UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS—EASTERN DIVISION

IN RE ACURA PHARMACEUTICALS, INC. SECURITIES LITIGATION	Case No. 10-CV-5757-VK

NOTICE OF PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT WITH ALL DEFENDANTS, MOTION FOR ATTORNEYS' FEES AND SETTLEMENT FAIRNESS HEARING

If you purchased or otherwise acquired the publicly-traded common stock of Acura Pharmaceuticals, Inc. ("Acura Pharmaceuticals") (trading symbol NASDAQ: ACUR) between February 21, 2006, and April 22, 2010, inclusive, or purchased or otherwise acquired call options on the common stock of Acura Pharmaceuticals between February 21, 2006, and April 22, 2010, inclusive, or sold or otherwise disposed of put options on the common stock of Acura Pharmaceuticals between February 21, 2006, and April 22, 2010, inclusive, you could get a payment from a class action Settlement.[1]

A federal court authorized this Notice. This is not a solicitation from a lawyer.

- The Settlement resolves a federal class action lawsuit alleging that Acura and certain of its officers and directors violated the Securities Exchange Act of 1934 by publishing a series of statements that were known and/or recklessly disregarded to be materially false and misleading, and/or omitting to reveal material information that was necessary to make those statements, in light of the circumstances under which they were made, not misleading. Herein, the "Action" means *In re Acura Pharmaceuticals, Inc. Sec. Litig.*, Case No. 1:10-cv-05757-VK (N.D. Ill.).
- The Court-appointed Lead Plaintiff is the Acura Shareholder Investors Group (comprised of Glenn Farmer, John E. Clark, Jr., and John R. Sliwa) ("Lead Plaintiff") which was appointed as lead plaintiff by order of the Court dated January 11, 2011.
- The defendants are Acura Pharmaceuticals, Andrew D. Reddick (via executor of estate), Peter A. Clemens, Bruce F. Wesson, William A. Sumner, and Immanuel Thangaraj (collectively, "Defendants").
- Defendants deny the allegations of Lead Plaintiff. The parties disagree on whether Defendants violated any federal securities laws, whether the alleged violations actually caused any damages to the Class Members (as defined below), and on the average amount of damages per share that would be recoverable if Lead Plaintiff and the Class (as defined below) prevailed on their claims.
- The federal court has preliminarily certified, for settlement purposes only, a Class consisting of all Persons (including, as to all such Persons, their beneficiaries) who purchased or otherwise acquired the securities of Acura Pharmaceuticals between February 21, 2006, and April 22, 2010, inclusive. Excluded from the Class are the Defendants; any officers or directors of Acura Pharmaceuticals during the Class Period and any current officers or directors of Acura Pharmaceuticals; any corporation, trust or other entity in which any Defendant has a controlling interest; and the members of the immediate families of Andrew D. Reddick, Peter A. Clemens, Bruce F. Wesson, William A. Sumner, and Immanuel Thangaraj and their successors, heirs, assigns, and legal representatives. Also excluded from the Class are those Persons who timely and validly request exclusion from the Class pursuant to this Notice.
- The Settlement provides for a $1,500,000 cash Settlement Fund for the benefit of Class Members. Lead Counsel estimate that the average per-share benefit to Class Members from this Settlement will be $0.19 before deduction of Court-approved fees and expenses.
- This Notice is not intended to be, and should not be construed as, an expression of any opinion by the Court with respect to the truth of the allegations in the Action or the merits of the claims or defenses asserted.
- Your legal rights are affected whether you act or do not act. Read this Notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
SUBMIT A CLAIM FORM BY MARCH 19, 2012	The only way to get a payment in this Settlement.
EXCLUDE YOURSELF FROM THE SETTLEMENT BY SUBMITTING AN OPT-OUT FORM BY FEBRUARY 2, 2012	Get no payment pursuant to this Settlement. This is the **only** option that allows you to be a part of any other lawsuit against the Defendants and other Released Persons involving the claims released by this Settlement.
OBJECT BY FEBRUARY 2, 2012	Write a letter to the Court objecting to the Settlement. You must still file a claim if you want to receive payment from the Settlement.
GO TO A HEARING ON FEBRUARY 16, 2012	Ask to speak in Court about the Settlement.
DO NOTHING	Get no payment from this Settlement. You also will be giving up your rights regarding all claims released by this Settlement and any other lawsuit.

- These rights and options—**and the deadlines to exercise them**—are explained in this Notice.
- The Court in charge of this case has not yet decided whether to approve the Settlement. Payments will be made only if the Court approves the Settlement and if the Settlement remains effective after any appeals by Class Members are resolved.

[1] All capitalized terms not otherwise defined in this document shall have the meaning provided in the Stipulation of Settlement, dated October 31, 2011. The "Settlement" is the settlement embodied in the Stipulation.

Statement of Class Recovery Under the Settlement

Pursuant to the Settlement described herein, a $1,500,000 cash Settlement Fund has been established. Lead Plaintiff estimates that the "average recovery per damaged share" of Acura Pharmaceuticals common stock under the Settlement is $0.19 before deduction of fees and expenses. A Class Member's actual recovery will be a proportion of the Net Settlement Fund (defined below), determined by that Claimant's recognized loss (*i.e.*, a claim proved by timely submission of a valid Proof of Claim and Release form) as compared to the total recognized losses of all Class Members. This proportional allocation is called "proration." *See* the Plan of Allocation herein below for more information.

Statement of Claims, Issues, Defenses, and Potential Outcome of Case

Lead Plaintiff alleges that Defendants violated Sections 10(b) and/or 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder by making materially false and misleading statements and omissions regarding, *inter alia*, the safety and efficacy of Acura's lead drug candidate, Acurox; the results of the Company's clinical studies and the design of such studies; Acurox's product labeling and commercialization; communications between Acura and the FDA; Acura's compliance with its code of ethics; and the likelihood of FDA approval for Acurox. The Complaint alleges that on certain dates, including April 22, 2010, previously omitted or misstated facts were fully revealed to the public.

In their Complaint, Lead Plaintiff alleges that Defendants engaged in the research, development, and manufacture of pharmaceutical product candidates that utilized Acura's Aversion Technology, Impede Technology, and other technologies that purportedly provide orally administered pharmaceutical drug products containing commonly-abused ingredients with deterrent features designed to reduce the likelihood of such abuse. Acura's lead product candidate during the Class Period, "Acurox," was an orally administered immediate release tablet containing the pain reliever oxycodone and the purported adversive agent, niacin. Acurox was designed to relieve pain while discouraging common methods of abuse, including intentional overdosing, intravenous injection of dissolved tablets or capsules, and nasal snorting of crushed tablets or capsules. The Complaint alleges that Defendants, throughout the Class Period, knew or recklessly disregarded that the niacin additive rendered Acurox non-approvable by the FDA because only non-abusers would experience the adverse niacin effects, while abusers could easily avoid them.

The Complaint alleges that Acura's clinical studies, from the inception of the Class Period, had already demonstrated that Acurox did little to deter oral abuse and caused a negative side effect in normal users. The Complaint also alleges that Defendants knew and/or recklessly disregarded that Acurox would not deter abusers from swallowing excessive numbers of tablets, and, as a result, Acura was unlikely to receive FDA approval for Acurox, was unlikely to be permitted to label Acurox as an abuse deterrent, and was unlikely to be able to viably promote or commercialize Acurox.

The Complaint further alleges that Acura's stock value dropped by approximately 45% after the FDA and Acura filed their respective briefing materials on Acurox and the FDA Advisory Committee determined by a vote of 19-1 that it did not have sufficient evidence to support the approval of the Acurox NDA.[2]

All Defendants deny that any of them made any material misstatement or omission, or violated the federal securities laws, or committed any other legal wrong.

Defendants moved to dismiss the Complaint on May 13, 2011, arguing that Acura Pharmaceuticals did not make any materially false and misleading statements and/or omissions, and that Lead Plaintiff did not adequately allege any valid claim under the federal securities laws. In accordance with the Private Securities Litigation Reform Act of 1995 ("PSLRA"), discovery was stayed during the pendency of the motions to dismiss. Lead Plaintiff filed its opposition to the Defendants' Motion to Dismiss on July 12, 2011 and Defendants filed their Reply Brief on August 11, 2011. The Motion to Dismiss is pending before the Court. On July 21, 2011, the Parties conducted a full-day mediation before a retired federal district court judge in New York City. The mediation did not result in a settlement of the action. Following the unsuccessful mediation, counsel for the parties engaged in informal settlement negotiations. This Settlement was the product of those negotiations. In connection with the Settlement, Lead Plaintiff (on their own behalf and on behalf of the putative Class) has agreed to dismiss with prejudice all claims and causes of action asserted against all Defendants. On September 29, 2011, the Court held a status conference, wherein the Court was advised by Lead Counsel that the parties have reached an agreement in principle. After being fully advised in the matter, the Court set the preliminary approval hearing for November 3, 2011.

At the time the Settlement was reached, Lead Plaintiff faced the possibility that the Action would not survive the motion to dismiss, that the Class in this Action would not be certified, or that some or all of the claims would be dismissed before trial. Had the case gone to trial, Defendants would have asserted myriad factual and legal defenses, including that Acura Pharmaceuticals' statements fully complied with the federal securities laws and did not contain any materially false or misleading statements or omissions. Defendants also would contest: (1) whether the statements and omissions were material; (2) the extent to which the statements that Lead Plaintiff alleged as materially false or misleading influenced (if at all) the trading prices of Acura Pharmaceuticals' securities at various times during the relevant time period; and (3) the measure and amount of recoverable damages, if any.

Furthermore, to the extent Lead Plaintiff succeeded on any claims, Defendants could take those issues on appeal, which could result in additional years of litigation with no certainty as to outcome for either side. Thus, had this Action continued, Lead Plaintiff and the putative Class could face the possibility of obtaining no recovery. This Settlement enables the Class to recover a percentage of the alleged damages as calculated by Lead Counsel in conjunction with their consultants, without incurring any additional risk. As a result, Lead Plaintiff and Lead Counsel believe this Settlement is a fair and reasonable recovery.

[2] Acurox was never approved by the FDA. On June 17, 2011, the FDA approved Oxecta, a drug that contains just a single active ingredient, Oxycodone Hydrochloride, and no niacin.

Statement of Attorneys' Fees and Costs Sought, and Notice Costs and Expenses

Lead Counsel will move the Court to award attorneys' fees in an amount not greater than one third ($33^1/_3\%$) of the Settlement Fund and reimbursement of expenses incurred in connection with the prosecution of this Action not to exceed $52,000.00, plus any interest on all such amounts. Lead Counsel estimate that the requested fees and expenses would amount to an average of not more than $0.07 per damaged share in total for fees and expenses. Lead Counsel are authorized by the Stipulation and the Court to pay to the Claims Administrator, Strategic Claims Services, its reasonable and necessary fees and expenses incurred in connection with providing Notice to the Class, administering the Settlement, and distributing the Settlement proceeds to the Class Members to be paid out of a Class Notice and Administration Fund established with funds from the Settlement Fund.

See Questions 8-10 below for more information. Class Members are not personally liable for any such fees, expenses, or compensation.

Further Information

Further information regarding the Action and this Notice may be obtained by contacting Lead Counsel: Lewis S. Kahn, Esq., Kahn Swick & Foti, LLC, 206 Covington Street, Madisonville, Louisiana 70447, Telephone: 504-455-1400.

Reasons for the Settlement

For Lead Plaintiff, the principal reason for the Settlement is the benefit to be provided to the Class now. This benefit must be compared to the risk that no recovery might be achieved after a contested trial and likely appeals, possibly years into the future. Lead Plaintiff further considered, after conducting a substantial investigation into the facts of this case, the risks to proving liability and damages and if successful in doing so, whether a larger judgment could ultimately be collected. For Defendants, who deny all allegations of wrongdoing or liability, the principal reason for the Settlement is to eliminate the expense, risks, and uncertain outcome of the litigation.

How You Get A Payment—Submitting A Proof of Claim and Release Form

1. How can I get a payment?

To qualify for a payment, you must send in a Proof of Claim and Release form ("Claim Form"). A Claim Form is being circulated with this Notice. You also may get a Claim Form on the Internet at www.strategicclaims.net. Read the instructions carefully, fill out the Claim Form, include all the documents the form asks for, sign it, and mail it postmarked no later than March 19, 2012.

2. When would I get my payment?

The Court will hold a hearing on February 16, 2012 at 9:15 a.m. (Central), to decide whether to approve the Settlement (the "Settlement Fairness Hearing"). If the Court approves the Settlement, there may be appeals by Class Members after the approval. Resolving appeals can take time, perhaps more than a year. It also takes time for all the Claim Forms to be processed.

3. What am I giving up to get a payment?

Unless you specifically exclude yourself, you will be treated as a member of the Class Action. This means that upon the Effective Date, you will relinquish all Released Claims against the Released Persons. These terms are defined below:

"Released Claims" shall mean any and all claims (including Unknown Claims), debts, demands, damages, losses, rights, obligations, liabilities, suits, actions, causes of action, allegations, and arguments of every nature and description whatsoever (including, but not limited to, any claims for damages, interest, attorneys' fees, expert or consulting fees, and any other costs, expenses or liability whatsoever), whether based on federal, state, local, statutory or common law, or any other law, rule, or regulation, whether fixed or contingent, accrued or un-accrued, liquidated or unliquidated, at law or in equity, matured or unmatured, known or unknown, whether class or individual in nature, and whether or not concealed or hidden, that have been asserted or could have been asserted in the Action or any forum by Lead Plaintiff or any Class Member, arising from, relating in any way to, or in connection with: (i) the facts alleged in the Action; (ii) investments (including, but not limited to, purchases, sales, exercises, and decisions to hold) in securities issued by Acura Pharmaceuticals, including, but not limited to, the purchase or sale of Acura Pharmaceuticals stock between February 21, 2006 and April 22, 2010, inclusive; (iii) any disclosures, registration statements, or other statements by Acura Pharmaceuticals, including, and any other any disclosures, registration statements, or other statements disclosed, made, released, distributed, or disseminated during the time period covered by the Complaint, including but not limited to the time period between February 21, 2006 and April 22, 2010, inclusive; (iv) the Securities Act of 1933 and/or the Securities Exchange Act of 1934, arising from, relating in any way to, or in connection with the purchase or acquisition of the securities of Acura Pharmaceuticals between February 21, 2006 and April 22, 2010, inclusive; or (v) any alleged negligence, gross negligence, recklessness, intentional conduct, breach of duty of care and/or breach of duty of loyalty, unjust enrichment, fraud, or breach of fiduciary duty, arising from, or relating in any way to, or in connection with the facts alleged in the Action;

"Released Persons" means each and all of the Defendants and each and all of the Related Parties;

"Related Parties" means each Defendant's past or present predecessors, successors, parent entities, affiliates, employers, and subsidiaries, and, in the case of the Defendants and their respective predecessors, successors, parent entities, affiliates, and subsidiaries, each of their past or present directors, officers, employees, partners, insurers, co-insurers, reinsurers, agents, controlling shareholders, attorneys, accountants, auditors, advisors, investment advisors, personal or legal representatives, predecessors, successors, parent entities, subsidiaries, divisions, joint ventures, assigns, spouses, heirs, related or affiliated entities, and any person, firm, trust, corporation, partnership, limited liability company, officer, director, or

other individual or entity in which any Defendant or its past or present predecessors, successors, parent entities, affiliates and subsidiaries has or had a controlling interest or which has or had a controlling interest in any Defendant or its past or present predecessors, successors, parent entities, affiliates and subsidiaries, and the Individual Defendants' families, and any trust of which an Individual Defendant is the settlor or which is for the benefit of an Individual Defendant's family, and the legal representatives, heirs, successors or assigns of each of the foregoing;

"Unknown Claims" means any and all claims, debts, demands, damages, losses, rights, obligations, liabilities, suits, actions, causes of action, allegations, and arguments of every nature and description whatsoever (including, but not limited to, any claims for damages, interest, attorneys' fees, expert or consulting fees, and any other costs, expenses or liability whatsoever), whether based on federal, state, local, statutory or common law, or any other law, rule, or regulation, whether fixed or contingent, accrued or un-accrued, liquidated or unliquidated, at law or in equity, matured or unmatured, whether class or individual in nature, and whether or not concealed or hidden, that any Lead Plaintiff or any Class Member does not know or suspect to exist at the time of the release of the Released Persons that, if known, might have affected this Stipulation or any of the terms hereof, or the decision by any Class Member not to object to this Settlement or not to opt out from the Class.

With respect to any and all Released Claims, the parties stipulate and agree that upon the Effective Date, the Class shall expressly waive, and each Class Member shall be deemed to have waived, and by operation of the Judgment (the final order and judgment approving the Settlement, to be rendered by the Court) shall have expressly waived, any and all provisions, rights and benefits conferred by California Civil Code § 1542 (to the extent it applies to the Action) or any other law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to California Civil Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Lead Plaintiff and Class Members expressly acknowledge that they may hereafter discover facts in addition to or different from those that any of them or their counsel now knows or believes to be true with respect to the subject matter of the Released Claims or otherwise, but upon the Effective Date each Lead Plaintiff shall expressly have, each Class Member shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, that now exist or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct that is negligent, reckless, intentional, with or without malice, or a breach of any duty, law, or rule, without regard to the subsequent discovery or existence of such different or additional facts. The Lead Plaintiff acknowledges, and the Class Members shall be deemed to have acknowledged, and by operation of the Judgment shall have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement of which this release is a part.

The "Effective Date" will occur when the Settlement Fund has been funded, Defendants have not exercised their option to terminate the Settlement, and a Judgment entered by the Court approving the Settlement and dismissing the Action with prejudice, including the releases set forth in this Notice, becomes final and not subject to appeal.

The Parties disagree on the amount of damages, if any, which would have been recoverable had Lead Plaintiff prevailed on all claims in this litigation. Lead Plaintiff contends that the misrepresentations and omissions alleged in the Complaint were the direct cause of the artificial elevation and eventual decline in Acura Pharmaceuticals' stock price and caused Lead Plaintiff and the Class to be damaged. Lead Plaintiff further contends that the alleged stock decline is fully attributable to the alleged misrepresentations and omissions set forth in the Complaint. Defendants contend that they made no misrepresentations or omissions, but in all events the alleged misrepresentations and/or omissions set forth in the Complaint did not cause a decline in Acura Pharmaceuticals' stock price and, therefore, Lead Plaintiff and the Class have not been damaged.

If you remain a Class Member, all of the Court's orders will apply to you and legally bind you.

Excluding Yourself From The Settlement

If you do not want a payment from this Settlement, but you want to keep any right you may have to sue or continue to sue the Defendants and the other Released Persons in some other lawsuit as to the Released Claims, then you must take steps to remove yourself from this lawsuit. This is called excluding yourself from or "opting out" of the Class. If more than a certain percentage of Class Members opt out or exclude themselves from the Class, Defendants may withdraw from and terminate the Settlement.

4. How do I exclude myself from the proposed Settlement?

To exclude yourself from the Class, you must send a signed letter by mail stating that you "request exclusion from the Class in *In re Acura Pharmaceuticals, Inc. Securities Litigation*, Civil Action No. 1:10-CV-05757-VK." Your letter must state, for each of your purchases and sales of Acura Pharmaceuticals common stock, and/or call and/or put options on Acura Pharmaceuticals common stock, during the Class Period, the date(s) of purchase(s) or sale(s), the number of shares and/or call and/or put options purchased and/or sold, the price paid or received per share and/or call and/or put option for each such purchase or sale, the exercise price of each call and/or put option purchased and/or sold, and whether the call and/or put option(s) was/were exercised, and if so the dates on which each was exercised. In addition, you must include your name, address, telephone number, and signature, and provide proper evidence of your purchases and sales of Acura

Pharmaceuticals common stock, and/or call and/or put options on Acura Pharmaceuticals common stock, during the Class Period. You must mail your exclusion request postmarked no later than February 2, 2012 to:

In re Acura Pharmaceuticals, Inc. Securities Litigation
c/o Strategic Claims Services
P.O. Box 230
600 N. Jackson Street, Suite 3
Media, PA 19063

You cannot exclude yourself by telephone or by email. 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) the Defendants and the other Released Persons in the future. If you exclude yourself, do not send in a Claim Form to ask for any money.

If you submit a request for exclusion but subsequently change your mind, you may submit a written revocation of your request for exclusion and may receive a payment pursuant to the Settlement *provided that* your written revocation is mailed to the above address and postmarked no later than March 19, 2012 *and also provided that* you submit a valid Claim Form and include all the documents the form asks for, sign it, and mail it postmarked no later than March 19, 2012 (*see* Question 1).

5. If I do not exclude myself from the Settlement, can I sue the Defendants and the other Released Persons later for the same alleged conduct?

No. Unless you exclude yourself, you give up any rights to sue the Defendants and the other Released Persons 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* Class to continue your own lawsuit. Remember, the exclusion deadline is February 2, 2012.

6. If I exclude myself from the Settlement, can I get money from the proposed Settlement?

No, but you may exercise any right you may have to sue, continue to sue, or be part of a different lawsuit against the Defendants and the other Released Persons.

If You Do Nothing

7. What happens if I do nothing at all?

The Judgment of the Court will be binding upon you if you do nothing. You will get no money from this Settlement and you will be precluded from starting a lawsuit, continuing with a lawsuit, or being part of any other lawsuit against the Defendants and the other Released Persons about the Released Claims in this case, ever again. To share in the Net Settlement Fund, you must submit a Claim Form (*see* Question 1). To start, continue, or be a part of any other lawsuit against the Defendants and the other Released Persons about the Released Claims in this case, you must exclude yourself from this Class (*see* Question 4).

The Lawyers Representing Class Members

8. Do I have a lawyer in this case?

The Court ordered that the law firm of Kahn Swick & Foti, LLC to represent all Class Members. This firm is called 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 Settlement Fund. If you want to be represented by your own lawyer, you may hire one at your own expense.

9. How will Lead Counsel be paid?

Lead Counsel will move the Court to award Lead Counsel's fees from the Settlement Fund in a total amount not greater than one third ($33^1/_3\%$) of the Settlement Fund and reimbursement of their expenses in an amount no greater than $52,000, plus any interest on such attorneys' fees and expenses accrued at the same rate and for the same periods as earned by the Settlement Fund (until paid), as may be awarded by the Court.

10. How will the notice costs and expenses be paid?

Lead Counsel are authorized by the Stipulation and the Court to pay the Claims Administrator's reasonable and necessary fees and expenses incurred in connection with giving notice, administering the Settlement, and distributing the Settlement proceeds to the Class Members. The Claims Administrator's fees and expenses will be paid out of the Settlement Fund.

Objecting To The Settlement

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

11. How do I object to the Settlement?

If you are a 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(s). You should state reasons why you think the Court should not approve the terms or arrangements of any or all of these documents or applications.

You must object in writing by sending a signed letter stating that you object to the proposed Settlement, proposed Plan of Allocation, and/or the application by Lead Counsel for an award of fees and expenses in *In re Acura Pharmaceuticals, Inc. Securities Litigation*, Civil Action No. 1:10-CV-05757-VK. Your objection must include a cover page identifying this case name and number and naming the hearing date of February 16, 2012, at 9:15 a.m. at the Everett McKinley Dirksen United

States Courthouse, 219 South Dearborn Street, Courtroom 2319, Chicago, IL 60604. Be sure to include your name, address, telephone number, and signature; identify the date(s), price(s), and number of shares of all purchases and sales of Acura Pharmaceuticals securities you made during the Class Period, and state the reasons for your objection. Your objection must be postmarked on or before February 2, 2012 and mailed to the Court; Kahn Swick & Foti, LLC, on behalf of the Lead Plaintiff; and Counsel for the Defendants at the following addresses:

COURT:

Clerk of Court
United States District Court for the
Northern District of Illinois
219 South Dearborn Street
Chicago, IL 60604

FOR LEAD PLAINTIFF:

Lewis S. Kahn
KAHN SWICK & FOTI, LLC
206 Covington Street
Madisonville, Louisiana 70447
Lead Counsel for Lead Plaintiff and the Class

FOR DEFENDANTS:

Sean M. Berkowitz
LATHAM & WATKINS LLP
233 South Wacker Drive
Suite 5800
Chicago, IL 60606
Counsel for Defendants

You do not need to go to the Settlement Fairness Hearing to have your written objection considered by the Court.

At the Settlement Fairness Hearing, any Class Member who has not previously submitted a request for exclusion from the Class may appear and be heard, to the extent allowed by the Court, to state any objection to the Settlement, the Plan of Allocation, and/or 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 Fairness Hearing. If you or your representative intends to appear in person but have not submitted a written objection postmarked by February 2, 2012, it is recommended that you give advance notice to Lead Counsel of your intention to attend the hearing in order to object and the basis for your objection. You may contact them at the address provided above.

12. What is the difference between objecting and excluding myself from the Class?

Objecting is simply telling the Court that you do not like something about the proposed Settlement, the proposed Plan of Allocation, and/or the application by Lead Counsel for an award of fees and expenses. You can object only if you remain in the 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 Fairness 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.

13. When and where will the Court decide whether to approve the proposed Settlement?

The Court will hold a Settlement Fairness Hearing at 9:15 a.m. on February 16, 2012, at the Everett McKinley Dirksen United States Courthouse, 219 South Dearborn Street, Courtroom 2319, Chicago, IL 60604. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. At the Settlement Fairness Hearing, the Court will also consider the proposed Plan of Allocation for the proceeds of the Settlement, and the application of Lead Counsel for attorneys' fees and reimbursement of expenses. The Court will take into consideration any written objections mailed in accordance with the instructions in the answer to Question 11. The Court also will listen to people who seek to speak at the hearing, but decisions regarding the conduct of the hearing will be made by the Court. *See* Question 11 for more information about speaking at the hearing. The Court also will decide how much to pay to Lead Counsel. After the hearing, the Court will decide whether to approve the Settlement. We do not know how long these decisions will take.

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

Getting More Information

14. Are there more details about the proposed Settlement?

This Notice summarizes the proposed Settlement. More details are contained in the Stipulation dated October 31, 2011. You can get a copy of the Stipulation by writing to Lead Counsel at their address above.

You also can call the Claims Administrator toll-free at 1-866-274-4004; write to the Claims Administrator at *In re Acura Pharmaceuticals, Inc. Securities Litigation*, c/o Strategic Claims Services at P.O. Box 230, 600 N. Jackson Street, Suite 3, Media, Pennsylvania, 19063; or visit the website at www.strategicclaims.net/acurapharmaceuticals, where you will find a Claim Form, answers to common questions about the Settlement, and other information to help you determine whether you are a Class Member and whether you are eligible for a payment.

15. How do I get more information?

For more detailed information concerning the matters involved in this Action, you can inspect the pleadings, the Stipulation, the Orders entered by the Court, and the other papers filed in the Action at the Office of the Clerk at the Everett McKinley Dirksen United States Courthouse, 219 South Dearborn Street, Courtroom 2319, Chicago, IL 60604, during regular business hours. You may also contact Lead Counsel.

Plan of Allocation of Net Settlement Fund Among Class Members

This Plan of Allocation has been prepared by Lead Plaintiff and Lead Counsel. Defendants do not agree with the characterization that any damages were suffered by any Class Members.

The $1,500,000 cash Settlement Fund, less all taxes and approved costs, fees, and expenses (the "Net Settlement Fund") shall be distributed to Class Members who submit acceptable Claim Forms ("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 is not intended to be an estimate of the amount a 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. The recognized loss formula is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants.

The following proposed Plan of Allocation reflects the allegations in the Complaint that the alleged misrepresentations resulted in the artificial inflation of the prices of Acura Pharmaceuticals' publicly traded common stock during the Class Period from February 21, 2006, through April 22, 2010. Defendants deny that they did anything wrong.

Each Authorized Claimant shall be paid based on the percentage of the Net Settlement Fund that each Authorized Claimant's recognized loss bears to the total of the recognized losses of all Authorized Claimants (the "Pro Rata Share")

Shares with recognizable losses are those shares of Acura Pharmaceuticals securities purchased from February 21, 2006, through April 22, 2010, inclusive.

Plan of Allocation

1. Recognized losses are available for publicly traded shares of Acura Pharmaceuticals securities purchased between February 21, 2006, through April 22, 2010, inclusive.
2. If claims are received for all eligible shares, the average per-share benefit after deduction of court-awarded fees and expenses is estimated to be $0.12. This calculation does not take into account the number of put and call options written or purchased during the Class Period, which may reduce average per-share recovery. However, in no event shall funds distributed to buyers of call options or sellers of put options exceed one percent (1%) of the funds available for distribution. Moreover, a damaged share may have been traded more than once during the Class Period, and the indicated average recovery will be the total for all purchasers of that share.
3. For shares purchased between February 21, 2006 and June 22, 2009, inclusive and held on April 22, 2010, recognized loss is per share is the lesser of:
    A. $3.57.
    B. The price paid less $4.02.
4. For shares purchased between February 21, 2006 and June 22, 2009, inclusive and held on September 21, 2009, and sold before April 22, 2010, recognized loss per share is the lesser of:
    A. $1.68.
    B. The price paid less $5.89.
5. For shares purchased between February 21, 2006 and June 22, 2009, inclusive and sold between June 23, 2009 and September 18, 2009, recognized loss per share is the lesser of:
    A. $1.68.
    B. The price paid less the price received.
    C. The price paid less $5.89.
6. For shares purchased between June 23, 2009, and April 22, 2010, inclusive and held on April 22, 2010, recognized loss per share is the lesser of:
    A. $1.89.
    B. The price paid less $4.02.
7. In the event a Class Member has more than one purchase or sale of Acura Pharmaceuticals common stock, all purchases and sales shall be matched on a first in, first out (FIFO) basis. Class Period sales will be matched first against any Acura Pharmaceuticals shares held at the beginning of the Class Period and then against purchases in chronological order. A purchase or sale of Acura Pharmaceuticals common stock shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. The receipt or grant by gift, devise, or operation of law of Acura Pharmaceuticals common stock during the Class Period shall not be deemed a purchase or sale of Acura Pharmaceuticals common stock for the calculation of an Authorized Claimant's recognized loss, nor shall it be deemed an assignment of any claim relating to the purchase of such shares unless specifically provided in the instrument of gift or assignment. The receipt of Acura Pharmaceuticals common stock during the Class Period in exchange for securities of any other corporation or entity shall not be deemed a purchase or sale of Acura Pharmaceuticals common stock.
8. To the extent an Authorized Claimant had a gain from his, her, or its overall transactions in Acura Pharmaceuticals common stock during the Class Period, the value of the recognized loss will be zero. To the extent that a Claimant suffered an overall loss on his, her, or its overall transactions in Acura Pharmaceuticals common stock during the Class Period, but that loss was less than the recognized loss calculated above, then the recognized loss shall be limited to the amount of the actual loss. There shall be no recognized loss on short sales of Acura Pharmaceuticals common stock during the Class Period, however, any recognized gains with respect to short sales shall be offset against recognized losses on other transactions.

9. The following defined terms shall be used to describe the process the Claims Administrator shall use to determine whether a Claimant had a gain or suffered a loss in overall transactions in Acura Pharmaceuticals common stock during the Class Period: the "Total Purchase Amount" is the total amount paid by the Claimant for all Acura Pharmaceuticals common stock purchased during the Class Period less commissions and fees; the "Sales Proceeds" means the amount received for sales of shares of Acura Pharmaceuticals common stock and options sold by the Claimant during the Class Period less commissions and fees; and "Holding Value" means the monetary value assigned to the shares of Acura Pharmaceuticals common stock purchased by the Claimant during the Class Period and still held by the Claimant at the end of the Class Period.

10. The difference between the Total Purchase Amount and the sum of Sales Proceeds and Holding Value will be deemed a Claimant's gain or loss on his, her, or its overall transactions in Acura Pharmaceuticals common stock during the Class Period. Each Authorized Claimant shall be allocated a *pro rata* share of the Net Settlement Fund based on his, her, or its recognized loss as compared to the total recognized losses of all Authorized Claimants. Class Members who do not submit acceptable Claim Forms will not share in the Settlement proceeds. Class Members who do not either submit a request for exclusion or submit an acceptable Claim Form will nevertheless be bound by the Settlement and the order and final judgment of the Court dismissing this Action.

11. Distributions will be made to Authorized Claimants after all claims have been processed for those claims with *Pro Rata* Shares of $10.00 or more after the Court has finally approved the Settlement. If any funds remain in the Net Settlement Fund by reason of uncashed distributions or otherwise, then after the Claims Administrator has made reasonable and diligent efforts to have 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 one year after the initial distribution of such funds shall be redistributed to Class Members who have cashed their initial distributions and who would receive at least $10.00 from such redistribution, after payment of any unpaid costs or fees incurred in administering the Net Settlement Fund for such redistribution. If after six months after such redistribution any funds shall remain in the Net Settlement Fund, then such balance shall be contributed to a non-profit organization selected by Lead Plaintiff and approved by the Court.

12. Lead Plaintiff, Defendants, their respective counsel, and all other Related Parties shall have no responsibility for or liability whatsoever for the administration, investment or distribution or disbursement of the Settlement Fund, the Net Settlement Fund, or the Plan of Allocation; the determination, administration, calculation, or payment of any claim or nonperformance of the Claims Administrator; the Class Notice and Administration Fund; the administration of, distribution of, or disbursement from the Class Notice and Administration Fund; the payment or withholding of taxes owed by the Settlement Fund; or any losses incurred in connection therewith.

Special Notice To Securities Brokers And Other Nominees

If you are a nominee for any Class Member, the Court has directed that WITHIN TEN DAYS OF YOUR RECEIPT OF THIS NOTICE, you either (a) provide to the Claims Administrator the name and last known address of each such person or organization or (b) request additional copies of this Notice and the Claim Form, which will be provided to you free of charge, and within ten days mail the Notice and Claim Form directly by first class mail to all such persons or organizations. 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:

In re Acura Pharmaceuticals, Inc. Securities Litigation
c/o Strategic Claims Services
P.O. Box 230
600 N. Jackson Street, Suite 3
Media, PA 19063

If you choose to mail the Notice and Claim Form yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for or advancement of reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice and Claim Form and which would not have been incurred but for the obligation to forward the Notice and Claim Form, upon submission of appropriate documentation to the Claims Administrator.

DATED: NOVEMBER 22, 2011

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS