendants and their predecessors, successors, parents, subsidiaries, affiliates, employees, agents, attorneys, accountants, insurers, advisors, representatives, assigns, heirs, executors, trustees, administrators and custodians, and any person acting on their behalf.

24. "Settled Claims" means all claims, demands, rights, duties, remedies, liabilities, and causes of action of every nature and description whatsoever, including both known and Unknown Claims, suspected or unsuspected, whether based on federal, state, local, statutory or common law or any other law, rule or regulation, that have been or could have been asserted in any forum by the Lead Plaintiff or members of the Class, or the successors or assigns of any of them, arising out of or relating in any way to any of the allegations in the Complaint or the Action, whether directly, indirectly, representatively, or in any other capacity, against the Released Parties.

25. "Settled Defendant Claims" means all claims, demands, rights, duties, remedies, liabilities, and causes of action of every nature and description whatsoever, whether based on federal, state, local, statutory, or common law, or any other law, rule, or regulation, that have been or could have been asserted in the Action by the defendants, or any of them, or the successors and assigns of any of them against any of the plaintiffs, Class Members, or their attorneys, which arise out of or relate in any way to the allegations of this Action.

26. "Settlement Amount" is \$4,750,000 in cash, plus interest.

27. "Settlement Hearing" means the final hearing to be held by the Court to determine whether the proposed settlement should be approved as fair, reasonable, adequate, and in the best interests of the Class, whether all Settled Claims should be dismissed with prejudice and without costs, whether an order approving the settlement should be entered, whether the plan of allocation should be approved, whether counsel fees and reimbursement of expenses to Plaintiffs' Counsel should be awarded, and whether to order compensatory awards to the Class Representatives.

28. "Unknown Claims" means any and all Settled Claims which any Lead Plaintiff or member of the Class does not know or suspect to exist in his, her, or its favor at the time of the release of the Released Parties, which if known by him, her, or it might have affected his, her, or its decision with respect to the settlement. With respect to the Settled Claims, upon the Effective Date, the Lead Plaintiff and the members of the Class shall be deemed to have expressly waived any and all provisions, rights, and benefits conferred by Cal. Civ. Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Lead Plaintiff and members of the Class further agree that they have expressly waived any and all provisions, rights, and benefits conferred by any law of any jurisdiction or principle of common law which is similar, comparable, or equivalent to Cal. Civ. Code § 1542. Lead Plaintiff agrees, and members of the Class by operation of law shall be deemed to have agreed, that the inclusion of Unknown Claims in the definition of Settled Claims was separately bargained for and was a key element of the settlement.

E. THE DESCRIPTION OF THE SETTLEMENT

1. The Proposed Settlement.

a. In full settlement of the Settled Claims, \$4,750,000 has been placed in an interest-bearing escrow account.

b. A portion of the Gross Settlement Fund will be used for certain administrative expenses, including costs of printing and mailing this Notice, the cost of publishing a newspaper notice, payment of any taxes assessed against the Gross Settlement Fund or the Net Settlement Fund, and costs associated with the processing of claims. In addition, as explained below, a portion of the Gross Settlement Fund may be awarded by the Court to Lead Counsel as attorneys' fees and for reimbursement of out-of-pocket expenses. The Court may also reimburse the Class Representatives for their expenses, including lost wages relating to their representation of the Class, in the aggregate amount of \$12,000. The Net Settlement Fund, comprised of the balance of the Gross Settlement Fund following the payment of administrative expenses, taxes, attorneys' fees and the reimbursement of expenses, and compensatory awards, will be distributed according to the Plan of Allocation, described below, to Class Members who submit valid and timely Proof of claim forms.

2. Statement of Potential Outcome.

a. Class Representatives and defendants do not agree on liability issues or the average amount of damages per share that would be recoverable if plaintiffs were to prevail on each claim asserted. The issues on which the parties disagree include: (i) whether the prospectus contained any material misstatement or omission; (ii) whether the defendants have valid defenses to the claims against them; and (iii) the extent to which other factors caused plaintiffs' and the Class's damages.

b. In determining to settle this Action, plaintiffs considered the substantial risk that they and members of the Class might not have prevailed on any or all of their claims and that there were substantial risks that the Class's damages could be attributed, in whole or in part, to factors other than the allegedly false and misleading statements, and that plaintiffs and the Class, therefore, could have recovered nothing or substantially less than the Settlement Amount, as well as the current financial condition of Alliance.

c. Defendants deny that they are liable to the plaintiffs or the Class.

