

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	Chapter 11
)	
PHARMACEUTICAL FORMULATIONS, INC.,)	Case No. 05-11910 (MFW)
)	
)	
Debtor.)	
)	Objection Deadline: September 13, 2005 at 4:00 p.m.
)	

**NOTICE OF POSSIBLE ASSUMPTION, SALE AND ASSIGNMENT OF CERTAIN
UNEXPIRED LEASES AND EXECUTORY CONTRACTS AND SALE HEARING**

PLEASE TAKE NOTICE THAT on July 14, 2005, Pharmaceutical Formulations, Inc., the above-captioned debtor and debtor in possession (the "Debtor"), filed the Motion for Order (I) Approving Bidding Procedures, Including Expense Reimbursement and Break-up Fee; (II) Scheduling a Sale Hearing Date, Auction and Bidding and Objection Deadlines; (III) Approving Form and Manner of Notice Thereof; and (IV) Granting Related Relief (the "Bidding Procedures Motion") with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court").

PLEASE TAKE FURTHER NOTICE that at a hearing held on August 3, 2005 the Bankruptcy Court approved the Bidding Procedures Motion and scheduled a hearing to consider the Motion for Order Authorizing and Approving (A) Asset Purchase Agreement with Leiner Health Products L.L.C. Subject to Higher and Better Offers; (B) Sale of a Substantial Portions of the Debtor's Assets, Including the Right to Sell or Assign the Debtor's Interest in Certain Executory Contracts, Free and Clear of Liens, Claims, Encumbrances and Other Interests; (C) Assumption and Assignment of Certain Executory Contracts; (D) Assumption of Certain Liabilities; and (E) Granting Related Relief (the "Sale Motion"), for **September 20, 2005 at 12:00 p.m. (Eastern Time)** (the "Sale Hearing").

PLEASE TAKE FURTHER NOTICE that the Bankruptcy Court will hold the Sale Hearing on September 20, 2005 at 12:00 p.m. to consider whether to enter an order approving the sale of substantially all of the Debtor's assets to Leiner, or such other higher and better bidder. Copies of the Asset Purchase and Sale Agreement by and between Leiner Health Products L.L.C. and Pharmaceutical Formulations, Inc. dated as of July 8, 2005 (the "Agreement"), may be obtained by parties in interest at the Debtor's expense upon written request to Young Conaway Stargatt & Taylor, LLP, The Brandywine Building, 1000 West Street, 17th Floor, Wilmington, Delaware 19801 (Attention: Donald J. Bowman, Jr., Esq.) facsimile: (302) 571-1253. In addition, copies of the aforementioned pleadings may be found on the Bankruptcy Court's website, www.deb.uscourts.gov, and are on file with the Clerk of the Bankruptcy Court, Third Floor, 824 Market Street, Wilmington, Delaware 19801.

PLEASE TAKE FURTHER NOTICE that pursuant to the Sale Motion, the Debtor intends to assume, sell and assign certain of its unexpired leases, license agreements, and executory contracts (collectively, the "Contracts") free and clear of all liens, claims, encumbrances, and interests upon satisfaction of the cure amounts (the "Prepetition Cure Amounts") required under section 365(b)(1)(A) of the Bankruptcy Code. The Contracts that the Debtor may seek to assume, sell and assign (collectively, the "Potential Acquired Contracts") and corresponding Prepetition Cure Amounts are listed on the attached Exhibit A.

PLEASE TAKE FURTHER NOTICE that any objections to the relief requested in the Sale Motion, including the assumption, sale and assignment of the Potential Acquired Contracts and the corresponding Prepetition Cure Amounts, must be (a) in writing, (b) comply with the Federal Rules of Bankruptcy Procedures and the Local Rules of the United States Bankruptcy Court for the District of Delaware, (c) be filed with the clerk of the Bankruptcy

Court, Third Floor, 824 Market Street, Wilmington, Delaware 19801, on or before **4:00 p.m. (Eastern Time) on September 13, 2005** (the “Cure Objection Deadline”) and (d) be served upon: (i) counsel to the Debtor, Young Conaway Stargatt & Taylor, LLP, The Brandywine Building, 1000 West Street, 17th Floor, Wilmington, Delaware 19801, Attention: Michael R. Nestor, Esq., Facsimile: (302) 571-1253; (ii) Leiner Health Products L.L.C., 901 E. 233rd St., Carson, CA 90745, Attention: Margaret Howell Benson, Facsimile: (310) 952-7763, with a copy to: Debevoise & Plimpton LLP, 919 Third Avenue, New York, New York 10022, Attention: Jasmine Powers, Esq., Facsimile: (212) 909-6836 and Potter Anderson & Corroon LLP, Hercules Plaza, 1313 North Market Street, 6th Floor, Wilmington, Delaware 19801, Attention: Laurie Selber Silverstein, Esq., Facsimile: (302) 658-1192; (iii) The CIT Group/Business Credit, Inc., 122 Avenue of the Americas, New York, New York 10036, Attention: Mr. Vincent Belcastro, Facsimile (212) 536-1295, with a copy to Otterbourg, Steindler, Houston & Rosen, P.C., 230 Park Avenue, New York, New York 10169, Attention: Andrew M. Kramer, Esq. Facsimile (212) 682-6104 and Richards, Layton & Finger, One Rodney Square, Wilmington, Delaware 19889, Attention: Mark D. Collins, Esq., Facsimile (302) 651-7701; and (iv) counsel to the Official Committee of Unsecured Creditors, Winston & Strawn LLP, 200 Park Avenue, New York, NY 10166-4193, Attention: David Neier, Esq., Facsimile (212) 294-4700 and Ashby & Geddes, P.A., 222 Delaware Avenue, 17th Floor, P.O. Box 1150, Wilmington, Delaware, Attention Christopher S. Sontchi, Esq., Facsimile (302) 654-2067, so as to be received not later than **4:00 p.m. (Eastern Time) on September 13, 2005.**

PLEASE TAKE FURTHER NOTICE that any person or entity receiving notice of the Sale Hearing and this Notice that fails to file an objection on a timely basis shall (a) be forever barred from objecting to the Prepetition Cure Amount and from asserting any additional

cure or other amounts with respect to such Proposed Acquired Contracts and the Debtor shall be entitled to rely solely upon the Prepetition Cure Amount, and (b) be deemed to have consented to the assumption and assignment of such Proposed Acquired Contracts and shall be forever barred and estopped from asserting or claiming against the Debtor, Leiner, or such other successful bidder or any other assignee of the relevant Proposed Acquired Contract that any additional amounts are due or defaults exist, or conditions to assumption and assignment must be satisfied under such Proposed Acquired Contract.

PLEASE TAKE FURTHER NOTICE that the Debtor's decision to assume and assign unexpired leases, license agreements and executory contracts is subject to Court approval and consummation of the Sale. Absent consummation of the Sale, each of the unexpired leases, license agreements and executory contracts shall neither be deemed assumed nor assigned and shall in all respects be subject to further administration under the Bankruptcy Code.

PLEASE TAKE FURTHER NOTICE that the Sale Hearing may be adjourned from time to time without further notice to creditors or parties-in-interest other than by announcement of said adjournment in the Bankruptcy Court or on the Bankruptcy Court's calendar on the date scheduled for the Sale Hearing.

Dated: August 10, 2005
Wilmington, Delaware

YOUNG CONAWAY STARGATT & TAYLOR, LLP

/s/ Matthew B. Lunn

Michael R. Nestor (No. 3526)
Matthew B. Lunn (No. 4119)
Donald J. Bowman, Jr. (No. 4383)
The Brandywine Building
1000 West Street, 17th Floor
Wilmington, Delaware 19801
(302) 571-6600

Counsel for the Debtor and Debtor in Possession

EXHIBIT A

There are currently no unexpired leases or executory contracts that have been identified by the Debtor or Leiner Health Products L.L.C. (“Leiner”) which will be assumed and assigned by the Debtor in connection with the Sale. The Debtor and Leiner reserve the right to supplement this Exhibit to identify any unexpired lease or executory contract prior to the Sale Hearing.