3. Statement of Attorneys' Fees and Costs Sought.

a. Lead Counsel have not received any payment for their services in pursuing the Action against the defendants on behalf of Lead Plaintiffs and the members of the Class, nor have they been reimbursed for their out-of-pocket expenditures. If the settlement is approved by the Court, Lead Counsel will apply to the Court for attorneys' fees of up to one-third of the Gross Settlement Fund and reimbursement of out-of-pocket expenses. Lead Counsel also will apply to the Court for compensatory awards to the Class Representatives totaling \$12,000. If the amounts requested are approved by the Court, the average cost would be \$2.40 per share. The effect of an award of Attorneys' Fees and Expenses on each Class Member will depend on his, her, or its particular recovery in the Plan of Allocation, as detailed in Section F below.

b. The fee requested by Plaintiffs' Counsel would compensate them for their efforts in achieving the settlement for the benefit of the Class, and for their risk in undertaking this representation on a contingency basis. Lead Counsel have determined that the fee requested is within the range of fees awarded under similar circumstances in litigation of this type.

4. Reasons for Settlement.

a. Lead Counsel believe that the proposed settlement is fair, reasonable, adequate, and in the best interests of the Class. Because of the risks associated with proceeding to trial, there was a danger that plaintiffs would not have prevailed on any of their claims, in which case the Class would receive nothing. For example, the Class faced the possibility that all or many of the claims in this case could have been dismissed after trial, or on appeal. In addition, the amount of damages recoverable by the Class was and is challenged

by defendants. Recoverable damages in this case are limited to losses caused by conduct actionable under applicable law and, had the Action gone to trial, the defendants intended to assert an affirmative defense to the effect that all or most of the losses suffered by members of the Class were caused by factors other than the statements and omissions at issue. The decision to enter into this settlement was made with knowledge of the facts and circumstances underlying Class Representatives' claims and the strengths and weaknesses of those claims.

b. Lead Counsel engaged in extensive and intensive arm's-length negotiations with counsel for defendants and an independent mediator with respect to the settlement and, in determining to settle the Action, Lead Counsel have evaluated the likelihood of succeeding on the merits, damages, and defendants' affirmative defenses. Lead Counsel believe that the settlement is fair, reasonable, adequate, and in the best interests of the Class. They have reached this conclusion after investigating and considering, among other things, the strengths and weaknesses of plaintiffs' claims against defendants and the uncertainties inherent in this complex litigation, as well as the substantial benefit provided by the settlement to the Class.

F. PROPOSED PLAN OF ALLOCATION

1. The Net Settlement Fund will be allocated among all Authorized Claimants proportionately according to the Recognized Loss of each Authorized Claimant compared to the total losses of all Authorized Claimants. For purposes of determining the amount an Authorized Claimant may recover under the Plan of Allocation, Lead Counsel have consulted with their damages expert and have determined that the Plan of Allocation reflects an assessment of the damages that could have been recovered if plaintiffs had been entirely successful in establishing liability against defendants.

2. Because Class Members were damaged by different amounts, depending on when and if they disposed of their Alliance common stock, Lead Counsel have determined that the allowed claims vary depending on the date of disposition in accordance with the applicable statute.

3. Pursuant to this analysis, the amount of each claim will be calculated as follows:

a. For MBI common stock exchanged for Alliance common stock and sold between December 29, 2000 and the close of business on January 8, 2001, the recognized loss shall be \$6.36 per Alliance share received and sold.

b. For MBI common stock exchanged for Alliance common stock and sold between January 9, 2001 and the close of business on January 12, 2001, the recognized loss shall be \$11.70 per Alliance share received and sold.

c. For MBI common stock exchanged for Alliance common stock and retained as at January 16, 2001, the recognized loss shall be \$11.16 per Alliance share received and retained.

4. General Provisions:

a. The Plan of Allocation may be modified only upon further order of the Court and may be so modified without further notice to Class Members.

b. In processing claims, the first-in, first-out basis ("FIFO") will be applied to both purchases and sales.

c. The distribution to each Class Member may be rounded to the nearest dollar. No payment will be made on any claims where the potential distribution amount is \$10.00 or less, but the Authorized Claimant will otherwise be bound by the final judgment entered by the Court.

d. No person shall have any claim against Plaintiffs' Counsel, the Claims Administrator or other agent designated by Plaintiffs' Counsel, or any defendant or any defendant's counsel based on the distribution made substantially in accordance with the Stipulation and this Plan of Allocation, or further orders of the Court.

e. The settlement will become effective, if approved by the Court, after the Judgment entered by the Court becomes final.

f. This Notice is not intended to be a complete description of the Stipulation. The Stipulation contains the full and complete terms of the settlement, and is available as set forth in Section L below.

5. Class Members who do not file acceptable Proofs of Claim will not share in the settlement proceeds. Class Members who do not file acceptable Proofs of Claim will nevertheless be bound by the Judgment (defined below) and the settlement.

G. RIGHTS OF MEMBERS OF THE CLASS

1. If you fall within the definition of the Class, you will remain a Class Member unless you elect to be excluded from the Class. If you do not request to be excluded from the Class, you will be bound by any judgment entered with respect to the settlement in the Action whether or not you file a Proof of Claim.

2. If you are a Class Member, you may, at your own expense, but are not required to, enter an appearance in this lawsuit personally or through a lawyer of your choice. If you do not do so on or before February 1, 2006, your interests will be represented by the Class Representatives through Lead Counsel.

3. If you remain a Class Member, you will not be asked to make any out-of-pocket payment for Attorneys' Fees and Expenses. If the settlement is approved, Lead Counsel will seek from the Court an award of Attorneys' Fees and Expenses to be paid only out of any such recovery.

4. Class Members who approve of the proposed settlement do not need to appear at the Settlement Hearing to indicate their approval, although they must file a Proof of Claim to participate in the settlement.

5. Right to Be Excluded From the Class: IF YOU DO NOT WISH TO REMAIN IN THE CLASS, YOU MUST REQUEST EXCLUSION IN THE MANNER AND BY THE DEADLINE SET FORTH BELOW:

a. If you exclude yourself from the Class: (i) you will not be entitled to share in any recovery from the Net Settlement Fund; (ii) you will not be bound by the Judgment (defined below); and (iii) you may pursue individually any claims you may have against defendants.

b. If you do not wish to remain a member of the Class, you must mail a written request for exclusion, **postmarked no later than February 1, 2006**, to the Claims Administrator at:

Alliance Pharmaceutical Corp. Securities Litigation
c/o Berdon Claims Administration LLC
P.O. Box 9014
Jericho, NY 11753-8914

c. Any request for exclusion must indicate on the envelope "Request for Exclusion – Alliance Pharmaceutical Corp. Securities Litigation."

d. You must state the following information in any request for exclusion: (i) the full name and address of the beneficial owner or the person or entity requesting exclusion; (ii) the number of shares of Alliance common stock received by the beneficial owner in connection with the December 29, 2000 Merger; and (iii) the date(s) on which such shares were sold. If the Alliance common stock was acquired or sold by, or on behalf of, joint beneficial owners, all such owners should sign the request and provide such information. Any request for exclusion made by a representative on behalf of a member of the Class must state the capacity in which the representative is acting.

6. Right to Object and Be Heard at the Settlement Hearing: Any member of the Class who objects to any aspect of the settlement, the Plan of Allocation, or the application for attorneys' fees, costs, and reim-

bursement of expenses, or the Class Representatives' compensatory awards, may appear and be heard at the Settlement Hearing. To object, you must file with the Court and serve on the parties' counsel, as described below, the following documents: a written statement setting forth the basis of your objections, any supporting memoranda or other papers, documentary proof of membership in the Class, and a written statement signed by the objector setting forth: (a) the name, address, and telephone number of the objector; (b) the number of Alliance shares acquired by the objector in connection with the Merger; (c) whether the objector still holds such shares and if not, when such shares were disposed of with proof thereof. These documents must be filed and served by hand or first-class mail at least fourteen days (14) prior to the Settlement Hearing (or by February 1, 2006) to **each** of the following:

Clerk of the Court
United States District Court
300 Quarropas Street
White Plains, NY 10601

Wechsler Harwood LLP
Daniella Quitt
488 Madison Avenue, 8th Floor
New York, NY 10022

Lead Counsel for Plaintiffs

Stroock & Stroock & Lavan LLP
James L. Bernard
180 Maiden Lane
New York, NY 10038-4982

Attorneys for Defendants

7. The failure to file and serve an objection in a timely manner as described above may bar the objector from being heard, absent relief from the Court, on any objections, including any objection to the fairness, reasonableness, or adequacy of the settlement, or to the entry of the judgment contemplated by the settlement. You may file and serve an objection without having to appear at the Settlement Hearing.

**ANY CLASS MEMBER WHO DOES NOT OBJECT IN THE MANNER DESCRIBED
HEREIN WILL BE DEEMED TO HAVE WAIVED ANY OBJECTION, AND SHALL
BE FOREVER FORECLOSED FROM MAKING ANY OBJECTION TO THE PRO-
POSED SETTLEMENT.**

H. DISMISSAL AND RELEASES

If the proposed settlement is approved, the Court will enter a Final Judgment and Order of Dismissal (the "Judgment"). The Judgment will dismiss the Settled Claims with prejudice. Thereafter the Action will be dismissed.

The Judgment will provide that Class Members who do not validly and timely request to be excluded from the Class shall be deemed to have fully, finally, unconditionally, and forever released, settled, and discharged, in accordance with the terms of the Stipulation, the Released Parties from the Settled Claims, whether or not they execute and deliver a Proof of Claim.

I. CONDITIONS FOR SETTLEMENT

The settlement is subject to several conditions as set forth in the Stipulation, including the entry of a final judgment by the Court and the occurrence of the Effective Date.

Upon the Effective Date, each of the Class Representatives and Class Members shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, settled, and discharged, in accordance with the terms of the Stipulation, the Released Parties from the Settled Claims, whether or not they execute and deliver a Proof of Claim.

J. EFFECT OF DISAPPROVAL, CANCELLATION OR TERMINATION

If (1) the Effective Date does not occur, or (2) the Stipulation is canceled or terminated pursuant to its terms, or (3) the settlement does not become final for any reason, then: (a) the Gross Settlement Fund (less any taxes, fees, or charges and any notice and administration expenses paid or owing), plus any amount then remaining in the Notice and Administration Account, including both interest paid and accrued, shall be refunded in accordance with the Stipulation within ten business days of such cancellation or termination; and (b) all of the parties to the Stipulation shall be deemed to have reverted to their respective status prior to the execution of the Stipulation, and they shall proceed in all respects as if the Stipulation had not been executed and the related orders had not been entered, preserving in that event all of their respective claims and defenses in the Action, and neither the settlement documents nor the fact of the settlement shall be used for any purpose whatsoever.

K. NOTICE TO BANKS, BROKERS AND OTHER NOMINEES

Because the deadline for requesting exclusion from the Class is February 1, 2006, if you were a nominee who received Alliance common stock in connection with the Merger for any beneficial owner, then, within ten days from receipt of this Notice and Proof of Claim and Release, you must either (1) provide the Claims Administrator with the names and addresses of such beneficial owners, **preferably in an MS Excel data table setting forth (a) title/registration, (b) street address, (c) city/state/zip, electronically, in MS Word or WordPerfect files (label size Avery® #5162), or on computer-generated mailing labels;** or (2) send copies of this Notice to all beneficial owners by first-class mail and provide the Claims Administrator with written confirmation of having done so. To provide lists of beneficial owners or request copies of this Notice for mailing, contact the Claims Administrator at:

Alliance Pharmaceutical Corp. Securities Litigation
c/o Berdon Claims Administration LLC
P.O. Box 9014
Jericho, NY 11753-8914
Telephone: (800) 766-3330
Fax: (516) 931-0810
Website: www.berdonllp.com/claims

L. FURTHER INFORMATION AVAILABLE

This Notice is not all-inclusive. For further information concerning the Action, you may refer to the pleadings and other papers, including the Stipulation, all of which may be inspected at the office of the Clerk of the Court, United States District Court, 300 Quarropas Street, White Plains, New York 10601, during normal business hours.

PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE FOR INFORMATION. ANY INQUIRIES SHOULD BE DIRECTED TO PLAINTIFFS' LEAD COUNSEL IN WRITING.

For additional copies of this Notice, contact the Claims Administrator, as set forth in Section K, above.

Dated: December 16, 2005

BY ORDER OF THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK